



Gayatri

Bio Organics Limited

(Formerly Gayatri Starchkem Limited)

17th Annual Report 2007 - 08

17th Annual General Meeting

Day : Wednesday
Date : 24th September 2008
Time : 3.00 P.M.
Venue : "SURANA UDYOG AUDITORIUM",
FAPCCI Building, Federation House,
11-6-841, Red Hills, Hyderabad – 500 004

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BOARD OF DIRECTORS

Sri T.V. Sandeep Kumar Reddy	<i>Chairman</i>
Sri P. Maruthi Babu	<i>Director</i>
Sri T.G. Pandya	<i>Director</i>
Sri J. N. Karamchetti	<i>Director</i>
Sri Parth Dashrathlal Gandhi	<i>Director</i>
Sri Jayendra N. Shah	<i>Director</i>
Smt T. Sarita Reddy	<i>Additional Director (w.e.f 24.01.2008)</i>
Sri. T. R. Rajagopalan	<i>Additional Director (w.e.f 31.07.2008)</i>

COMPANY SECRETARY : *K.S.V.S. Sastry*

AUDITORS: **M/s. C.B.Mouli & Associates**
Chartered Accountants
125, M.G.Road,
Secunderabad – 500 003.

**REGISTERED OFFICE &
INVESTOR RELATION DEPT.,** 6-3-1090/C/A/1, 1st floor
Lovely Mansion, Rajbhavan Road,
Somjiguda, Hyderabad – 500 082.
Ph: 66100111/66100222, Fax:66100333
E-mail: info@ gayatribioorganics.com

FACTORY: NH-9, Nandikandi village
Sadasivapet Mandal
Medak District
Andhra Pradesh – 502 306

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NOTICE

NOTICE is hereby given that the **17th Annual General Meeting** of the members of Gayatri BioOrganics Limited will be held at the "SURANA UDYOG AUDITORIUM", FAPCCI Building, Federation House, 11-6-841, Red Hills, Hyderabad-500004 on Wednesday, the 24th Day of September, 2008 at 03.00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet of the company as at 31.03.2008 and the Profit and Loss account for the year ended on that date and the Report of Directors' and the Auditors thereon.
2. To appoint a Director in place of Sri. T. G. Pandya who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. P. Maruthi Babu who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri. J. N. Karamchetti who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

To consider and, if thought fit, to pass with or without modification(s), following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 225 and other applicable provisions of the Companies Act, 1956, if any M/s. B S R & Co, Chartered Accountants, 5, Merchant Towers, IInd Floor, Road No.4, Banjara Hills, Hyderabad 500034 be and are hereby appointed as Statutory Auditors of the Company in place of the retiring Statutory Auditors M/s. C.B. Mouli & Associates, Chartered Accountants, 125, M.G.Road, Secunderabad, 500003, to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and are hereby authorized to fix their remuneration."

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Smt. T. Sarita Reddy, who was appointed as an Additional Director of the Company by the Board of Directors and who holds the office under Section 260 of the Companies Act, 1956 until the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing proposing her candidature for the office of a director under Section 257 of the companies Act, 1956 along with the requisite deposit, be and is hereby appointed as a director of the company liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Sri. T. R. Rajagopalan, who was appointed as an Additional Director of the Company by the Board of Directors and who holds the office under Section 260 of the Companies Act, 1956 until the date

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of the Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a director under Section 257 of the companies Act,1956 along with the requisite deposit, be and is hereby appointed as a director of the company liable to retire by rotation.”

By Order of the Board


T.V. Sandeep Kumar Reddy
Chairman

Place : Hyderabad
Date : 31.07.2008

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and the Share Transfer Books will remain closed from 18th September, 2008 to 24th September 2008 (both days inclusive).
4. The Members are requested to intimate immediately any change in their address to the Company at the Registered Office or M/s Venture Capital and Corporate Investments Limited, 12-10-167, Bharat Nagarr, Hyderabad 500018.
5. Members desiring any information as regards the Accounts are requested to write to the Company not less than seven days before the date of the meeting to enable the Management to keep the information ready at the meeting.
6. Members / Proxies are requested to bring their Annual Report to the meeting and the attendance slip duly filed in for attending the meeting. Copies of Annual Reports will not be provided at the meetings.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

The Board of Directors of the Company appointed Smt. T Sarita Reddy as Additional Director of the Company and her term of office expires on the date of ensuring Annual General Meeting

Considering her rich experience, the Board recommends that she should be appointed as a director liable to retire by rotation. Further the Company has received a special notice in writing from a member as per the provisions of Section 257 of the Companies Act, 1956, which requires the approval of the members in their meeting,

The Board commends this resolution for your approval.

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None of the Directors except Sri. T.V. Sandeep Kumar Reddy and Smt. T. Sarita Reddy is interested in this resolution.

Item No.7

The Board of Directors of the Company appointed Sri. T.R. Rajagopalan, as Additional Director of the Company and his term of office expires on the date of ensuring Annual General Meeting

Considering his rich experience, the Board recommends that he should be appointed as a director liable to retire by rotation. Further the Company has received a special notice in writing from a member as per the provisions of Section 257 of the Companies Act, 1956, which requires the approval of the members in their meeting,

The Board commends this resolution for your approval.

None of the Directors except Sri. T. R. Rajagopalan is interested in this resolution.

By Order of the Board


T.V. Sandeep Kumar Reddy
Chairman

Place : Hyderabad
Date : 31.07.2008

DIRECTORS' REPORT

To
The Members of
Gayatri BioOrganics Limited

Your Directors present the Seventeenth Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the period ended 31st March, 2008.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	31.03.2008	31.03.2007
Income from Operation	4,221.02	3,304.24
Other Income	56.47	121.16
Total:	4,277.49	3,425.40
Total Expenditure (Including prior period Adj.A/c)	4,191.04	3,324.85
Finance Charges	9.85	84.45
Gross Profit/(Loss) after finance charge (But before depreciation and taxation)	76.60	16.10
Depreciation	(275.74)	(274.47)
Extra ordinary Items	735.42	2,136.82
Provision for Taxation	(1.59)	(1.37)
Net Profit / (Loss)	534.69	1,877.08

PERFORMANCE DURING THE YEAR UNDER REVIEW

SORBITOL DIVISION

You may be aware that the Sorbital plant was put in back into service with effect from 01-10-2006 and the Company produced 3846 MTs during the Financial Year ended 31st March, 2008 which is nearly 45% of the installed capacity. During the year under review the Company also took up the retrofitting of the exiting plant to achieve 100% installed capacity of the Sorbital Plant. The Management is also considering to enhance the capacity of the existing plant from 30 TPD to 60 TPD.

STARCH DEPARTMENT

Even though the performance of this plant is better when compared to previous year, there is still scope for improvement if the market conditions are more conducive and there is enough working capital. The Company crushed 34,218 MTs maize as against 28,831 MTs maize during the previous year. Because of the market conditions and the satisfactory operations the cash profit is Rs.84.85 lakhs against last year cash profit of Rs. 81.6 lakhs without considering financial charges. The Management is considering to invest Rs.2 crores in strengthening the existing plant which enables the company to achieve the production of 100% Installed Capacity. The Management is also considering to enhance the capacity of the existing plant from 150 TPD to 350 TPD.

EXPORTS

The Company did not do any exports during the year since the prices in international markets continue to be unremunerative.

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OUTLOOK FOR THE FINANCIAL YEAR 2008-09

It is gratifying to say that the products of this Company are well accepted in the market and are being patronized by the major clients. The Company is hopeful of achieving 100% of the installed capacity.

The maize crop during the year in the state is good and bumper harvest is expected. With this scenario we are hopeful of achieving higher operational levels.

The Hon'ble BIFR approved the rehabilitation package filed with it and passed the final order with regard to Rehabilitation package which has included various grants, reliefs and concessions with various departments of both Central and State Government. And the Company is approaching different government authorities to seek the grants, reliefs and concessions as directed by Hon'ble BIFR in the Rehabilitation Package.

The Management proposed to enhance the capacity of crushing plant. Starch, Sorbitol plant and add facilities for 50 K.L. Grain based distillery as a part of revival plan. The management is also considering enhancing the capacity of existing sorbitol plant from 30 TPD to 60 TPD and enhancing the capacity of maize starch from 60 TPD to 90 TPD and install a 50 KL distillery plant for manufacture of ENA from maize starch. Regarding 50 KL grain based distillery company obtained all the clearances from the Government.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a. Industry - Structure and Developments.

Sorbitol and Starch industries in India are very much fragmental and scattered throughout India. The growth in demand for Sorbitol is promising. As for as Sorbitol is concerned at present our company is only one plant in South India. When it comes to starch, for the last 2 years we observe that the consumption of Starch in south has increased. There is steady growth and demand for these products as 60% of starch goes to textile, food based industries. The demand is there throughout the year. At present the demand for both Sorbitol and Starch is promising on a continued basis.

b. Opportunities and threats.

The company does not see any opportunities but has been facing the threat of import of Sorbitol.

c. Out look

The outlook for the company's products is reasonably good but the management feels that the company can achieve better results only if it can reach its full capacities which is possible only when the company is provided with sufficient working capital.

d. Risks and Concerns.

Sorbitol and Starch being agro based industries there is no risk of product obsolescence or steep fall in demand by way of product substitution. Therefore your directors do not foresee any major risks and concerns, except as discussed else where in this report, in the near future.

e. Internal Control Systems and their adequacy:

The company has developed adequate internal control and reporting systems and is well placed.

f. Financial / Operational performance:

This has already been discussed in this report.

g. Human Resources / Industrial Relations :

The company employs about 250 people both in Sorbitol and Starch divisions including Head Office. The Company enjoys very cordial relations with the staff, workers and with workers union. The industrial relations continued to be cordial during the year under review.

CAUTIONARY STATEMENT:

Statements in this "Management Discussion & Analysis" may be considered to be "forward looking statements" only. Actual results could differ materially from those expressed or implied within the meaning of applicable securities laws or regulations.

LISTING OF SECURITIES

- (a) The Company's Shares are listed with **Bombay Stock Exchange Limited**, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023 and The Hyderabad Stock Exchange Limited, 6-3-654, Adjacent to Erramanjil Bus Stop, Somajiguda, - 500 029. **However, SEBI Derecognized Hyderabad Stock Exchange Limited.**
- (b) The Company paid Listing fees for the year 2008-09 to Bombay Stock Exchange Limited. However, Annual Listing Fees for the year 2002-03 to till date has not been paid to the Hyderabad Stock Exchange.

Members are aware that the trading in the Company's equity shares were suspended by the Bombay Stock Exchange Limited. However, the management has taken initiative to revoke the suspension in trading of equity shares. The Chairman along with the Management Team represented the Company before the Listing Committee of the Bombay Stock Exchange Limited. Management is of the opinion that the Bombay stock Exchange Limited will soon allow the trading of equity shares of the Company.

REFERENCE TO BIFR:

Members are aware that the net worth of the Company had been completely eroded and the Company was registered as sick industrial Company vide No. 263/2000 with BIFR.

Hon'ble BIFR approved the rehabilitation package filed with it and passed the final order with regard to Rehabilitation package which has included various grants, reliefs and concessions with various departments of both Central and State Government. And the Company is approaching different government authorities to seek the grants, reliefs and concessions as directed by Hon'ble BIFR in the Rehabilitation Package.

DIRECTORS

Sri T. G. Pandya who retires by rotation at the ensuing Annual General Meeting is eligible for reappointment and offered himself for re appointment.

Sri P. Maruthi Babu who retires by rotation at the ensuing Annual General Meeting is eligible for reappointment and offered himself for re appointment.

Sri J.N. Karamchetti who retires by rotation at the ensuing Annual General Meeting is eligible for reappointment and offered himself for re appointment.

During the year Smt. T. Sarita Reddy was appointed as Additional Director in the Board Meeting held on 24.01.2008. The Board of directors recommends her appointment as Director liable to retire by rotation at the ensuing Annual General Meeting.

During the year Sri. T. R. Rajagopalan, was appointed as Additional Director in the Board Meeting held on

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31.07.2008. The Board of directors recommends his appointment as Director liable to retire by rotation at the ensuing Annual General Meeting.

APPOINTMENT OF AUDITORS

The Members are requested to consider the appointment of M/s. B S R & Co, Chartered Accountants as Statutory Auditors in place of the retiring Statutory Auditors M/s. C. B. Mouli & Associates, Chartered Accountants, from this Annual General Meeting to the conclusion of the next Annual General Meeting. And also M/s. B S R & Co, Chartered Accountants have confirmed their eligibility under Section 224 (1B) of the Companies Act. The Board recommends their appointment.

COST AUDITORS

The Board of directors appointed Mr. S.P. SARMA Cost Accountant, Plot No. 83, Hasthinapuram (south) Hyderabad-500 079, A. P. as cost auditors for the financial year 2008-09.

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration exceeding the limits as specified under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended time to time.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Section 217 (1) (e) of the Companies Act 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/ Outgo is appended hereto and forms part of this report as Annexure – A.

AUDITORS REPORT

With regard to Point 7 of Annexure to Auditors' Report pertaining to Internal Audit System, since the Company was a sick Company, the Company was not appointed Internal Auditor. However, the Board of Directors in their meeting held on 31st July, 2008 decided to consider the appointment of Internal Auditors of the Company in the next Board Meeting.

With regard to Point 9(a) pertaining to default of deposit of amounts to Provident Fund, Employees State Insurance is due to lack of funds. However, there were no outstanding dues to PF and Statutory authorities except for the month of July, 2008 as on date.

With regard to Point 9 (b) pertaining to undisputed dues to Sales Tax and Service tax is also due to working capital constraints. The Company will pay the dues once the funds are available.

With regard to Point 9 (c) pertaining to dues to Customs duty, the same is self explanatory.

With regard to Point 11 pertaining to default in repayment of dues to financial institutions and banks, the same is self explanatory.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance along with Auditor's Certificate on its compliance, certificate of the Chairman regarding adoption of Code of Conduct and Certificate by the

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Chairman and Vice President (Operations) in respect of financial reporting is given in the Annexure – B, Annexure-C, Annexure-D and Annexure – E respectively which forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

According to Section 217 (2AA) of the Companies Act, 1956 your directors state:

- (i) that in the preparation of Annual Accounts for the year ended 31st March, 2008, the applicable accounting standards have been followed along with the proper explanation relating to material departures:
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2008 and of the profit and loss of the company for that period:
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:
- (iv) that the directors have prepared the annual accounts on a going concern basis.

PUBLIC DEPOSITS:

The Company has not accepted any deposits as per Section 58A of the Companies Act, 1956 during the year under review.

ACKNOWLEDGEMENTS:

Your Directors would like to place on record their sincere appreciation and gratitude to all Financial Institutions, Company's Bankers, Shareholders, Government Agencies, Suppliers, Customers and all the Employees of the Company for their Co-operation and support during the year.

By Order of the Board


T.V. Sandeep Kumar Reddy
Chairman

Place : Hyderabad
Date : 31.07.2008

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ANNEXURE - 'A' TO DIRECTORS REPORT

Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under the **Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988** and forming part of the report of Board of Directors for the year ended 31st March 2008

FORM - "A"

PARTICULARS UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998.

A. CONSERVATION OF ENERGY

Sl.No.	POWER AND FUEL CONSUMPTION	Current Year 2007-08	Previous Year 2006-07
1.	Electricity		
	a) Purchased Unit(Kwh)	82,86,600.00	70,79,916.00
	Total Cost (Rs. In lakhs)	273.65	244.36
	Rate/Unit Rs.	3.30	3.45
	b) Own Generation		
	i. Through Diesel Generator:		
	Unit(Kwh)	8,228	7,400
	Units per Ltr. of Diesel Oil (KWH)	1.95	1.92
	Cost/Unit (Rs/KWH)	17.41	18.18
2.	HUSK		
	Quantity (MTs)	12,769.22	10,110.29
	Total cost (in Rs.in Lakhs)	222.16	159.86
	Average cost per Ltr (Rs)	1.74	1.58
3.	DIESEL OIL		
	Quantity (K.ltrs)	6.00	5.73
	Total amount (Rs. In Lakhs)	2.04	2.00
	Average cost per Ltr (Rs)	34.02	34.97

FORM - "B"

PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT (R&D)	:	NIL
B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION	:	NIL
C. FOREIGN EXCHANGE EARNINGS AND OUTGO:		
1. FOREIGN EXCHANGE EARNINGS (FOB)	:	NIL
2. FOREIGN EXCHANGE OUTGO (CIF)	:	NIL

By Order of the Board

T.V. Sandeep Kumar Reddy
Chairman

Place : Hyderabad
Date : 31.07.2008

ANNEXURE – ‘B TO DIRECTORS REPORT CORPORATE GOVERNANCE REPORT FOR THE YEAR 2007-08

(As per Clause 49 of the listing Agreement entered into with the Stock Exchanges)

1. Corporate Governance Philosophy

The Company is a firm believer in core values of Corporate Governance Code. The Company fully understands the rights of its shareholders to have intimation on the performance of the Company and considers itself a trustee of its shareholders. The Company is committed to good corporate governance, adherence to Statutory and regulatory prescriptions, care for environment and social responsibility.

The Company has adopted a Code of Conduct for members of the Board and Senior Management, who have affirmed in writing their adherence to the Code.

2. Board of Directors

(a) Composition:

The Board of Directors consists of Seven directors as follows:

Board of Directors

Sri T.V.Sandeep Kumar Reddy	Chairman & Promoter Director
Sri P. Maruthi Babu	Non Executive & Independent Director
Sri T.G.Pandya	Non Executive & Independent Director
Sri J. N. Karamchetti	Non Executive & Independent Director
Sri. Parth D. Gandhi	Non Executive & Nominee Director
Sri. Jayendra N. Shah	Non Executive & Nominee Director
Smt. T. Sarita Reddy	Non Executive & Promoter Director

The following table shows the composition of directors and their attendance at the board meetings held on the dates below mentioned and the last Annual General Meeting was held on 27th September 2007.

Name	Category	Board Meetings Attended	Attendance at the last AGM	No. of Other Director-ships held in other Companies	
				Public	Private
Sri. T.V.Sandeep Kumar Reddy	Promoter-Chairman	8	Yes	7	17
Sri T.G.Pandya	Non –Executive & Independent Director	8	Yes	NIL	NIL
Sri. P. Maruthi Babu	Non-Executive & Independent Director	8	Yes	3	5
Sri. J.N. Karamchetti	Non-Executive & Independent Director	8	Yes	NIL	NIL
Sri. Parth D. Gandhi	Non Executive & Nominee Director	2	N.A	1	4
Sri. Jayendra N. Shah	Non Executive & Nominee Director	Nil	N.A	1	4
Smt. T. Sarita Reddy	Non Executive & Promoter Director	1	N.A	5	10

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(b) Board Meetings held during the year 2007-2008:

The Board meets at least once in a quarter to consider among other business, the quarterly performance of the Company and financial results. During the financial year 2007-2008 the Board Meeting was held Eight times as follows:

S.No	Date of Board Meeting
1.	17 th May, 2007
2.	30 th June, 2007
3.	31 st July, 2007
4.	23 rd August, 2007
5.	12 th September, 2007
6.	11 th October, 2007
7.	31 st October, 2007
8.	24 th January, 2008

(c) Details of Directors seeking appointment /re-appointment as required under clause 49 of the listing agreement

As per the requirements of the Listing Agreement with Stock Exchanges on Corporate Governance, the information about the Directors proposed to be Appointed / re-appointed is given as under.

Sri T.G. Pandya, Sri P. Maruthi Babu and Sri J. N. Karamchetti retires by rotation in this Annual General Meeting and being eligible offers themselves for reappointment.

Smt T. Sarita Reddy was appointed as Additional Directors in the Board Meeting held on 24.01.2008. The Board of directors recommends her appointment as Director liable to retire by rotation at the ensuing Annual General Meeting.

Sri T. R. Rajagopalan, was appointed as Additional Directors in the Board Meeting held on 31.07.2008. The Board of directors recommends his appointment as Director liable to retire by rotation at the ensuing Annual General Meeting.

A brief resume about the Director:

Sri T. G. Pandya is aged 70 years and is a graduate in commerce. He is having vast experience in the starch field and worked with Lakshmi Starch Ltd. as General Manager for considerable number of years. His administrative and commercial experience would be of immense use to the company. It is therefore expedient in the interest of the company to continue him as the director of the company.

Sri P. Maruthi Babu

Sri P. Maruthi Babu is a graduate in electrical engineering having vast experience and had an active service of 37 years of which 19 years service in Andhra Pradesh State Electricity Board and 17 in years in Central Autonomous Organization i.e Central Board of Irrigation & Power. He has vast experience in Electrical Engineering, Administration and Accounts. His experience in electrical engineering will be of immense benefit to the company. As a senior officer in charge of Accounts in Central Board of Irrigation & Power, his experience is being used in the Company for the benefit of reviewing the performance of Finance and Accounts of the Company.

Sri J.N. Karamchetti:

Sri J.N. Karamchetti did his Bachelor engineering in the year 1970 from College of Engineering, Kakinada, Andhra Pradesh. Latter on he did his Masters in IIT Kharagpur in the year 1973. He is also a member of Indian Institute of Plant Engineers and Institution of Engineers (India). He has a very rich experience in all fields of Engineering and in Steel, Energy, Rubber and Starch sectors. He is also very familiar for giving guest lecturers and presenting technical papers in various seminars and workshops especially in the filed of Energy.

Smt T. Sarita Reddy:

Smt T. Sarita Reddy did her Master of Business Administration and she belongs to promoter group of the company.

Sri T.R. Rajagopalan:

Sri T. R. Rajagopalan aged about 67 years is a MA, MSc, CAIIB. He is a Retired GM State Bank of India and has experience of 39 years in credit and international banking. He held various assignments both at operational as well as policy framing levels. These assignments include Branch Manager, Regional Manager, Deputy General Manager (Commercial Banking) and General Manager (Commercial Banking). He also handled the assignment with Bank of Ghana, under World Bank to train all banking officials of that country, in the areas of Credit Management.

3 Audit Committee

The Audit Committee constituted by the Board of Directors consists of two Non-Executive independent directors and one Nominee director, namely:

Sri P. Maruthi Babu	Chairman of the committee
Sri T.G.Pandya	Member
Sri Parth D Gandhi	Member

The Constitution of Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956

The responsibilities of the Audit Committee are as defined under the code of Corporate Governance and include reviewing of internal Audit Reports, discussing with Statutory Auditors on their observations with regard to the books of Account, review of internal control measures etc,

The Audit Committee meetings were held Five times during the financial year 2007-2008 on 17th May, 2007, 30th June, 2007, 31st July, 2007, 31st October, 2007 and 24th January, 2008 and all the members of the Audit Committee attended the above said meetings.

4. Remuneration Committee

The Company does not have any remuneration committee. Since the Company is incurring losses, no remuneration is paid to the directors except the sitting fees for the board meetings attended.

5. Share Transfer Committee

The Company has a Share Transfer Committee comprises of Sri T.V.Sandeep Kumar Reddy, Sri P. Maruthi Babu and Sri. T.G. Pandya.

The Committee is looking after the matters of transfer and transmission of shares and issue of duplicate share certificates. The Committee has been meeting at regular intervals.

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6. Annual General Meetings

The Annual General Meetings of the Company (AGM) has been held at the following places during the last three years.

Year	Venue	Day and Date	Time
2004-2005	K.L.N. PRASAD AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Tuesday 27 th September, 2005	11.00 A.M
2005- 2006	K.L.N. PRASAD AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Wednesday 27 th September, 2006	11.00 A.M
2006-2007	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Thursday 27 th September, 2007	3.00 P.M

7. Disclosures

a) Means of Communication

The quarterly, half-yearly Un audited Financial Results and the Annual Audited Financial Results are published in leading News Papers namely Business Standard and Andhra Prabha.

b) Management's Discussion and Analysis Report

The Management's Discussion and Analysis Report forms part of Annual Report and Covered in the Directors' Report.

c) Disclosures on materially significant related party transactions:

The necessary disclosures regarding the transaction with related parties are given in the Notes to the Accounts.

d) Risk Management

Business risk evaluation and management is an ongoing process within the organization.

e) Compliance certificate of the Auditors

Certificate of the Statutory Auditors has been obtained on the compliance of the conditions of Corporate Governance in terms of Clause 49 of the Listing Agreement of the Stock Exchanges and the same is annexed as Annexure – C. Declaration by Chairman of the Company on Code of Conduct is annexed as Annexure – D.

f) General Shareholder's information

i) Annual General Meeting

Day : Wednesday
Date : 24th September, 2008
Time : 03.00 P.M.
Venue : Surana Udyog Auditorium
"FAPCCI" Building, Federation House,
H.No: 11-6-841, Red Hills, Hyderabad – 500 004.

ii) Financial Calendar

Annual General Meeting	September, 2008
Unaudited results for the	
- Quarter ending 30 th June, 2008	July, 2008
- Quarter ending 30 th September, 2008	October, 2008
- Quarter ending 31 st December, 2008	January, 2008

iii) Date of Book closure 18th September, 2008 to 24th September, 2008

iv) Dividend No dividend was recommended

v) Listing on Stock Exchanges:

Bombay Stock Exchange Limited,
P J Towers, Dalal Street, Mumbai – 400 001.

vi) Registrar and Transfer Agent

The Company has appointed M/s Venture Capital Corporate Investments Limited, 12-10-167, Bharat Nagar, Hyderabad 500018 as Registrar and Transfer Agent for both physical and Demat shares of the company. Shareholders are requested to send their shares for transfer or for Demat either to the company or RTA.

vii) Dematerialization of Shares and liquidity

ISIN No : **INE 052 E 01015**
 Depository Connectivity : **CDSIL**

viii) Distribution of Shareholding as on 31st March, 2008

S.No	Category	Shareholders		Amount (In Rs.)	% of Holding
		Nos.	%		
1.	upto – 5000	19,857	93.69	3,05,70,400	7.04
2.	5001 - 10,000	951	4.49	75,36,000	1.74
3.	10,001 - 20,000	257	1.21	37,75,000	0.87
4.	20,001 - 30,000	53	0.25	13,46,000	0.31
5.	30,001 - 40,000	15	0.07	5,13,000	0.12
6.	40,001 - 50,000	19	0.09	9,34,000	0.22
7.	50,001 -1,00,000	18	0.08	14,58,000	0.34
8.	1,00,001 & Above	25	0.12	38,78,67,500	89.37
		21,195	100.00	43,39,99,900	100.00

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ix) Shareholding Pattern Equity Shares of Rs.10/- each

Shareholders	As on 31 st March, 2008		As on 31 st March, 2007	
	No. of shares	%	No. of shares	%
Promoters	1,84,99,990	42.63	80,99,990	55.86
Financial institutions and Banks	15,19,300	3.50	15,19,300	10.48
Private Corporate Bodies	86,700	0.20	98,500	0.68
Foreign Venture Capital Investor	1,84,99,990	42.63	—	—
Indian Public	38,10,310	8.77	37,72,710	26.02
NRI/OCB	9,83,700	2.27	10,09,500	6.96
Total	4,33,99,990	100.00	1,45,00,000	100.00

x) Outstanding GDRs/ADRs/Warrants or any Convertible instruments

The Company does not have above instruments.

xi) Plant Location

NH-9, Nandikandi Village, Sadasivapet Mandal
Medak District, Andhra Pradesh – 502 306.

xii) Address for Correspondence

Secretarial Department,
Gayatri BioOrganics Limited,
6-3-1091/C/A/1, Lovely Mansion,
Rajbhavan Road, Somajiguda
Hyderabad – 500 082.

Members are requested to quote their registered folio number / DP ID number, Customer ID number in all the correspondence with the Company. Members are advised to deliver the share certificates along with necessary documents for physical transfer as well as demat purpose at the above address or at the RTA office.

**ANNEXURE C TO DIRECTORS' REPORT
CERTIFICATE**

Auditors' Certificate on compliance of conditions of Corporate Governance as per clause 49 of the Listing Agreement with the Stock Exchanges.

To
The Members of
GAYATRI BIOORGANICS LIMITED

We have examined the compliance of conditions of Corporate Governance by Gayatri BioOrganics Limited ("the Company") for the year ended 31st March, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examinations has been limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **C.B.Mouli & Associates**
Chartered Accountants


M. Premchand
Partner

Place : Hyderabad
Date : 31-07-2008

**ANNEXURE D OF DIRECTORS' REPORT
DECLARATION BY CHAIRMAN OF THE COMPANY ON CODE OF CONDUCT**

As per the Revised Clause 49 of the Listing Agreement of the Stock Exchanges the Board shall lay down a code of conduct for all board members and senior management of the Company. The code of conduct shall be posted on the website of the Company and all the Board members and senior management personnel shall affirm compliance with the code on annual basis. The Annual report of the Company shall contain a declaration to this effect signed by Chairman of the Company.

I hereby declare that:

1. Code of Conduct adopted by the Company was circulated to the members of the Board and senior management of the Company.
2. All the members of the Board and senior management of the Company have confirmed the compliance with the Code of Conduct.

By Gayatri BioOrganics Limited


T.V. Sandeep Kumar Reddy
Chairman

Place : Hyderabad
Date : 31.07.2008

