



BioOrganics Limited
(Formerly Gayatri Starchkem Limited)

19th Annual Report 2009 - 10

19th Annual General Meeting

Day : Tuesday

Date : 28th September 2010

Time : 03.00 P.M.

**Venue : “SURANA UDYOG AUDITORIUM”,
FAPCCI Building, Federation House,
11-6-841, Red Hills, Hyderabad – 500 004**

CONTENTS

Board of Directors	1
Notice	2
Directors’ Report	4
Annexures to Directors’ Report	8
Report on Corporate Governance	9
Auditors’ Report	17
Balance Sheet	22
Profit & Loss Account	23
Cash flow Statement	24
Schedule to Accounts	25
Notes to the Accounts	34
Balance Sheet Abstract	40
Attendance slip & Proxy form	

BOARD OF DIRECTORS

Sri T. 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>
Smt T. Sarita Reddy	<i>Director</i>
Sri. T. R. Rajagopalan	<i>Director</i>
Sri. Parth D. Gandhi	<i>Director (Up to 21/05/2010)</i>
Sri. Jayendra N. Shah	<i>Director (Up to 21/05/2010)</i>

COMPANY SECRETARY

K.S.V.S. Sastry

AUDITORS:

M/s. BSR And Associates
Chartered Accountants
Reliance Humsafar
IV floor, Road No:11
Banjara Hills
Hyderabad - 500034

**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

19th Annual Report 2009-2010

NOTICE

NOTICE is hereby given that the **19th 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 Tuesday, the 28th Day of September, 2010 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 31.03.2010 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 Smt. T. Sarita Reddy, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Sri. T.R. Rajagopalan, 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. BSR and Co, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company in place of the retiring Statutory Auditors M/s. BSR and Associates, Chartered Accountants, 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."

By Order of the Board

Place: Hyderabad
Date: 02.08.2010

Sd/-
T. Sandeep Kumar Reddy
Chairman

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 24th September, 2010 to 28th September 2010 (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 Private Limited, 12-10-167, Bharat Nagar, 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.

19th Annual Report 2009-2010

DIRECTORS' REPORT

To
The Members of
Gayatri BioOrganics Limited

Your Directors present the Nineteenth Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the period ended 31st March, 2010.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	31.03.2010	31.03.2009
Income from Operation	6,164.41	4,690.52
Other Income	62.67	91.30
TOTAL:	6,227.08	4,781.82
Total Expenditure		
(Including prior period Adj.A/c)	5,698.94	4,776.62
Finance Charges	84.58	52.07
Gross Profit/(Loss) after finance charge (But before depreciation and taxation)	443.86	(46.87)
Depreciation	(294.68)	(286.48)
Extra ordinary Items	—	—
Provision for Taxation	—	1.80
Net Profit / (Loss)	149.18	(335.15)

PERFORMANCE DURING THE YEAR UNDER REVIEW

SORBITOL DIVISION

The Company produced 7,034 MTs of Sorbitol during the Financial Year ended 31st March, 2010 which is nearly 82 % of the installed capacity against the last year production of 6726 MTs. The Management is also planning to achieve 100% installed capacity of the Sorbitol Plant and considering to enhance the capacity of the existing plant from 30 TPD to 60 TPD.

STARCH DEPARTMENT

The performance of this plant is better when compared to previous year and management is also taking various measures to improve the performance of the plant further. The Company crushed 40,005 MTs maize as against 32.936 MTs maize during the previous year. 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.

Management is happy to inform that the financial performance of the Company has been improved and the Company earned a net profit of Rs. 149.18 Lakhs for the financial year ended 31st March, 2010 as against the previous year loss of Rs. 335.15 Lakhs. Management is hoping that the financial performance of the Company will improve further in the years to come.

EXPORTS

The Company did not carryout any exports during the year since the prices in international markets continue to be un-remunerative.

OUTLOOK FOR THE FINANCIAL YEAR 2010-11

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 good harvest is expected. With this scenario we are hopeful of achieving higher operational levels.

Management is also happy to inform the members of the Company that the Hon'ble Board for Industrial & Financial Reconstruction vide its order dated 5th July, 2010 declared that the Company ceases to be a Sick Industrial Company within the meaning of Section 3(1)(0) of the SICA as the Company's Net Worth has turned positive and the Company's revival is sustainable.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a. Industry Structure and Developments.

Sorbitol and Starch industries in India are very much fragmented and scattered through out India. In case of Sorbitol at present only four major players are there in South India. When it comes to Starch, nearly 50% of Indian Starch production comes from Gujarat where four major Starch Factories are located.

The growth in demand for Sorbitol is fluctuating. Presently the prices are encouraging. When it comes to Starch, since 60% of starch goes for food based industry, the demand is not even throughout the year. Further the industry is also suffering from excess capacity and can be compensated only when the demand picks up continuously.

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.

19th Annual Report 2009-2010

LISTING OF SECURITIES

- (a) The Company's Shares are listed with **Bombay Stock Exchange Limited**, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023.
- (b) The Company paid Listing fees for the year 2010-11 to Bombay Stock Exchange Limited.

DIRECTORS

Smt. T. Sarita Reddy, who retires by rotation at the ensuing Annual General Meeting is eligible for reappointment and offered herself for re appointment.

Sri. T.R. Rajagopalan, 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.

APPOINTMENT OF AUDITORS

The Members are requested to consider the appointment of M/s. B S R and Co, Chartered Accountants who are subjected to peer review as Statutory Auditors in place of the retiring Statutory Auditors M/s BSR And Associates, Chartered Accountants from this Annual General Meeting to the conclusion of the next Annual General Meeting. The Board recommends their appointment.

COST AUDITORS

The Board of directors during the year filled the casual vacancy of the Cost Auditor due to the death of Mr. S.P. Sarma by way of appointing M/s. Narasimha Murthy & Co, Cost Accountants, 3-6-365, 104 & 105, Pavani Estate, Y.V. Rao Mansion, Himayatnagar, Hyderabad- 500 029 as cost auditors for the financial year 2009-10.

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 No. 15 of Annexure of Auditors' Report pertaining to delay in deposit of amounts with the appropriate authorities in respect of Provident Fund, Employees State Insurance and Sales Tax and Service Tax is due to working capital constraints. However, there were no outstanding dues to above authorities as on date.

CORPORATE GOVERNANCE

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

The Ministry of Corporate Affairs has announced the Corporate Governance Voluntary Guidelines 2009. The preamble mentioned about good practices for adoption by the Companies, which are recommendatory in nature. Similarly, the Ministry has also issued the Corporate Social Responsibility Voluntary Guidelines 2009 duly mentioning CSR activities, which are purely voluntary in nature.

Your Company has reviewed the above guidelines to ensure the adherence of the same voluntarily to the extent possible. Accordingly, the recommendatory voluntary guideline pertaining to the tenure of Independent Director for a period not exceeding 6 years, the attention of the members drawn to the fact that in your Company the tenure of Sri P. Maruthi Babu and Sri. T.G. Pandya, as Independent Directors was crossed the recommendatory limit of 6 years. However, the Board felt the valuable guidance and contributions made by both the directors during their tenure as Independent directors in the growth of the Company are invaluable and decided to avail their guidance and wisdom for some more time for the better performance of the Company in the years to come.

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, 2010, 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, 2010 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

Sd/-

T. Sandeep Kumar Reddy
Chairman

Place: Hyderabad
Date: 02.08.2010

19th Annual Report 2009-2010

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 2010

FORM - “A” PARTICULARS UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998.

A. CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION	Current Year 2009-10	Previous Year 2008-09
1. Electricity		
a) Purchased Unit(Kwh)	1,10,17,400	84,04,250
Total Cost (Rs. In lakhs)	379.40	273.83
Rate/Unit Rs.	3.44	3.32
b) Own Generation		
i. Through Diesel Generator:		
Unit(Kwh)	12,472	9,032
Units per Ltr. of Diesel Oil (KWH)	2.06	3.28
Cost/Unit (Rs/KWH)	19.56	11.67
2. HUSK		
Quantity (MTs)	12,577.96	11,415.60
Total cost (in Rs.in Lakhs)	296.18	263.15
Average cost per Ltr (Kg)	2.35	2.31
3. DIESEL OIL		
Quantity (K.ltrs)	6.06	2.75
Total amount (Rs. In Lakhs)	2.44	1.05
Average cost per Ltr (Rs)	40.28	38.32

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)	: Rs.14,61,964

By Order of the Board

Sd/-

T. Sandeep Kumar Reddy
Chairman

Place: Hyderabad
Date: 02.08.2010

**ANNEXURE – ‘B TO DIRECTORS REPORT
CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-10**

(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 trusty 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 Eight directors as follows:

Board of Directors

Sri T. 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
Sri T.R. Rajagopalan	Non Executive & Independent Director

*** Sri. Parth D Gandhi and Sri. Jayendra N Shah have resigned as directors of the Company w.e.f. 21/05/2010.**

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 which was held on 23rd September 2009.

Name	Category	Board Meetings Attended	Attendance at the last AGM	No. of Director-ships held in other Companies	
				Public	Private
Sri. T. Sandeep Kumar Reddy	Promoter-Chairman	5	Yes	10	24
Sri T.G.Pandya	Non –Executive & Independent Director	5	Yes	NIL	NIL
Sri. P. Maruthi Babu	Non-Executive & Independent Director	5	Yes	4	9
Sri. J.N. Karamchetti	Non-Executive & Independent Director	5	Yes	NIL	NIL
*Sri. Parth D. Gandhi	Non Executive & Independent Director	2	No	NIL	NIL
*Sri. Jayendra N. Shah	Non Executive & Independent Director	1	No	2	4
Smt. T. Sarita Reddy	Non Executive & Promoter Director	5	No	4	18
Sri. T. R. Rajagoplan	Non Executive & Independent Director	5	Yes	1	2

* Resigned as Director w.e.f 21st May, 2010

19th Annual Report 2009-2010

(b) Board Meetings held during the year 2009-10:

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 2009-2010 the Board Meeting was held Five times as follows:

S.No	Date of Board Meeting
1.	26 th May, 2009
2.	30 th July, 2009
3.	30 th October 2009
4.	11 th December, 2009
5.	29 th January, 2010

(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.

Smt T. Sarita Reddy, Sri T. R. Rajagopalan and Sri J N Karamchetti retires by rotation in this Annual General Meeting and being eligible offers themselves for reappointment.

A brief resume about the Director:

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 71 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 banker) 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.

Sri J.N.Karamchetti

Sri J.N.Karamchetti did his Bachelor engineering in the year 1970 from college of Engineering, Kakinada, Andhra Pradesh. Later 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 very rich experience in all fields of Engineering and in Steel, Energy, Rubber and starch sectors. He is also very familiar for giving guest lectures and presenting technical papers in various seminars and workshops especially in the field of Energy.

3 Audit Committee

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

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

*Resigned as Director of the Company w.e.f. 21/05/2010

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, Company Secretary is the Secretary of the Committee.

The Audit Committee meetings were held Four times during the financial year 2009-10 on 26th May, 2009, 30th July, 2009, 30th October, 2009 and 29th January, 2010. and all the members of the Audit Committee attended the above said meetings excepting Sri Parth D. Gandhi who attended two meetings out of the four meetings held during the year.

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..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.

Sri K.S.V.S. Sastry, Company Secretary is the Compliance Officer and all the complaints received from the investors were resolved, within reasonable time. There was no outstanding complaint as on 31st March 2010.

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
2006- 2007	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Thursday 27 th September, 2007	3.00 P.M
2007-2008	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Wednesday 24 th September, 2008	3.00 P.M
2008-2009	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Wednesday 23 rd September, 2009	11.00 A.M

7. Disclosures

a) Means of Communication

The quarterly/ annual unaudited/ audited financial results of the Company are sent to the Stock Exchanges after they are approved by the Board of Directors. The Management Discussion and Analysis forms part of the Annual Report.

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.

19th Annual Report 2009-2010

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) There has not been any non-compliance by the Company, and no penalty has been imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital market.

e) Risk Management

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

f) Compliance certificate

Certificate of the Company Secretary 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.

g) General Shareholder's information

i) Annual General Meeting

Day	:	Tuesday
Date	:	28.09.2010
Time	:	3.00 PM
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, 2010
Unaudited results for the	
- Quarter ending 30 th June, 2010	August, 2010
- Quarter ending 30 th September, 2010	November, 2010
- Quarter ending 31 st December, 2010	February, 2011

iii) Date of Book closure 24th September, 2010 to 28th September 2010

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 Private 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 & NSDL

viii) Distribution of Shareholding as on 31st March, 2010

S.No	Category	Shareholders		Amount (In Rs.)	% of Holding
		Nos.	%		
1.	upto – 500	19,742	93.51	30,34,439	6.99
2.	501 – 1,000	958	4.53	7,61,301	1.75
3.	1,001 – 2,000	266	1.26	3,89,232	0.89
4.	2,001 - 3,000	60	0.28	1,50,421	0.34
5.	3,001 – 4,000	16	0.07	54,600	0.12
6.	4,001 – 5,000	23	0.10	1,12,700	0.26
7.	5,001 -10,000	22	0.10	1,71,699	0.39
8.	10,001 & Above	25	0.11	3,87,25,598	89.23
		21,112	100.00	4,33,99,990	100.00

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

Shareholders	As on 31 st March, 2010		As on 31 st March, 2009	
	No. of shares	%	No. of shares	%
Promoters	1,84,99,816	42.63	1,84,99,990	42.63
Financial institutions and Banks	5,19,300	1.20	15,19,300	0.01
Private Corporate Bodies	1,36,389	0.31	88,500	0.20
Foreign Body Corporate	1,84,99,990	42.63	1,84,99,990	42.63
Indian Public	4787795	11.03	3,8,11,510	8.78
NRI/OCB	9,56,700	2.20	9,80,700	2.26
Total	4,33,99,990	100.00	4,33,99,990	100.00

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

The Company does not have outstanding GDRs/ADRs/Warrants, however, the Company has 6% Cumulative Redeemable Optionally Convertible Preference Shares of Rs. 100/- each

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.

19th Annual Report 2009-2010

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, 2010 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 Gayatri BioOrganics Limited

Sd/-

Y. Koteswara Rao

Practicing Company Secretary

C.P. No. 7427

Place : Hyderabad
Date : 02-08-2010

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.

For Gayatri BioOrganics Limited

Place : Hyderabad
Date : 02-08-2010

Sd/-
T. Sandeep Kumar Reddy
Chairman

19th Annual Report 2009-2010

ANNEXURE – E TO DIRECTORS’ REPORT

To
**The Board of Directors,
Gayatri BioOrganics Limited,**

We have certify that :

- a) We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2010 and to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company’s code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We further certify that:
 - i) There have been no significant changes in internal control during this year.
 - ii) There have been no significant changes in accounting policies during this year.
 - iii) There have been no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company’s internal control system.

For Gayatri BioOrganics Limited

Sd/-
C.V. Rayudu
Vice President (Operations)

Sd/-
T. Sandeep Kumar Reddy
Chairman

Place : Hyderabad
Date : 12.05.2010

AUDITORS' REPORT

To
The Members

GAYATRI BIOORGANICS LIMITED

Hyderabad

- 1 We have audited the attached balance sheet of Gayatri BioOrganics Limited ("the Company") as at 31 March 2010, the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Without qualifying our opinion, we draw attention to Note 4 of Schedule 21 in the financial statements. Notwithstanding the profits made during the year ended 31 March 2010, the Company has accumulated losses from the previous years which have exceeded its equity share capital. These factors along with other matters as set forth in Note 4 of Schedule 21 prima facie raises doubt about the Company's ability to continue as a going concern. However, the mitigating factors, particularly the ongoing implementation of Rehabilitation Scheme, sanctioned by the Board of Industrial and Financial Reconstruction (BIFR), cause us to believe that the going concern assumption is appropriate.
- 5 Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors, as on 31 March 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

19th Annual Report 2009-2010

- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2010;
 - b. in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c. in the case of cash flow statement, of the cash flows for the year ended on that date.

for **B S R and Associates**
Chartered Accountants

Firm Registration no: 128901W
Zubin Shekary
Partner
Membership No: 48814

Place : Hyderabad
Date : 12 May 2010

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date to the members of Gayatri BioOrganics Limited:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noted on such verification.
3. Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
4. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. For stocks lying with the third parties at the year-end, written confirmations have been obtained.
5. The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
6. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not of material.
7. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
8. The Company has taken loans from a person covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.37,845,064 and the year end balance of such loans was Rs.33,636,040.
9. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
10. In the case of loans taken from a person listed in the register maintained under section 301, there are no fixed terms for repayment of the principal amount and payment of interest and accordingly clause 4(iii)(g) of the Order is not applicable.
11. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods. The Company is not engaged in any sale of services. We have not observed any major weakness in the internal control system during the course of our audit.
12. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

19th Annual Report 2009-2010

13. The Company has not accepted any deposits from the public.
14. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
15. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
16. According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company *has not been regular in depositing amount deducted/accrued in the books of accounts with the appropriate authorities in respect of provident fund, employees' state insurance and sales-tax*. According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including excise duty, income-tax, service tax, customs duty and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the provisions of investor education and protection fund and wealth tax are not applicable to the Company.

Further, there were no dues on account of Cess under Section 441A of the Act, since the date from which the aforesaid section comes into force has not been notified by the Central Government.

According to the information and explanations given to us, *except for undisputed amount payable in respect of service tax (Rs 86,267)* which is outstanding for more than six months, there are no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, customs duty, excise duty, cess and other material statutory dues that were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable.

17. According to the information and explanations given to us, there are no dues of income tax, service tax, excise duty and cess which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of sales-tax and customs duty have not been deposited by the Company on account of disputes:

<i>Name of the statute</i>	<i>Nature of the dues</i>	<i>Amount in Rs. 2009-2010</i>	<i>Period to which the amount relates</i>	<i>Forum where the dispute is pending</i>
The Central Excise Act, 1944	Customs duty*	75,949,800	Financial year 1994-95	CESTAT-Bangalore

* Rs. 3,700,000 paid under protest.

18. *The Company has accumulated losses at the end of the financial year which exceeds fifty per cent of its net worth*. The Company has not incurred cash losses in the current financial year, *however it has incurred cash losses in the immediately preceding financial year*.
 19. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers and to any financial institutions during the year.
 20. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 21. In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
-

22. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
23. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
24. According to the information and explanation given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
25. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
26. According to the information and explanation given to us, the company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Companies Act, 1956.
27. The Company did not have any outstanding debentures during the year.
28. The Company has not raised any money by public issues during the year.
29. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R and Associates**
Chartered Accountants
Firm registration no: 128901W

Zubin Shekary
Partner
Membership No: 48814

Place : Hyderabad
Date : 12 May 2010

19th Annual Report 2009-2010

BALANCE SHEET AS AT 31st MARCH, 2010

PARTICULARS	SCH	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	81,78,13,400	81,78,13,400
Reserves and surplus	3	10,00,000	10,00,000
		81,88,13,400	8,18,813,400
Loan funds			
Secured loans	4	5,69,26,817	63,52,305
Unsecured loan	5	3,36,36,040	3,75,39,154
		90,93,76,257	86,27,04,859
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	64,60,24,153	62,09,70,929
Less: Accumulated depreciation		34,78,16,361	31,83,48,230
Net block		29,82,07,792	30,26,22,699
Capital work in progress		1,33,34,068	63,71,730
		31,15,41,860	30,89,94,429
Investments			
	7	15,000	15,000
Current assets, loans and advances			
Inventories	8	11,19,23,547	5,33,93,075
Sundry debtors	9	8,09,81,233	7,27,31,141
Cash and bank balances	10	1,73,75,199	73,08,214
Loans and advances	11	2,10,74,160	14,012,605
		23,13,54,139	14,74,45,035
Current liabilities and provisions			
Current liabilities	12	9,83,46,886	7,36,61,078
Provisions	13	72,27,867	70,47,337
		10,55,74,753	8,07,08,415
Net current assets			
		12,57,79,386	6,67,36,620
Debit balance in profit and loss account		47,20,40,011	48,69,58,810
		90,93,76,257	86,27,04,859
Significant accounting policies			
	1		
Notes to accounts			
	21		
The Schedules referred to above form an integral part of the Balance Sheet			

As per our report attached
for **B S R and Associates**
Chartered Accountants

for **Gayatri BioOrganics Limited**

Sd/-
Zubin Shekary
Partner

Sd/-
K S V S Sastry
Company Secretary

Sd/-
P.Maruthi Babu
Director

Sd/-
T. Sandeep Kumar Reddy
Chairman

Membership No.: 48814

Place : Hyderabad
Date : 12 May 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

PARTICULARS	SCH	Year Ended 31st March 2010 Rs.	Year Ended 31st March 2009 Rs.
Income			
Sales, gross		63,36,34,403	49,22,29,968
Less: Excise duty on sales		(1,71,93,056)	(2,31,77,522)
Sales, net		61,64,41,347	46,90,52,446
Other income	14	62,67,447	91,29,764
		62,27,08,794	47,81,82,210
Expenditure			
Material costs	15	4,41,738,210	3,80,961,141
(Increase) / decrease in inventories of finished goods and work in progress	16	90,10,200	21,17,710
Personnel expenses	17	4,19,82,807	3,49,89,843
Manufacturing expenses	18	5,39,27,107	4,00,62,737
Administrative and selling expenses	19	2,32,05,942	1,95,30,755
Finance charges	20	84,57,597	52,06,532
Depreciation	6	2,94,68,131	2,86,47,992
		60,77,89,994	51,15,16,710
Profit/ (loss) before tax		1,49,18,800	(3,33,34,500)
Provision for tax			
Current tax		—	—
Deferred tax expense/(benefit)	21 (3)	—	—
Fringe benefit tax		—	1,79,916
Profit/ (loss) after tax		1,49,18,800	(3,35,14,416)
Balance in profit and loss account brought forward		(48,69,58,811)	(45,34,44,394)
Balance in profit and loss account carried forward to the balance sheet		(47,20,40,011)	(48,69,58,810)
Earnings per share			
Basic and diluted - Par value Rs.10 per share	21 (5)	(0.28)	(1.39)
Significant accounting policies	1		
Notes to accounts	21		
The Schedules referred to above form an integral part of the profit and loss account			

As per our report attached
for **B S R and Associates**
Chartered Accountants

for **Gayatri BioOrganics Limited**

Sd/-
Zubin Shekary
Partner
Membership No.: 48814

Sd/-
K S V S Sastry
Company Secretary

Sd/-
P.Maruthi Babu
Director

Sd/-
T. Sandeep Kumar Reddy
Chairman

Place : Hyderabad
Date : 12 May 2010

19th Annual Report 2009-2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

PARTICULARS	Year Ended 31st March 2010 Rs.	Year Ended 31st March 2009 Rs.
Cash flows from operating activities		
Profit/(loss) before tax	1,49,18,800	(3,33,34,500)
Adjustments:		
Depreciation	2,94,68,131	2,86,47,992
Interest income	(3,57,626)	(2,64,713)
Interest expense	76,01,625	48,15,082
Provision for doubtful debts	6,08,973	—
Operating cash flows before working capital changes and other assets	5,22,39,903	(1,36,139)
Increase in inventories	(5,85,30,472)	(1,50,48,632)
Increase in sundry debtors	(88,59,065)	(3,18,33,271)
Increase in loans and advances	(69,57,479)	(53,48,739)
Increase in current liabilities and provisions	2,53,71,214	2,99,15,025
Cash generated from operations	32,64,101	(2,24,51,756)
Income taxes paid, net	(19,916)	(1,79,162)
Net cash provided by / (used in) operating activities	32,44,185	(2,26,30,918)
Cash flows from investing activities		
Purchase of fixed assets	(3,25,00,522)	(2,09,66,214)
Interest received	2,53,550	2,40,782
Net cash used in investing activities	(3,22,46,972)	(2,07,25,432)
Cash flows from financing activities		
Repayment of borrowings	(47,85,805)	(2,90,012)
Proceeds from borrowings	5,09,68,710	3,33,25,499
Interest paid	(71,13,133)	(44,36,875)
Net cash provided by financing activities	3,90,69,772	2,85,98,612
Net increase in cash and cash equivalents	1,00,66,985	(1,47,57,738)
Cash and cash equivalents at the beginning of the year (Note 1)	73,08,214	2,20,65,952
Cash and cash equivalents at the end of the year	1,73,75,199	73,08,214
Notes:		
1. Cash and cash equivalents comprise:		
Cash on hand	6,03,362	7,33,872
Cheques on hand	—	13,46,260
Balances in Current accounts	1,67,71,837	52,28,082
	1,73,75,199	73,08,214

As per our report attached
for **B S R and Associates**
Chartered Accountants

for **Gayatri BioOrganics Limited**

Sd/-
Zubin Shekary
Partner

Sd/-
K S V S Sastry
Company Secretary

Sd/-
P.Maruthi Babu
Director

Sd/-
T. Sandeep Kumar Reddy
Chairman

Membership No.: 48814

Place : Hyderabad

Date : 12 May 2010

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 1: SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented under the historical cost convention on the accrual basis in accordance with the Indian Generally Accepted Accounting Principles (Indian GAAP). Indian GAAP comprises of accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India. The financial statements are presented in Indian rupees.

2. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenue and expenses for the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets includes the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets acquired but not ready for their intended use before such date are disclosed as capital work-in-progress.

Depreciation on fixed assets is provided using the straight-line method based on the rates specified in Schedule XIV of the Companies Act, 1956. In the opinion of management, the rates specified in Schedule XIV reflect the useful lives of these assets. Depreciation is calculated on a pro-rata basis from/up to the date the assets are purchased/sold. Individual assets costing less than Rs. 5,000 are depreciated in full in the year of acquisition.

4. Investments

Long-term investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

5. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	First-in-first-out (FIFO)
Stores and spares	Weighted average method
Work-in-process and Finished goods	FIFO and including an appropriate share of production overheads

19th Annual Report 2009-2010

6. Employee benefits

Contributions to the recognised provident fund and superannuation scheme, which are defined contribution schemes, are charged to the profit and loss account.

Employee gratuity and long term compensated absences, which are defined benefits, are accrued based on the actuarial valuation at the balance sheet date and are charged to profit and loss account. All actuarial gains and losses arising during the year are recognized in the profit and loss account.

7. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership have passed to the buyer, which generally coincides with the dispatch of goods and is stated net of returns, rebates, sales tax and applicable trade discounts and allowances.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

8. Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date and not covered by forward exchange contracts are translated at the year end rates. The resultant exchange differences are recognised in the profit and loss account. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

9. Income tax

Income tax expense comprises current tax, deferred tax and fringe benefit tax.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax

Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or benefit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably/virtually certain to be realised.

The break-up of the deferred tax assets and liabilities as at the balance sheet date has been arrived at after setting-off deferred tax assets and liabilities where the Company has a legally enforceable right and an intention to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

10. Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). In computing dilutive earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share are included.

11. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount for the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

12. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that any assets forming part of its cash generating units may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the reassessed recoverable amount subject to a maximum of depreciated historical cost.

19th Annual Report 2009-2010

SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
SCHEDULE 2: SHARE CAPITAL		
<i>Authorised</i>		
51,000,000 (previous year: 51,000,000) equity shares of Rs.10 each	51,00,00,000	51,00,00,000
3,900,000 (previous year: 3,900,000) 6% cumulative redeemable optionally convertible preference shares of Rs.100 each	39,00,00,000	39,00,00,000
	90,00,00,000	90,00,00,000
<i>Issued, subscribed and paid-up</i>		
43,399,990 (previous year: 43,399,990) equity shares of Rs.10 each	43,39,99,900	43,39,99,900
3,838,135 (previous year: 3,838,135) 6% cumulative redeemable optionally convertible preference shares of Rs.100 each.	38,38,13,500	38,38,13,500
	81,78,13,400	81,78,13,400
<p>The Company has issued 3,838,135 outstanding 6% cumulative redeemable convertible preference shares of Rs.100 each to the Promoters on 12 September 2007. Out of these shares 752,500 shares shall be converted after the expiry of a period of thirty six months at par and 3,085,635 shares shall carry the option of being converted at the option of the holder into ordinary equity shares of the Company after the expiry of a period of sixty months at a price to be determined in accordance with the then prevailing SEBI (DIP) guidelines or can be redeemed by the Company at par after the end of year 5, 6, 7 and 8 from the date of allotment.</p>		
SCHEDULE 3: RESERVES AND SURPLUS		
Central subsidy	10,00,000	10,00,000
	10,00,000	10,00,000
Schedule 4: Secured Loans		
<i>From banks</i>		
Cash credit (Note 1)	60,37,210	57,88,500
Term Loans-Vehicles (Note 2)	8,89,607	5,63,805
<i>From others</i>		
State Industrial and Investment Corporation of Maharashtra Limited (Note 3)	5,00,00,000	-
	5,69,26,817	63,52,305
<i>Notes</i>		
1. Secured against the pledge of Maize stock.		
2. Against hypothecation of Vehicles.		
3. Secured against the hypothecation of entire fixed assets of the Company, all present and future receivables and personal guarantee of the Chairman.		
SCHEDULE 5: UNSECURED LOAN		
loan from a Director	3,36,36,040	3,75,39,154
	3,36,36,040	3,75,39,154

[of the above, an amount of Rs. 1,07,62,154 carries no interest. The balance amount of Rs. 2,23,85,393 carries interest at the rate of 15% per annum. The loan does not have fixed repayment terms and will be repaid subject to the Company having adequate cash profits.]

**SCHEDULE - 6
FIXED ASSETS**

S. No.	PARTICULARS	GROSS BLOCK		ACCUMULATED DEPRECIATION			NET BLOCK	
		As at 1 April 2009 Rs.	Additions Rs.	As at 31-Mar-2010 Rs.	Charge for the Year Rs.	As at 31 Mar 2010 Rs.	As at 31 March 2009 Rs.	
1	Land (freehold)	1,13,10,686	—	1,13,10,686	—	—	1,13,10,686	
2	Buildings	15,16,07,750	30,07,260	15,46,15,010	50,98,008	6,15,13,715	9,31,01,295	
3	Plant and machinery	44,51,14,247	2,09,46,804	46,60,61,051	2,37,32,852	27,64,69,070	18,95,91,981	
4	Computers	26,75,691	47,520	27,23,211	75,852	24,84,755	2,38,456	
5	Office equipment	23,67,918	82,972	24,50,890	1,14,447	13,69,523	10,81,367	
6	Furniture and fittings	26,59,091	—	26,59,091	1,68,320	23,23,569	3,35,522	
7	Air conditioners	3,82,357	—	3,82,357	18,162	2,34,093	1,48,264	
8	Vehicles	48,53,189	9,68,668	58,21,857	31,61,146	34,21,636	24,00,221	
Total		62,09,70,929	2,50,53,224	64,60,24,153	2,94,68,131	34,78,16,361	29,82,07,792	
Previous year		60,20,73,205	1,88,97,724	62,09,70,929	2,86,47,992	31,83,48,230	30,26,22,699	

19th Annual Report 2009-2010

PARTICULARS	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
SCHEDULE 7: INVESTMENTS (Long term at cost)		
i. Quoted investments		
Non trade		
3,000 equity shares (Face Value Rs. 10) in S.S.Organics Limited	30,000	30,000
ii. Unquoted investments		
Non trade		
7,100 equity shares (Face value Rs.10) in East, West Travel and Trade links	2,84,000	2,84,000
1,000 equity shares (Face value Rs. 10) in Sri Lakshmi Engg. Limited	26,900	26,900
	3,40,900	3,40,900
<i>less: Provision for permanent diminution</i>	(3,25,900)	(3,25,900)
	15,000	15,000
Aggregate cost of quoted investments	30,000	30,000
Aggregate cost of unquoted investments	3,10,900	3,10,900
Market value of quoted investments	17,520	15,000
SCHEDULE 8: INVENTORIES		
Raw materials	9,67,45,615	3,15,63,045
Stores and spares	72,13,680	48,55,578
Work in process	56,09,405	55,71,078
Finished goods	23,54,847	1,14,03,374
	11,19,23,547	5,33,93,075
SCHEDULE 9: SUNDRY DEBTORS		
<i>(Unsecured)</i>		
Debts outstanding for a period exceeding six months		
Considered good	19,37,316	69,32,284
Considered doubtful	74,12,399	68,03,426
Other debts		
Considered good	7,90,43,917	6,57,98,857
Considered doubtful	—	—
	8,83,93,632	7,95,34,567
<i>less: Provision for doubtful debts</i>	(74,12,399)	(68,03,426)
	8,09,81,233	7,27,31,141
SCHEDULE 10: CASH AND BANK BALANCES		
Cash on hand	6,03,362	7,33,872
Cheques on hand	—	13,46,260
Balances with scheduled banks -in current accounts	1,67,71,837	52,28,082
	1,73,75,199	73,08,214

Gayatri BioOrganics Limited

PARTICULARS	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
SCHEDULE 11: LOANS AND ADVANCES		
<i>(Unsecured)</i>		
<i>Considered good</i>		
Advances recoverable in cash or kind or value to be received	91,87,449	28,72,310
Balance with excise authorities	45,76,971	41,34,193
Deposits	73,09,740	70,06,102
<i>Considered doubtful</i>		
Advances recoverable in cash or kind or value to be received	37,83,309	37,83,309
Deposits	5,10,000	5,10,000
	2,53,67,469	1,83,05,914
less: Provision for doubtful advances/deposits	(42,93,309)	(42,93,309)
	2,10,74,160	1,40,12,605
SCHEDULE 12: CURRENT LIABILITIES		
Sundry Creditors		
- total outstanding due to micro and small enterprises (refer note 15 of schedule 21)	11,70,455	15,30,636
- total outstanding due to creditors other than micro and small enterprises	8,75,64,758	6,53,01,530
Advances from customers	54,67,456	27,91,501
Other liabilities	41,44,217	40,37,411
	9,83,46,886	7,36,61,078
SCHEDULE 13: PROVISIONS		
Fringe benefit taxation [net of advance tax Rs. 4,75,736 (previous year Rs. 455,820)]	—	19,916
Gratuity (refer note 12 of schedule 21)	59,24,512	47,28,756
Compensated absences	13,03,355	22,98,665
	72,27,867	70,47,337

19th Annual Report 2009-2010

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

PARTICULARS	For the Year ended 31st March 2010 Rs.	For the Year ended 31st March 2009 Rs.
SCHEDULE 14: OTHER INCOME		
Interest [(Tax deducted at source Rs. 34,918 (Previous year Rs. 54,531)]	3,57,626	2,64,713
Scrap sales	28,59,234	36,28,753
Sale of husk	18,48,048	33,33,779
Miscellaneous income	12,02,539	19,02,519
	62,67,447	91,29,764
SCHEDULE 15: MATERIAL COST		
Raw material consumed		
Opening stock	3,15,63,045	1,57,34,518
Add: Purchases	50,69,20,780	39,67,89,668
	53,84,83,825	41,25,24,186
Less: Closing stock	9,67,45,615	3,15,63,045
	44,17,38,210	38,09,61,141
SCHEDULE 16: (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
Opening stock		
Work in progress	55,71,078	51,08,699
Finished goods	1,14,03,374	1,39,83,463
Less: Closing stock		
Work in progress	56,09,405	55,71,078
Finished goods	23,54,847	1,14,03,374
(Increase)/decrease in stock	90,10,200	21,17,710
SCHEDULE 17: PERSONNEL EXPENSES		
Salaries, wages and bonus	3,63,39,477	2,65,44,083
Contribution to provident and other funds	35,92,056	31,86,567
Gratuity and compensated absences	4,89,864	37,94,403
Staff welfare expenses	15,61,410	14,64,790
	4,19,82,807	3,49,89,843
SCHEDULE 18: MANUFACTURING EXPENSES		
Power and fuel	3,79,40,412	2,78,83,498
Repairs and maintenance		
- Building	2,88,776	1,19,735
- Plant and machinery	22,56,351	19,15,266
- Others	9,20,202	4,85,097
Stores and spares	72,87,991	53,01,196
Material handling charges	52,33,375	43,57,945
	5,39,27,107	4,00,62,737

Gayatri BioOrganics Limited

PARTICULARS	For the Year ended 31st March 2010 Rs.	For the Year ended 31st March 2009 Rs.
SCHEDULE 19: ADMINISTRATIVE AND SELLING EXPENSES		
Transportation	7,68,652	25,30,124
Commission and discounts	48,69,378	30,18,965
Insurance	11,84,154	10,37,226
Rent, rates and taxes	10,89,959	5,52,446
Listing fee	1,48,112	16,84,692
Vehicle hire and maintenance	8,80,502	9,41,651
Conveyance and traveling	4,08,429	5,26,786
Directors sitting fee	3,96,000	2,80,000
Printing and stationery	2,45,183	3,39,296
Post, telephone and telex	4,09,249	4,54,729
Legal and professional charges	51,63,594	34,76,144
Subscription, books and periodicals	27,070	11,313
Donations	—	5,000
Provision for bad and doubtful debts	6,08,973	—
Water expenses	37,32,525	16,59,827
Security expenses	10,99,761	10,87,987
Miscellaneous expenses	21,74,401	19,24,569
	2,32,05,942	19,530,755
SCHEDULE 20: FINANCIAL CHARGES		
Interest		
- on term loans/cash credit from banks	18,75,099	93,910
- on unsecured loan	40,49,471	43,42,964
- on others	16,77,055	3,78,208
Bank charges	8,55,972	3,91,450
	84,57,597	52,06,532

19th Annual Report 2009-2010

SCHEDULE 21: NOTES TO ACCOUNTS

1. Capital commitments and contingent liabilities

	As at 31 March 2010	As at 31 March 2009
i. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	26,45,000	28,00,000
ii. Contingent liabilities		
a. Customs and sales tax*	7,59,49,800	7,26,03,232
b. Claim against the Company not acknowledged as debts	1,80,22,000	1,80,22,000
c. Arrears of dividend on cumulative preference shares including tax on dividends	6,87,95,787	4,18,53,231

* Amount paid under protest Rs.3,700,000.

2. Legal and professional charges includes the statutory auditors' remuneration as given below:

	For the year ended 31 March 2010	For the year ended 31 March 2009
Audit fees	5,50,000	5,50,000
Others	3,75,000	3,75,000
Out of expenses	13,640	17,600
Total	9,38,640	9,42,600

3. Income tax expense

Current tax

Current tax provision for the year is Rs. Nil (previous year: Rs. Nil)

Deferred tax

The Company has recorded the deferred tax liability of Rs. 6,02,16,913 (previous year Rs. 6,54,70,737) on account of timing differences as at 31 March 2010 and recognized the deferred tax asset on unabsorbed depreciation, carried forward losses and other timing differences on the basis of prudence, only to the extent of the above mentioned deferred tax liability. Accordingly, there was no impact on profit and loss account.

In view of accumulated losses and in accordance with Accounting Standard 22 – “Accounting for taxes on income” prescribed by the Companies (Accounting Standards) Rules, 2006, deferred tax assets on unabsorbed depreciation, carried forward losses and other temporary differences have not been recognised as there are no timing differences, the reversal of which, will result in sufficient taxable income.

4. In November 2000, the Company was declared to be a sick industrial company under the Sick Industrial Companies (Special Provisions) Act, 1985. Industrial Development Bank of India, which was appointed as the operating agency has sanctioned the Rehabilitation Scheme on 29 May 2008. The scheme among other

things envisages the reliefs and the concessions to be provided to the Company by various authorities, sources of finance and the application funds. As envisaged in the scheme, the net worth of the Company would become positive post conversion of 7,52,500 promoter preference shares (face value of Rs. 100 each) after the expiry of a period of thirty six months at par and 30,85,635 promoter preference shares shall carry the option of being converted at the option of the holder into ordinary Equity Shares of the Company after the expiry of a period of sixty months at a price to be determined in accordance with the then prevailing SEBI (DIP) guidelines or can be redeemed by the Company at par end of year 5, 6, 7 and 8 from the date of allotment. The Company is continued to be supported by the promoters for any shortfall in working capital. Further, the Company is considering option to finance the future capital investment requirement to support the expansion plans and the new facilities as envisaged in the Scheme. Sanctions for financial restructuring as accorded by the Scheme are being pursued.

5. Earnings per share (EPS)

The computation of EPS is set out below:

	For the year ended 31 March 2010	For the year ended 31 March 2009
Earnings		
Net profit /(loss) for the year	1,49,18,800	(3,35,14,416)
Less : Preference dividends including tax on dividends	2,69,42,556	2,69,42,556
Net profit/(loss) for calculation of basic earnings per share (Rs.)	(1,20,23,756)	(6,04,56,972)
Add: Dividends and dividend tax on convertible preference shares	2,69,42,556	2,69,42,556
Net profit/(loss) for calculation of diluted earnings per share	1,49,18,800	(3,35,14,416)
Shares		
Number of shares at the beginning of the year	4,33,99,990	4,33,99,990
Add: Equity shares issued during the year	—	—
Total number of equity shares outstanding at the year end	4,33,99,990	4,33,99,990
Weighted average number of equity shares in calculating basic EPS (in No's)	4,33,99,990	4,33,99,990
Earnings per share of par value Rs.10 – Basic and Diluted (Rs)	(0.28)	(1.39)

The conversion of outstanding Cumulative Redeemable Optionally Convertible Preference Shares into equity, if made, would have the effect of reducing the loss per share and would therefore be anti-dilutive. Hence, the preference shares are anti-dilutive and are ignored in the calculation of diluted earnings per share.

Additional information pursuant to the provisions of paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956

19th Annual Report 2009-2010

6. Licensed capacity, installed capacity and actual production

In metric tonnes

Class of goods	As at 31 March 2010			As at 31 March 2009		
	Licensed capacity	Installed capacity	Actual production	Licensed capacity	Installed capacity	Actual production
Sorbitol	8,550	8,550	7,034	8,550	8,550	6,726
Starch	45,000	45,000	19,614	45,000	45,000	15,266
Starch by-products	—	—	9,081*	—	—	7,531 *

Note:

Licensed and installed capacities are as certified by the management and have not been verified by the auditors as this is a technical matter.

* In case of starch by - products the production capacity figures given are on dry basis

7. (A) Particulars of production, sale and stock

In metric tonnes

For the year ended 31 March 2010							
Class of goods	Opening stock		Production	Sales		Closing stock	
	Quantity	Value	Quantity	Quantity	Value	Quantity	Value
Sorbitol	319	86,19,702	7,034	7,324	18,78,92,798	29	8,12,882
Starch	192	25,95,949	19,614	19,777	33,42,54,308	29	5,89,840
Starch by-products	8	1,87,724	9,081	9,049	11,14,87,297	40	9,52,125
Total	—	1,14,03,375	—	—	63,36,34,403	—	23,54,847

7 (B) Particulars of production, sale and stock

In metric tonnes

For the year ended 31 March 2009							
Class of goods	Opening stock		Production	Sales		Closing stock	
	Quantity	Value	Quantity	Quantity	Value	Quantity	Value
Sorbitol	240	63,12,000	6,726	6,702	20,07,45,246	319	86,19,702
Starch	530	72,70,000	15,266	15,614	21,25,26,183	192	25,95,949
Starch by- products	18	4,01,463	7,531	7,541	7,89,58,538	8	1,87,724
Total	—	1,39,83,463	—	—	49,22,29,967	—	1,14,03,375

8. Consumption of raw materials

In metric tonnes

Raw materials	For the year ended 31 March 2010		For the year ended 31 March 2009	
	Quantity	Value	Quantity	Value
Maize	40,005	36,07,71,653	32,936	28,70,63,000
Chemicals	—	2,03,00,993	—	2,41,34,000
Others*	—	6,06,65,564	—	6,97,64,141
Total	—	44,17,38,210	—	38,09,61,141

*None of these items individually exceeds 10% of the total consumption.

9. Details of imported and indigenous raw material

Raw materials	For the year ended 31 March 2010	% Percentage	For the year ended 31 March 2009	% Percentage
Imported	—	—	—	—
Indigenous	44,17,38,210	100	38,09,61,141	100
Total	44,17,38,210	100	38,09,61,141	100

10. CIF Value of Imports as given below:

	For the year ended 31 March 2010	For the year ended 31 March 2009
Capital goods	14,61,964	—

11. Related Parties

A) Related parties where control exists:

Name of the related party	Nature of relationship
T. Sandeep Kumar Reddy	Promoter Director

B) Related parties with whom transactions have taken place during the year:

	For the year ended 31 March 2010	For the year ended 31 March 2009
Loan from promoter director	—	2,83,60,000
Interest expense on loan	35,47,293	35,82,964
Repayment of loan to promoter director	43,91,607	8,23,002

19th Annual Report 2009-2010

C) Balances payable to related parties are as follows:-

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
T. Sandeep Kumar Reddy	3,36,36,040	3,75,39,154

D) No managerial remuneration has been paid during the year

12. Segment accounting

The entire operations of the Company relate to only one segment namely, "Maize Processing" and accordingly there is only one business and geographical segment.

13. Employee benefits

The following table sets out the status of the gratuity plan as required under AS 15 (Revised)

Reconciliation of opening and closing balances of the present value of the defined benefit Obligation

Change in Defined Benefit Obligation

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Obligation at beginning of the year	47,28,756	26,16,040
Current service cost	3,78,300	2,09,283
Interest cost	2,12,939	6,29,589
Actuarial loss	8,45,515	16,71,231
Benefits paid	(2,40,998)	(3,97,387)
Obligation as at year end	59,24,512	47,28,756

Amount recognized in balance sheet

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Present value of funded obligations	59,24,512	47,28,756
Fair value on plan assets	—	—
Net liability/(asset)	59,24,512	47,28,756

Expense recognized in statement of profit and loss account

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Current service cost	2,12,939	2,09,283
Interest cost	3,78,300	6,29,589
Expected return on plan assets	—	—
Net actuarial loss recognized in the year	8,45,515	16,71,231
Amount included in "Personnel expenses"	14,36,754	25,10,103

Summary of actuarial assumptions

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Discount Rate (p.a.)	7.00%	7.00%
Salary escalation rate (p.a.)	10.00%	10.00%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

The Company does not have any plan assets.

14. Amounts payable to Micro, Small and Medium enterprises

The management is in the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2009 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	For the year ended 31 March 2010	For the year ended 31 March 2009
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	11,70,455	15,30,636
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	3,78,208	3,78,208
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

15. Previous year comparatives

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

for **Gayatri BioOrganics Limited**

Sd/-
K S V S Sastry
Company Secretary

Sd/-
P.Maruthi Babu
Director

Sd/-
T. Sandeep Kumar Reddy
Chairman

Place : Hyderabad
Date : 12 May 2010

19th Annual Report 2009-2010

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT,1956. FOR THE YEAR ENDED 31st MARCH, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No	:	13512	State Code	:	01
Balance Sheet Date	:	31-Mar-2010			

II Capital raised during the year (Amt in Rs.Thousands)

Public Issue	:	NIL	Rights Issue	:	NIL
Bonus issue	:	NIL	private placement	:	NIL

III Position of Mobilisation and Deployment of Funds

(Amt in Rs.Thousands)

Total Liabilities	:	9,09,376	Total Assets	:	9,09,376
Source of funds					
Paid-up Capital	:	8,17,813	Reserves & Surplus	:	1,000
Secured Loans	:	56,927	Unsecured Loans	:	33,636
Application of Funds					
Net Fixed Assets	:	3,11,542	Investments	:	15
Net Current Assets	:	1,25,779	Misc.Expenditure	:	—
Accumulated Loss	:	4,72,040			

IV Performance of company (Amt in Rs.Thousands)

Turnover	:	6,16,441	Total Expenditure	:	5,11,517
Profit (Loss) Before Tax	:	14,919	Profit (Loss) After Tax	:	14,919
Earning Per Share	:	0.18	Dividend @ %	:	NIL

V Generic names of Three principal products /services of companies (as per monetary terms) Item Code No. (ITC CODE)

Product Description

D-GLUCITOL (SORBITOL)	2905.44
DEXTROSE	1702.29
STARCH	1103.00

GAYATRI BIOORGANICS LIMITED

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

ATTENDANCE SLIP

SLIP DULY FILLED IN TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Regd Folio No:

No. of Shares held

SHAREHOLDER'S NAME: Mr /Mrs/Miss.....
(In Block Capitals)

IN CASE OF PROXY
NAME OF THE PROXY : Mr/ Mrs/Miss.....

I Certify that I am a Registered Shareholder / Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the 19th Annual General Meeting of the Company to be held **on Tuesday, The 28th September, 2010 at 03.00 P.M. at "SURANA UDYOG AUDITORIUM, 'FAPCCI' Building Federation House, H.No. 11-6-841, Red Hills, Hyderabad – 500 004.**

Member's / Proxy's Signature

- Notes: 1. Please bring this Attendance Slip when you are attending the Meeting.
2. Please do not bring with you any person who is not a member of the Company



GAYATRI BIOORGANICS LIMITED

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

PROXY

Regd Folio No: _____ No. of Shares held _____

I / We.....of.....

being a member / member(s) of the GAYATRI BIOORGANICS LIMITED do hereby appoint

Sri / Smt.....of

.....or failing him / her Sri / Smt.....

of as my / our proxy to attend and vote for me / us on my / our behalf at the 19th Annual General Meeting of the Company to be held on **on Tuesday, The 28th September, 2010 at 03.00 P.M.** at any adjournment thereof.

Signed this.....day of.....2010.

Signature of the Shareholder/s _____

Affix
Revenue
Stamp

Note : The Proxy form duly completed must be deposited at the Regd.Office of the Company not less than 48 hours before the time for holding the Meeting.

**PRINTED MATTER
BOOK - POST**

If undelivered, please return to:



BioOrganics Limited

(Formerly Gayatri Starchkem Limited)

6-3-1090/C/A/1, 1st Floor, Lovely Mansion,
Rajbhavan Road, Somajiguda,
HYDERABAD – 500 082.

Ph : 66100111 / 66100222, Fax : 66100333

E-mail: info@gayatribioorganics.com