



GAYATRI

Gayatri BioOrganics Limited

(Formerly Gayatri Starchkem Limited)

21st Annual Report 2011 - 12



21st Annual General Meeting

Day : Thursday

Date : 20th September 2012

Time : 4.30 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. Sandeep Kumar Reddy	<i>Chairman</i>
Sri C.V. Rayudu	<i>Whole Time Director</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>

AUDITORS:

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

**REGISTERED OFFICE&
INVESTOR RELATION DEPT.,**

#6-3-1090,C-1, C-Block, 1st floor
TSR Towers, Rajbhavan Road,
Somjiguda, Hyderabad – 500 082.
Ph: 66100111/66100222, Fax:66100333
E-mail: info@gayatribioorganics.com

FACTORY:

- 1) NH-9, Nandikandi Village
Sadasivapet Mandal
Medak District
Andhra Pradesh – 502 306
- 2) Balabhadrapuram Village
Biccavole Mandal
East Godavari District
Andhra Pradesh – 533 343

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NOTICE

NOTICE is hereby given that the **21st 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 Thursday, the 20th day of September, 2012 at 4.30 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 31.03.2012 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.R. Rajagopalan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. J. N. Karamchetti, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. T. Sarita Reddy, who retires by rotation and being eligible, offers herself for re-appointment.
5. To re-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 M/s. B S R and Co, Chartered Accountants with Firm Registration Number 128510W, Reliance Humsafar, IV floor, Road No: 11, Banjara Hills, Hyderabad - 500034 be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and the Board of Directors be and are hereby authorized to fix a suitable remuneration in consultation with the auditors and the manner of its payment."

By Order of the Board

Place: Hyderabad
Date: 13.08.2012

T. Sandeep Kumar Reddy
Chairman

Gayatri BioOrganics Limited

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 14th September, 2012 to 20th September, 2012 (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.
7. As per Government notification dated 21.04.2011, company initiated to send future Annual Reports and other communication through e-mail also (electrical mode). Hence, Please avail the facility by registering your email id at info@vccilindia.com

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DIRECTORS' REPORT

To
The Members of
Gayatri BioOrganics Limited

Your Directors present the Twenty First Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the period ended 31st March, 2012.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	31.03.2012	31.03.2011
Net Sale Income from Operations	12880.08	8,652.64
Other Operating Income	211.26	59.11
Income from operations	13091.31	8,711.75
Other Income	8.96	31.40
Total Income	13100.26	8,743.15
Total Expenditure	12238.09	7,798.38
Finance Charges	763.96	312.81
Depreciation	378.76	306.39
Provision for Taxation	—	38.50
Net Profit / (Loss)	(280.54)	287.07

PERFORMANCE DURING THE YEAR UNDER REVIEW

STARCH DIVISION

The performance of this plant is better when compared to the previous year as the Company crushed 81,536 MTs maize as against 53,730 MTs maize during the previous year. The management is also trying to achieve 100% installed Capacity of both Units of the Company.

SORBITOL DIVISION:

The Company produced 7,325 MTs of Sorbitol during the Financial Year ended 31st March, 2012 which is nearly 86% of the installed capacity. The Company also targeting to achieve 100% installed capacity of the Sorbitol Plant.

The Company registered good business in terms of turnover but the operations of the Company for the whole Financial Year recorded a net loss due to High cost of Raw Material and unremunerative pricing of finished products of the Company. There has been a general slump in the Starch market because of lack of demand from textile industry, which is one of the largest consumers.

EXPORTS

The Company made exports of Starch amounting to Rs. 2,74,63,666/- during the year and the company is foreseeing good opportunities in export market for the years to come.

OUTLOOK FOR THE FINANCIAL YEAR 2012-13

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 of both the units. However, the maize crop during the year in the state is low and there is shortage of Maize and we are hopeful that the market will be settled in the second half of the year.

Your company has completed expansion of the production capacity recently. With this expansion the crushing Capacity is enhanced to 135000 MTPA. Further, Two more Auto claves have been installed in Sorbitol division. As a result, the Sorbitol production can go up to 16000 MTPA. To overcome power shortage, the company is proposing to install a 3 MW power plant at Nandikandi Unit.

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 Indian economic growth accelerated to 8.5% with notable growth in agriculture, food, paint and packaging industry segments. Textile segment faced stagnation. 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 Starch Industry at time shown good future, the raw material availability at reasonable prices and cheaper imports of starch from the neighboring Countries will have an impact on the profitability of the Industry and Your Company is not an exception to it. The company has been facing the threat of import of Sorbitol.

However, your Company is likely to face competition from other competitors, there may be risks inherent in meeting unforeseen situations not uncommon in the industry. Your Company is aware of the these challenges and is geared to meet them.

c. Out look

The outlook for the company's products is reasonably good but the management feels that the Company should be provided with sufficient working capital to achieve higher operations levels.

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 above.

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 more than 300 people both in Two Units, 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.

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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 2012-13 to Bombay Stock Exchange Limited.

DIRECTORS

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

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

APPOINTMENT OF AUDITORS

The Members are requested to consider the re-appointment of M/s. B S R and Co, Chartered Accountants as Statutory Auditors from this Annual General Meeting to the conclusion of the next Annual General Meeting. The Board recommends their re-appointment.

COST AUDITORS

The Board of directors re-appointed M/s. Narasimha Murthy & Co, Cost Accountants, 3-6-365, 104 &105, Pavani Estates, Y.V.Rao Mansion, HimayathNagar, Hyderabad- 500 029, A. P. as cost auditors to carry out the Cost Audit for the Financial Year 2012-13.

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. ix (a) of Annexure to Auditors' Report, there have been slight delays in remitting the Provident fund, Employees State Insurance, Service Tax, Income Tax, Excise duty and Sales tax due to administrative reasons.

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 in addition to the existing ones and recommendatory in nature.

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Your Company has reviewed the above guidelines to ensure the adherence of the same voluntarily to the extent possible, in line with the requirements. 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. Hence, the Company could not able to adhere to the above referred recommendatory Corporate Governance Voluntary Guideline for the time being.

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, 2012, 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, 2012 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 Financial Institutions, Bankers, Shareholders, Government Agencies, Suppliers, Customers and the Employees of the Company for their Co-operation and support during the year.

By Order of the Board

Place: Hyderabad
Date: 13.08.2012

T. Sandeep Kumar Reddy
Chairman

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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 2012.

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 2011-12	Previous Year 2010-11
1. Electricity		
a) Purchased Unit(Kwh)	1,52,95,225	1,18,14,494
Total Cost (Rs. In lakhs)	637.48	475.04
Rate/Unit Rs.	4.17	4.02
b) Own Generation		
i. Through Diesel Generator:		
Unit(Kwh)	57,085	9,008
Units per Ltr. of Diesel Oil (KWH)	1.16	1.30
Cost/Unit (Rs/KWH)	38.12	31.01
2. HUSK		
Quantity (MTs)	24,762.14	14,976.41
Total cost (in Rs.in Lakhs)	520.98	379.77
Average cost per Kg (Rs)	2.10	2.54
3. DIESEL OIL		
Quantity (K.ltrs)	57.42	8.47
Total amount (Rs. In Lakhs)	25.46	3.40
Average cost per Ltr (Rs)	44.34	40.19

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)	: Rs. 2,74,63,666
2. FOREIGN EXCHANGE OUTGO (CIF)	: Rs. 27,24,499

By Order of the Board

Place: Hyderabad
Date: 13.08.2012

T. Sandeep Kumar Reddy
Chairman

**ANNEXURE – ‘B’ TO DIRECTORS REPORT
CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-12**

(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 Seven Directors as follows:

Board of Directors

Sri T. Sandeep Kumar Reddy	Chairman & Promoter Director
Sri C.V. Rayudu	Whole Time 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
Smt T. Sarita Reddy	Non Executive & Promoter Director
Sri T.R. Rajagopalan	Non Executive & Independent 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 which was held on 27th September 2011.

Name	Category	Board Meetings Attended	Attendance at the last AGM	No. of Directorships held in other Companies	
				Public	Private
Sri. T. Sandeep Kumar Reddy	Promoter-Chairman	4	Yes	13	27
Sri T.G.Pandya	Non –Executive & Independent Director	3	Yes	NIL	NIL
Sri. P. Maruthi Babu	Non-Executive & Independent Director	5	Yes	4	4
Sri. J.N. Karamchetti	Non-Executive & Independent Director	5	Yes	NIL	NIL
Smt. T. Sarita Reddy	Non Executive & Promoter Director	4	No	3	17
Sri. T. R. Rajagopalan	Non Executive & Independent Director	5	Yes	1	2
Sri C.V. Rayudu	Whole Time Director	4	Yes	NIL	NIL

(b) Board Meetings held during the year 2011-12:

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 2011-2012 the Board Meeting was held Five times as follows:

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S.No	Date of Board Meeting
1.	28 th May, 2011
2.	11 th August, 2011
3.	14 th November 2011
4.	09 th January, 2012
5.	07 th February, 2012

(c) Details of Directors seeking 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 Re-appointed is given as under.

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

A brief resume about the Director:

Sri. T.R. Rajagopalan

Sri T.R. Rajagopalan aged about 73 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.

Smt. Sarita Reddy

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

3 Audit Committee

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

Sri P. Maruthi Babu	Chairman of the committee
Sri T.G.Pandya	Member
Sri. T. R. Rajagopalan	Member
Smt. T. Sarita Reddy*	Member

***The Audit Committee Reconstituted on 30th May, 2012 and Smt. T. Sarita Reddy was appointed as Member of the Committee.**

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

Gayatri BioOrganics Limited

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 Four times during the financial year 2011-12 on 28th May, 2011, 11th August, 2011, 14th November, 2011 and 07th February, 2012.

4. Remuneration Committee

The Board constituted a Remuneration Committee on 28th May, 2011 with three Non Executive Independent Directors and said committee was approved the remuneration payable to Sri. C.V. Rayudu, Whole Time Director of the Company. The Company is paying sitting fees to all the non executive directors of the Company towards the board meetings attended by them.

i. Brief Description of terms of Reference :

The Company does not remunerate the Non-Executive Directors of the Company except for the payment of sitting fees for attending such meetings of the Board or Committees thereof. Remuneration of the Executive Directors is recommended by the Remuneration Committee to the Board and approved by the shareholders.

ii. Composition of Committee and Attendance :

One Remuneration Committee Meeting was held during the Financial Year 2011-12.

The Remuneration committee consists of the following Non-Executive Independent Directors :

S.No.	Name of the Director	Category	Designation	Attendance
1.	P. Maruthibabu	Non-Promoter Non Executive Independent Director	Chairman	—
2.	J.N. Karamchetti	Non-Promoter Non Executive Independent Director	Member	—
3.	T.R. Rajagopalan	Non-Promoter Non Executive Independent Director	Member	—

iii. Details of Remuneration to all the Directors :

a) The aggregate of salary & perquisites paid for the year 2011-12 to the executive director(s) is as under :

Sri C.V. Rayudu, Whole Time Director : Rs. 19,36,800/-

b) The Aggregate of the sitting fees paid to the Non-Executive Directors is as under :

T. Sandeep Kumar Reddy : Rs. 48,000/-

T.G. Pandya : Rs. 42,000/-

P. Maruthibabu : Rs. 69,000/-

J.N. Karamchetti : Rs. 60,000/-

T. Saritha Reddy : Rs. 48,000/-

T.R. Rajagopalan : Rs. 69,000/-

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.

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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
2010- 2011	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Tuesday 27 th September, 2011	3.00 P.M
2009-2010	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Tuesday 24 th September, 2010	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.

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

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**.

f) General Shareholder's information

i) Annual General Meeting

Day : Thursday
Date : 20th September, 2012
Time : 4.30 PM
Venue : Surana Udyog Auditorium
"FAPCCI" Building, Federation House,
H.No: 11-6-841, Red Hills, Hyderabad – 500 004.

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ii) Financial Calendar

Annual General Meeting 20th September, 2012
Unaudited results for the

- Quarter ending 30th June, 2012 August, 2012
- Quarter ending 30th September, 2012 November, 2012
- Quarter ending 31st December, 2012 February, 2012

iii) Date of Book closure

14th September, 2012 to 20th September 2012

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) Market Price Data : High, Low during each month in last Financial Year :

(Source : BSE Website)

Month	BSE, Mumbai	
	High Price	Low Price
Apr-11	10.19	8.40
May-11	9.46	7.00
Jun-11	10.25	7.90
Jul-11	9.48	7.22
Aug-11	7.69	5.50
Sep-11	6.75	5.00
Oct-11	6.18	4.72
Nov-11	5.49	4.14
Dec-11	4.49	2.95
Jan-12	4.04	2.87
Feb-12	4.81	3.53
Mar-12	5.44	4.44

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ix) Distribution of Shareholding as on 31st March, 2012

S.No	Category	Shareholders		Total No. of Shares	Shares % of Holding
		Nos.	%		
1.	upto – 500	19802	92.74	3050680	5.99
2.	501 – 1,000	1011	4.73	810383	1.59
3.	1,001 – 2,000	320	1.50	477785	0.94
4.	2,001 – 3,000	81	0.38	208151	0.41
5.	3,001 – 4,000	21	0.10	72726	0.14
6.	4,001 – 5,000	32	0.15	152873	0.30
7.	5,001 -10,000	43	0.20	333055	0.65
8.	10,001 & Above	42	0.20	45819337	89.98
Total		21352	100.00	50924990	100.00

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

Shareholders	As on 31 st March, 2012		As on 31 st March, 2011	
	No. of shares	%	No. of shares	%
Promoters	26024786	51.10	26024816	51.10
Financial institutions and Banks	560223	1.10	612823	1.20
Private Corporate Bodies	262487	0.50	303325	0.60
Foreign Body Corporate	18499990	36.33	18499990	36.33
Indian Public	4609657	9.07	4526775	8.89
NRI/OCB	967847	1.90	957261	1.88
Total	50924990	100.00	50924990	100.00

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

The Company does not have above instruments.

xii) Plant Location

- NH-9, Nandikandi Village, Sadasivapet Mandal
Medak District, Andhra Pradesh – 502 306.
- Balbhadrapuram Village, Biccavole Mandal,
East Godavari District, Andhra Pradesh – 533 343.

xiii) Address for Correspondence

Secretarial Department,
Gayatri BioOrganics Limited,
#6-3-1090, C-1, C-Block, First Floor, TSR Towers,
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

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, 2012 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.

Place : Hyderabad
Date : 13-08-2012

Y. Koteswara Rao
Practicing Company Secretary
C.P. No. 7427

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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 : 13-08-2012

T. Sandeep Kumar Reddy
Chairman

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, 2012 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

C.V. Rayudu
Whole Time Director

P.V. Narayana Rao
GM (Finance)

Place : Hyderabad
Date : 30.05.2012

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AUDITORS' REPORT

To
The Members
GAYATRI BIOORGANICS LIMITED

We have audited the attached balance sheet of Gayatri BioOrganics Limited ("the Company") as at 31 March 2012, the Statement of Profit and Loss 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.

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.

As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Ministry of Corporate Affairs in terms of sub-section (4A) of Section 227 of the Companies Act 1956, ("the Act") we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

- a) 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;
- b) 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;
- c) the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- e) on the basis of written representations received from the directors, as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- f) 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for **B S R and Co.**
Chartered Accountants
Firm's Registration No: 128510W

Zubin Shekary
Partner
Membership No: 48814

Place : Hyderabad
Date : 30 May, 2012

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in the Auditors' Report to the Members of Gayatri BioOrganics Limited ("the Company") for the year ended 31 March 2012. We report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified over a period of three years. In our opinion, this 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.
- c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii) a) 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.
- b) 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.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- iii) a) 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 ("the Act"). Hence clause 4 (iii) (a), (b), (c) and (d) of the Order is not applicable.
- b) The Company has taken loan from a person covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year including interest was Rs. 14,628,646 and the year end balance of such loans including interest was Rs. 14,628,646. The Company has not taken any loan, secured or unsecured, from companies or firms covered under Section 301 of the Companies Act, 1956.
- c) 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 Act are not, prima facie, prejudicial to the interest of the Company.
- d) 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.
- iv) 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.
- v) a) 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 Act have been entered in the register required to be maintained under that Section.
- b) 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 Act 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.

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- vi) The Company has not accepted any deposits from the public.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account 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.

- ix) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues in respect of other material statutory dues have been regularly deposited with appropriate authorities except for Provident fund, Employees State Insurance, Income Tax, Service Tax, Sales Tax and Excise Duty where there have been slight delays. As explained to us, the provisions of Investor Education and Protection fund and Wealth tax are not applicable to the Company.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' state insurance, Income tax, Customs duty, Excise duty, Cess and other material statutory dues that were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Excise duty and Cess which have not been deposited with the appropriate tax authorities on account of any dispute. According to the information and explanations given to us, the following dues of 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.</i>	<i>Period to which the amount relates</i>	<i>Forum where the dispute is pending</i>
The Custom Act, 1962	Customs duty	83,174,440*	Financial year 1994-95	CESTAT-Bangalore

* Out of the above amount Rs. 3,700,000 has been paid under protest.

- x) *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 and in the immediately preceding financial year.
- xi) 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. The Company did not have any outstanding debentures during the year.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, and according to the information and explanations given to us, the Company is not a chit fund/ nidhi / mutual benefit fund / society.
- xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities or debentures and other investments.
- xv) 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.
- xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

Gayatri BioOrganics Limited

- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Act.
- xix) The Company did not have any outstanding debentures during the year.
- xx) The Company has not raised any money by public issues.
- xxi) 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 Co.**
Chartered Accountants
Firm's Registration No: 128510W

Zubin Shekary
Partner
Membership No: 48814

Place : Hyderabad
Date : 30 May, 2012

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BALANCE SHEET

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Note	As At 31st March 2012	As At 31st March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	81,78,13,400	81,78,13,400
(b) Reserves and surplus	2.2	(47,03,86,495)	(44,23,32,962)
		34,74,26,905	37,54,80,438
Non-Current Liabilities			
(a) Long term borrowings	2.3	20,50,03,498	30,04,90,001
(b) Long term provisions	2.4	27,70,912	15,97,517
		20,77,74,410	30,20,87,518
Current liabilities			
(a) Short term borrowings	2.5	19,82,59,083	14,36,14,623
(b) Trade payables	2.6	12,91,12,738	4,53,87,735
(c) Other current liabilities	2.7	14,07,79,685	8,16,21,690
(d) Short term provisions	2.8	96,73,225	1,17,76,899
		47,78,24,731	28,24,00,947
		1,03,30,26,046	95,99,68,903
ASSETS			
Non-current assets			
(a) Fixed assets			
- Tangible assets	2.9	48,44,12,960	27,37,77,531
- Capital work in progress	2.9	3,78,81,573	18,96,08,502
(b) Non current investments	2.10	15,000	15,000
(c) Long term loans and advances	2.11	2,42,70,502	1,42,16,274
		54,65,80,035	47,76,17,307
Current assets			
(a) Inventories	2.12	18,28,72,985	11,64,88,529
(b) Trade receivables	2.13	26,82,25,894	15,68,06,373
(c) Cash and bank balances	2.14	1,51,47,690	18,54,40,538
(d) Short term loans and advances	2.15	1,98,02,208	2,32,73,967
(e) Other current assets	2.16	3,97,234	3,42,189
		48,64,46,011	48,23,51,596
		1,03,30,26,046	95,99,68,903

Significant accounting policies and

Notes to accounts

1 & 2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **B S R and Co.**

Chartered Accountants

Firm's Registration No. 128510W

for **Gayatri BioOrganics Limited**

Zubin Shekary

Partner

Membership No. 48814

Place : Hyderabad

Date : 30 May, 2012

T. Sandeep Kumar Reddy

Chairman

P. Maruthi Babu

Director

C.V. Rayudu

Whole Time Director

K.S.V.S. Sastry

Company Secretary

Gayatri BioOrganics Limited

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Note	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
Revenue from operations			
Gross sales		1,35,10,55,947	90,97,34,543
Less: Excise duty		(6,30,51,148)	(4,44,69,639)
Net sales		1,28,80,04,799	86,52,64,904
Other operating revenues	2.17	2,11,25,814	59,10,527
Total revenue from operations		1,30,91,30,613	87,11,75,431
Other income	2.18	8,95,835	31,40,088
Total Revenue		1,31,00,26,448	87,43,15,519
Expenses			
Cost of materials consumed	2.19	1,10,85,59,820	63,25,41,187
Change in inventory of finished goods, work-in-progress and stock-in trade	2.20	(9,78,86,722)	(68,05,688)
Employee benefits expense	2.21	7,40,93,142	5,19,24,308
Finance costs	2.22	7,63,95,562	3,12,80,987
Depreciation	2.9	3,78,75,648	3,06,39,013
Other expenses	2.23	13,90,42,531	10,21,78,663
Total expenses		1,33,80,79,981	84,17,58,470
Profit/(Loss) before tax		(2,80,53,533)	3,25,57,049
- Current tax expense		—	38,50,000
Profit/(Loss) for the year		(2,80,53,533)	2,87,07,049
Earning per equity share			
Basic and diluted	2.28	(0.97)	0.15
Significant accounting policies and Notes to accounts			
	1 & 2		
The notes referred to above form an integral part of the financial statements			

As per our report of even date attached
for **B S R and Co.**

Chartered Accountants

Firm's Registration No. 128510W

for **Gayatri BioOrganics Limited**

Zubin Shekary

Partner

Membership No. 48814

T. Sandeep Kumar Reddy

Chairman

P. Maruthi Babu

Director

C.V. Rayudu

Whole Time Director

K.S.V.S. Sastry

Company Secretary

Place : Hyderabad

Date : 30 May, 2012

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
Cash flows from operating activities		
Profit/(loss) before tax	(2,80,53,533)	3,25,57,049
Adjustments:		
Depreciation	3,78,75,648	3,06,39,013
Interest income	(6,73,695)	(31,40,088)
Interest expense	7,63,95,562	3,12,80,987
Provision for doubtful debts	7,00,000	2,35,927
Operating cash flows before working capital changes	8,62,43,982	9,15,72,888
Increase in inventories	(6,63,84,451)	(45,64,982)
Increase in trade receivables	(11,21,19,521)	(7,60,61,067)
Increase in loans and advances	(21,25,962)	(1,67,30,339)
Increase in current liabilities and provisions	10,70,43,525	(6,20,93,141)
Cash generated from operations	1,26,57,573	(6,78,76,641)
Income taxes paid, net	(32,50,000)	(8,99,057)
Net cash provided by / (used in) operating activities	94,07,573	(6,87,75,698)
Cash flows from investing activities		
Purchase of fixed assets	(10,43,89,985)	(14,53,81,580)
Interest received	6,18,650	31,12,157
Net cash used in investing activities	(10,37,71,335)	(14,22,69,423)
Cash flows from financing activities		
Repayment of borrowings	(9,14,72,354)	(2,78,55,664)
Proceeds from borrowings	9,19,38,830	43,75,77,414
Interest paid	(7,63,95,562)	(3,06,11,290)
Net cash provided by / (used in) financing activities	(7,59,29,086)	37,91,10,460
Net increase/(decrease) in cash and bank balances	(17,02,92,848)	16,80,65,339
Cash and bank balances at the beginning of the year (refer note 2.14)	18,54,40,538	1,73,75,199
Cash and bank balances at the end of the year (refer note 2.14)	1,51,47,690	18,54,40,538

As per our report of even date attached
for **B S R and Co.**

Chartered Accountants

Firm's Registration No. 128510W

for **Gayatri BioOrganics Limited**

Zubin Shekary

Partner

Membership No. 48814

T. Sandeep Kumar Reddy

Chairman

P. Maruthi Babu

Director

C.V. Rayudu

Whole Time Director

K.S.V.S. Sastry

Company Secretary

Place : Hyderabad

Date : 30 May, 2012

NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 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 The 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 (Rs.).

1.2 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.

1.3 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.

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 Rs. 5,000 or less are depreciated in full in the year of acquisition.

1.4 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.

1.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs 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

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1.6 Employee benefits

Contributions to the recognised provident fund and superannuation scheme, which are defined contribution schemes, are charged to the Statement of Profit & Loss.

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 Statement of Profit & Loss. All actuarial gains and losses arising during the year are recognised in the Statement of Profit & Loss.

1.7 Revenue recognition

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

1.8 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 Statement of Profit & Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date 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.

1.9 Income tax

Income tax expense comprises current tax and deferred tax charge or credit.

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.

1.10 Leases

Assets taken on lease where the company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected as secured loans. Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

1.11 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. 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 year, 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.

1.12 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.

1.13 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 recognised 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.

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2. NOTES TO ACCOUNTS

(All amounts in Indian rupees, except share data and where otherwise stated)

	As At 31st March 2012	As At 31st March 2011
2. SHARE CAPITAL		
2.1 Share capital		
Authorised		
Equity shares		
51,000,000 (previous year: 51,000,000) equity shares of Rs.10 each	51,00,00,000	51,00,00,000
Preference shares		
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
Issued, subscribed and paid-up capital		
Equity shares		
50,924,990 (previous year: 50,924,990) equity shares of Rs.10 each.	50,92,49,900	50,92,49,900
Preference shares		
3,085,635 (previous year: 3,085,635) 6% cumulative redeemable optionally convertible preference shares of Rs. 100 each.	30,85,63,500	30,85,63,500
	81,78,13,400	81,78,13,400

a. The reconciliation of the number of equity shares outstanding is set out below:

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	50,924,990	509,249,900	43,399,990	433,999,900
Shares issued after conversion of preference shares during the year	—	—	7,525,000	75,250,000
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	50,924,990	509,249,900	50,924,990	509,249,900

b. The reconciliation of the number of preference shares outstanding is set out below:

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	3,085,635	308,563,500	3,838,135	383,813,500
Shares issued during the year	—	—	—	—
Shares converted to equity shares during the year	—	—	752,500	75,250,000
Shares outstanding at the end of the year	3,085,635	308,563,500	3,085,635	308,563,500

- c. The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share.
- d. The Company had 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 were due to be converted after the expiry of 36 months at par. The remaining 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. In the previous year, on 10 November 2010 the Company converted 752,500 convertible preference shares into equity shares of the Company.

Gayatri BioOrganics Limited

2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

e. The details of shareholder holding more than 5% equity shares are:

Name of shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of shares held	% of holding	No. of shares held	% of holding
T. Sandeep Kumar Reddy	1,47,96,055	29.05	1,47,96,055	29.05
Fursa Mauritius	1,84,99,990	36.33	1,84,99,990	36.33

f. The details of shareholder holding more than 5% of 6% cumulative redeemable optionally convertible preference shares are:

Name of shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of shares held	% of holding	No. of shares held	% of holding
T. Sandeep Kumar Reddy	22,69,376	73.55	22,69,376	73.55
T. Sarita Reddy	3,91,944	12.70	3,91,944	12.70
T. Indira	4,24,315	13.75	4,24,315	13.75

	As at 31 March 2012	As at 31 March 2011
2.2 Reserves and surplus		
Central subsidy		
Opening balance	10,00,000	10,00,000
Add: Amount transferred	—	—
Less: Amount utilised	—	—
Closing balance	10,00,000	10,00,000
Surplus/(deficit) balance in the statement of profit and loss		
Opening balance	(44,33,32,962)	(47,20,40,011)
Add: Profit/(Loss) for the year	(2,80,53,533)	2,87,07,049
Less: Amount utilised	—	—
Transfer to general reserve	—	—
Closing balance	(47,13,86,495)	(44,33,32,962)
	(47,03,86,495)	(44,23,32,962)
2.3 Long term borrowings		
Secured		
Term loans		
- From a bank (refer note A1 below)	6,11,08,000	9,44,44,000
- From State Industrial and Investment Corporation of Maharashtra Limited (refer note A2 below)	13,05,00,000	19,25,00,000
Vehicle loan from a bank (refer note A3 below)	2,47,951	398,454
	19,18,55,951	28,73,42,454
Unsecured		
Loan from related party (refer note C below)	1,31,47,547	1,31,47,547
	1,31,47,547	1,31,47,547
	20,50,03,498	30,04,90,001

Notes:

A. Security:

- Secured against the second charge on entire block of assets of the Company situated at Balabadrapuram including land.

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2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2. Secured against first charge and hypothecation of entire fixed assets of the Company, both present and future, including land and building together with plant and machinery at Nandikandi unit and irrevocable personal guarantee of the promoter director.
3. Secured against hypothecation of vehicles.

B. Terms of repayment of secured loans are given below:

1. Loan taken from a bank for plant and machinery outstanding Rs. 94,444,000 is repayable in monthly installments of Rs. 2,778,000 each. The loan carries floating rate of interest. During the year, the interest rate was 14.50% p.a.
2. Loan taken from a bank for vehicle outstanding Rs. 3,98,454 is repayable in monthly installments ranging from Rs. 10,812 to Rs. 11,782 each. The loan carries interest rate of 11.50% p.a.
3. Two loans from financial institution outstanding Rs. 192,500,000 are repayable in quarterly installments of Rs. 15,500,000 each. The loan carries floating rate of interest. During the year, the interest rate was in the range of 15.00% to 17.50% p.a.
- C. Represents loan from a director. This includes amount of Rs. 10,762,154 (previous year: Rs. 10,762,154) which carries no interest. The balance amount of Rs.2,385,393 (previous year: Rs. 2,385,393) carries interest @ 15% p.a. The loan does not have fixed repayment terms and will be repaid subject to the company having adequate cash profits.

	As at 31 March 2012	As at 31 March 2011
2.4 Long term provisions		
Provision for employee benefits		
- Gratuity (refer note 2.32)	11,32,977	3,53,083
- Compensated absences	16,37,935	12,44,434
	27,70,912	15,97,517
2.5 Short term borrowings		
Secured		
Loans repayable on demand		
- Working capital loans - banks (refer note 1 below)	14,16,68,091	14,36,14,623
Unsecured		
Loans from others (refer note 2 below)	5,65,90,992	—
	19,82,59,083	14,36,14,623
<ol style="list-style-type: none"> 1. Secured against the first charge by way of hypothecation on entire block of assets, present and future, including entire stocks, book debts, loans and advance etc., at the Balabadrapuram unit and second charge on the current assets at Nandikandi unit. The loan carries floating rate of interest. During the year, the interest rate was in the range of 13.50% to 14.50% p.a. 2. The above mentioned unsecured loans are repayable fully in the year 2012-13. One loan carries interest rate of 14.00% p.a and another carries interest rate of 14.75% p.a. 		
2.6 Trade payables		
Trade payables		
- Due to small and micro enterprises (refer note 2.33)	36,54,713	22,12,903
- Other creditors	12,54,58,025	4,31,74,832
	12,91,12,738	4,53,87,735

Gayatri BioOrganics Limited

2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2012	As at 31 March 2011
2.7 Other current liabilities		
Current maturities of long-term debts:		
- State Industrial and Investment Corporation of Maharashtra Limited	6,20,00,000	5,00,00,000
- Term loan from a bank	3,33,36,000	55,56,000
- Vehicle loan from a bank	1,50,503	1,35,489
Interest accrued and due on borrowings	11,99,711	—
Interest accrued but not due on borrowings	26,71,695	11,58,190
Other payables		
- Payables for purchase of fixed assets	43,21,658	74,70,987
- Advances from customers	99,42,114	21,88,048
- Employee benefit liabilities	55,32,536	49,18,598
- Statutory liabilities	91,14,543	40,62,522
- Provision for expenses	1,25,10,925	61,31,856
	14,07,79,685	8,16,21,690
2.8 Short term provisions		
Provision for employee benefits		
- Gratuity (refer note 2.32)	93,98,810	82,96,204
- Compensated absences	2,74,415	2,30,695
Others		
- Provision for taxation	—	32,50,000
	96,73,225	1,17,76,899
2.10 Non Current investments		
Long term at cost, unless otherwise specified		
Trade Investments		
Investment in equity instruments - Quoted		
S.S.Organics Limited [3,000 (previous year: 3,000) equity shares of Rs. 10 each fully paid up]	30,000	30,000
East, West Travel and Trade links [7,100 (previous year: 7,100) equity shares of Rs. 10 each fully paid up]	2,84,000	2,84,000
Investment in equity instruments - Unquoted		
Sri Lakshmi Engg. Limited [1,000 (previous year: 1,000) equity shares of Rs. 10 each]	26,900	26,900
Less: Provision for permanent diminution	(3,25,900)	(3,25,900)
Total investments, net	15,000	15,000
Aggregate cost of quoted investments	3,14,000	3,14,000
Aggregate cost of unquoted investments	26,900	26,900
Market value of quoted investments	44,675	24,000

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2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.9 FIXED ASSETS

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
	As at 1 April 2011	Additions	Deletions/ Adjustments	As at 31 March 2012	As at 1 April 2011	Charge for the year	Deletions	As at 31 March 2012	As at 31 March 2012	At at 31 March 2011
Tangible asset - Owned										
Land	1,17,74,686	7,69,94,259	—	8,87,68,945	—	—	—	—	8,87,68,945	1,17,74,686
Buildings	15,46,54,559	6,19,77,585	—	21,66,32,144	6,66,77,856	70,46,931	—	7,37,24,787	14,29,07,357	8,79,76,703
Plant and equipment	46,95,50,523	10,77,53,488	—	57,73,04,011	30,12,17,184	2,98,37,231	—	33,10,54,415	24,62,49,596	16,83,33,339
Furniture and fixtures	27,06,741	44,050	—	27,50,791	24,92,464	1,72,738	—	26,65,202	85,589	2,14,277
Vehicles	73,19,181	8,33,723	—	81,52,904	34,53,852	4,70,585	—	39,24,437	42,28,467	38,65,329
Office equipment	28,59,447	1,34,425	—	29,93,872	17,38,397	1,40,291	—	18,78,688	11,15,184	11,21,050
Computers	30,57,768	7,73,547	—	38,31,315	25,65,621	2,07,872	—	27,73,493	10,57,822	4,92,147
Grand Total	65,19,22,905	24,85,11,077	—	90,04,33,982	37,81,45,374	3,78,75,648	—	41,60,21,022	48,44,12,960	27,37,77,531
Previous year	64,60,24,153	62,08,752	3,10,000	65,19,22,905	34,78,16,361	3,06,39,013	3,10,000	37,81,45,374	27,37,77,531	
Capital work in progress	18,96,08,502	9,49,98,403	24,67,25,332	3,78,81,573					3,78,81,573	18,96,08,502

Gayatri BioOrganics Limited

2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2012	As at 31 March 2011
2.11 Long term loans and advances		
<i>Capital advances</i>		
Unsecured, considered good	1,21,14,335	44,56,507
Doubtful	—	—
Less: provision for doubtful advances	—	—
	1,21,14,335	44,56,507
<i>Advance for land</i>		
Unsecured, considered good	1,52,423	1,52,423
Doubtful	18,61,256	18,61,256
Less: provision for doubtful advances	(18,61,256)	(18,61,256)
	1,52,423	1,52,423
<i>Security deposits</i>		
Unsecured, considered good	1,20,03,744	96,07,344
Doubtful	5,10,000	5,10,000
Less: provision for doubtful security deposits	(5,10,000)	(5,10,000)
	1,20,03,744	96,07,344
	2,42,70,502	1,42,16,274
2.12 Inventories (at lower of cost or net realisable value)		
Raw materials	5,62,33,044	9,38,64,658
Work-in-progress	70,83,231	69,55,852
Finished goods	11,17,41,069	79,35,588
Stores and spares	78,15,641	77,32,431
	18,28,72,985	11,64,88,529
2.13 Trade receivables		
Debts outstanding for period exceeding six months		
Unsecured, considered good	16,49,010	39,50,965
Unsecured, considered doubtful	83,48,326	76,48,326
	99,97,336	1,15,99,291
Other debts		
Unsecured, considered good	26,65,76,884	15,28,55,408
Unsecured, considered doubtful	—	—
Less: Provision for doubtful debts	(83,48,326)	(76,48,326)
	25,82,28,558	14,52,07,082
	26,82,25,894	15,68,06,373

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2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2012	As at 31 March 2011
2.14 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	9,71,518	9,21,554
Balance with banks - current accounts	75,14,679	17,42,93,354
Other bank balances		
Balances with banks:		
- Bank deposits with less than 12 months maturity	—	1,02,25,630
- Margin money towards letter of credit	66,61,493	—
	<u>1,51,47,690</u>	<u>18,54,40,538</u>
2.15 Short term loans and advances		
Unsecured, considered good		
Advance to suppliers	27,95,751	38,68,814
Tax deducted at source	9,28,044	8,43,147
Cenvat receivable	52,20,264	65,34,122
Prepaid expenses	91,74,175	1,08,74,771
Staff advance	16,83,974	11,53,113
	<u>1,98,02,208</u>	<u>2,32,73,967</u>
Unsecured, considered doubtful		
Advance to suppliers	19,22,053	19,22,053
Less: provision for doubtful advances	(19,22,053)	(19,22,053)
	<u>1,98,02,208</u>	<u>2,32,73,967</u>
2.16 Other current assets		
Interest accrued	3,97,234	3,42,189
	<u>3,97,234</u>	<u>3,42,189</u>
2.17 Other operating revenues		
Sale of scrap and husk ash	76,67,909	49,66,199
Liabilities no longer required written back	1,22,31,649	—
Miscellaneous income	12,26,256	9,44,328
	<u>2,11,25,814</u>	<u>59,10,527</u>
2.18 Other income		
Interest income - others	6,73,695	31,40,088
Foreign exchange gain, net	2,22,140	—
	<u>8,95,835</u>	<u>31,40,088</u>
2.19 Cost of materials consumed		
Raw materials and packing materials consumed		
- Opening stock	9,38,64,658	9,67,45,615
- Add: Purchases	1,07,09,28,206	62,96,60,230
- Add / (Less): Raw material received (transferred)	—	—
- Less: Closing stock	(5,62,33,044)	(9,38,64,658)
	<u>1,10,85,59,820</u>	<u>63,25,41,187</u>

Gayatri BioOrganics Limited

2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2012	As at 31 March 2011
2.20 Change in inventory of finished goods, work in progress and stock in trade		
Opening stock		
- Finished goods	79,35,588	23,54,846
- Work in progress	69,55,852	56,09,405
Less: Closing stock		
- Finished goods	(11,17,41,069)	(79,35,588)
- Work in progress	(70,83,231)	(69,55,852)
Increase/ (decrease) in stock	(10,39,32,860)	(69,27,189)
Excise duty on increase/(decrease) of finished goods	60,46,138	1,21,501
	(9,78,86,722)	(68,05,688)
2.21 Employee benefits expense		
Salaries, wages and bonus	6,33,00,965	4,52,54,945
Contribution to provident fund and other funds	51,42,637	41,68,775
Workmen and staff welfare expenses	37,12,740	25,00,588
Directors remuneration	19,36,800	—
	7,40,93,142	5,19,24,308
2.22 Finance costs		
Interest expense		
- on term loan from SICOM	3,13,69,255	2,54,98,387
- on term loan from banks	1,44,06,224	—
- on cash credits	1,85,08,330	27,14,056
- on others	43,26,401	9,79,486
Bank charges	77,85,352	20,89,058
	7,63,95,562	3,12,80,987

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2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2012	As at 31 March 2011
2.23 Other expenses		
Consumption of stores, loose tools and spare parts	2,11,51,828	1,14,50,654
Power and fuel	6,37,47,701	4,75,04,010
Rent (refer note 2.31)	8,64,115	6,63,467
Repairs and maintenance:		
- buildings	4,44,178	1,72,416
- plant and machinery	41,15,360	33,81,013
- others	19,12,148	28,92,682
Rates and taxes, excluding, taxes on income	4,90,962	8,59,081
Insurance	20,32,792	14,82,690
Vehicle hire and maintenance	18,42,694	10,62,970
Travelling and conveyance	8,72,582	6,73,120
Contract labour	1,24,61,352	1,00,15,198
Legal and professional fees	28,59,564	38,48,069
Cash discount	54,35,087	54,19,642
Freight outward	67,51,092	17,97,392
Brokerage and commission	18,51,145	12,25,246
Listing fee	1,77,500	48,000
Provision for doubtful debts	7,00,000	2,35,927
Books and periodicals	8,870	20,422
Donations	81,316	2,80,200
Directors sitting fee	3,36,000	3,58,000
Printing and stationery	4,50,088	4,05,784
Post, telephone and telex	5,19,838	4,94,208
Membership and subscriptions	6,894	35,204
Water expenses	47,05,662	35,80,976
Security expenses	16,41,793	18,72,844
Miscellaneous expenses	35,81,970	23,99,448
	13,90,42,531	10,21,78,663

Gayatri Bio Organics Limited

2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.24. In November 2000, the Company was declared to be a sick industrial company under the Sick Industrial Companies (Special Provisions) Act, (SICA) 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. On 28 June 2010 the Board of Industrial and Financial Reconstruction (BIFR) passed orders relieving the Company from the purview of SICA considering the net worth of the Company. Accordingly the Company ceased to be a Sick Industrial Company in the previous year.

2.25. Capital commitments and contingent liabilities

	As at 31 March 2012	As at 31 March 2011
i. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	4,000,000	250,000
ii. Contingent liabilities		
a. Customs duty *	83,174,440	79,512,120
b. Claim against the Company not acknowledged as debts	23,708,122	18,022,000
c. Arrears of dividend on cumulative preference shares including tax on dividends	111,901,814	90,384,509

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

2.26. Legal and professional charges includes the statutory auditors' remuneration (excluding service tax) as given below:

	For the year ended 31 March 2012	For the year ended 31 March 2011
Audit fees	550,000	550,000
Other services	450,000	375,000
Out of pocket expenses	23,163	22,652
Total	1,023,163	947,652

2.27. Income tax expense

Current tax

Current tax provision for the year is Rs. Nil (previous year: Rs. 3,850,000)

Deferred tax

Deferred tax assets have been recognised only to the extent of deferred tax liability on excess depreciation provided in the books of account over depreciation allowable under the income tax laws since this is virtually certain of realisation. In absence of virtual certainty of realisation, deferred asset on carry forward losses and other timing differences have not been recognised. Accordingly there was no impact on profit and loss account for the year.

	As at 31 March 2012	As at 31 March 2011
Deferred tax liability		
Excess of depreciation provided in accounts over depreciation allowable under income tax law	(51,852,087)	(50,507,794)
Deferred tax asset		
Business loss under income tax law	51,852,087	50,507,794
Net	—	—

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2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.28. Earnings per share (EPS)

Basic and diluted number of shares and Earnings per share is set out below:

	For the year ended 31 March 2012	For the year ended 31 March 2011
Earnings		
Net profit for the year	(28,053,533)	28,707,049
Less : Preference dividends including tax on dividends	21,517,305	21,660,232
Net profit for calculation of basic earnings per share	(49,570,838)	7,046,817
Add: Dividends and dividend tax on convertible preference shares	21,517,305	21,660,232
Net profit for calculation of diluted earnings per share	(28,053,533)	28,707,049
Shares : Number of equity shares outstanding at the beginning of the year	50,924,990	43,399,990
Add: Equity shares issued during the year	—	7,525,000
Total number of equity shares outstanding at the end of the year	50,924,990	50,924,990
Weighted average number of equity shares outstanding during the year - (Basic)	50,924,990	46,327,524
Weighted average number of equity shares outstanding during the year - (Diluted)	81,781,340	80,919,845
Earnings per share of par value Rs.10 – Basic	(0.97)	0.15
Earnings per share of par value Rs.10 – Diluted	(0.97)	0.15

The conversion of outstanding Cumulative Redeemable Optionally Convertible Preference Shares into equity, if made would have the effect of increasing/(reducing) the earning/(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.

2.29. Related party transactions

A) Key management personnel:

Name of the related party	Nature of relationship
T. Sandeep Kumar Reddy	Promoter director
C.V. Rayudu	Whole time director

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

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Interest expense on loan from Key management personnel	358,786	744,109
Repayment of loan to Key management personnel	—	20,074,412
Salary to whole time director	1,936,800	—

C) Balances payable to related parties are as follows:

Particulars	As at 31 March 2012	As at 31 March 2011
Loan from Key management personnel	13,147,547	13,147,547
Interest to Key management personnel	1,481,099	1,158,190

Gayatri Bio Organics Limited

2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.30. Segment reporting

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

2.31. Leases

There are no non-cancellable operating leases and accordingly there are no future minimum lease payments. Rental expense under cancellable operating leases during the year was Rs. 864,115 (previous year: Rs. 663,467) and has been included under "Rent" in the Statement of Profit and Loss.

2.32. Employee benefits

The following table sets out the status of the gratuity plan (unfunded) 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 2012	For the year ended 31 March 2011
Obligation at beginning of the year	8,649,287	5,924,512
Current service cost	504,656	370,240
Interest cost	691,943	473,961
Past service cost	—	79,245
Actuarial loss	685,901	2,009,821
Benefits paid	—	(208,492)
Obligation as at the end of the year	10,531,787	8,649,287

Expense recognised in statement of Profit and Loss

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Current service cost	504,656	370,240
Interest cost	691,943	473,961
Expected return on plan assets	—	—
Past service cost	—	79,245
Net actuarial loss recognised in the year	685,901	2,009,821
Amount included in "Employee benefits expense"	1,882,500	2,933,267

Amount recognised in balance sheet

Particulars	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010	As at 31 March 2009	As at 31 March 2008
Present value of funded obligations	10,531,787	8,649,287	5,924,512	4,728,756	2,616,040
Fair value of plan assets	—	—	—	—	—
Net liability	10,531,787	8,649,287	5,924,512	4,728,756	2,616,040

21st Annual Report 2011-2012

2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Summary of actuarial assumptions

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Discount Rate (p.a.)	8.00%	8.00%
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.

2.33. Amounts payable to Micro, Small and Medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on information received and available with the Company. Further, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the aforesaid act is not expected to be material. The Company has received a claim for Rs. 7,987,616 from a small and micro enterprise towards overdue interest. Based on a legal advice received by the Company, the Company believes the amount is not payable.

	For the year ended 31 March 2012	For the year ended 31 March 2011
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	3,654,713	2,212,903
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	Nil	384,434
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

2.34 Particulars of sales and Closing Stock

(A) For the year ended 31 March 2012

Particulars	Sales for the year ended 31 March 2012	Closing stock as on 31 March 2012	Closing stock as on 31 March 2011
- Starch	848,552,192	103,672,802	4,735,509
- Sorbitol	242,581,304	—	2,904,171
- By-products	259,922,451	8,068,267	295,908
Total	1,351,055,947	111,741,069	7,935,588

Gayatri BioOrganics Limited

2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

(B) For the year ended 31 March 2011

Particulars	Sales for the year ended 31 March 2011	Closing stock as on 31 March 2011	Closing stock as on 31 March 2010
- Starch	580,387,569	4,735,509	589,840
- Sorbitol	217,201,515	2,904,171	812,882
- By-products	112,145,459	295,908	952,125
Total	909,734,543	7,935,588	2,354,847

2.35. Work in progress

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
- Starch	585,177	894,984
- Sorbitol	6,400,266	4,294,784
- By-products	97,788	1,766,084
Total	7,083,231	6,955,852

2.36. Consumption of Raw materials

Particulars	For the year ended 31 March 2012	%	For the year ended 31 March 2011	%
Imported	—	—	—	—
Indigenous				
- Maize	993,746,583	89.64	524,639,285	82.94
- Chemicals	28,961,995	2.61	25,112,192	3.97
- Others	85,851,242	7.75	82,789,710	13.09
Total	1,108,559,820	100.00	632,541,187	100.00

2.37. Consumption of stores and spares

Particulars	For the year ended 31 March 2012	%	For the year ended 31 March 2011	%
Imported	2,724,499	12.88	-	-
Indigenous	18,427,329	87.12	11,450,654	100.00
Total	21,151,828	100.00	11,450,654	100.00

2.38. CIF value of imports

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Raw materials	—	—
Stores and spares	2,724,499	—
Others	—	—
Total	2,724,499	—

21st Annual Report 2011-2012

2. Notes to Accounts (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.39. Expenditure in foreign currency

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Travelling	—	—
Others	2,724,499	—
Total	2,724,499	—

2.40. Earnings in foreign currency

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Exports on FOB basis	27,463,666	—
Total	27,463,666	—

2.41. Un-hedged exposure in foreign currency

Particulars	Currency	Foreign Currency as at 31 March		INR as at 31 March	
		2012	2011	2012	2011
Trade receivables	USD	322,560	—	16,432,787	—
Total		322,560	—	16,432,787	—

2.42. Previous year comparatives

On applicability of revised Schedule VI from current year, the Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

for **B S R and Co.**

Chartered Accountants

Firm's Registration No. 128510W

for **Gayatri BioOrganics Limited**

Zubin Shekary

Partner

Membership No. 48814

T. Sandeep Kumar Reddy

Chairman

P. Maruthi Babu

Director

C.V. Rayudu

Whole Time Director

K.S.V.S. Sastry

Company Secretary

Place : Hyderabad

Date : 30 May, 2012

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF
SCHEDULE VI OF THE COMPANIES ACT,1956. FOR THE YEAR ENDED
31st MARCH, 2012**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No	: 13512	State Code	: 01
Balance Sheet Date	: 31-Mar-2012		

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	: 1,033,026	Total Assets	: 1,033,026
Source of funds			
Paid-up Capital	: 817,813	Reserves & Surplus	: 1,000
Secured Loans	: 191,856	Unsecured Loans	: 13,147
Application of Funds			
Net Fixed Assets	: 416,021	Investments	: 15
Net Current Assets	: 8,622	Misc.Expenditure	: —
Accumulated Loss	: 471,038		

IV Performance of company (Amt in Rs.Thousands)

Turnover	: 1,310,026	Total Expenditure	: 1,338,080
Profit (Loss) Before Tax	: (28,054)	Profit (Loss) After Tax	: (28,054)
Earning Per Share	: (0.97)	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-1, C- Block, 1st Floor, TSR Towers, 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 21st Annual General Meeting of the Company to be held **on Thursday, the 20th September, 2012 at 04.30 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-1, C- Block, 1st Floor, TSR Towers, 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 21st Annual General Meeting of the Company to be held on **on Thursday, the 20th September, 2012 at 04.30 P.M.** at any adjournment thereof.

Signed this.....day of.....2012.

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:

Gayatri BioOrganics Limited

(Formerly Gayatri Starchkem Limited)

6-3-1090, C-1, C-Block,

1st Floor, TSR Towers,

Rajbhavan Road, Somajiguda,

Hyderabad – 500 082.

Ph : 66100111 / 66100222, Fax : 66100333

E-mail: info@gayatribioorganics.com