



BioOrganics Limited
(Formerly Gayatri Starchkem Limited)

20th Annual Report 2010 - 11

20th Annual General Meeting

Day : Tuesday

Date : 27th September 2011

Time : 03.00 P.M.

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

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COMPANY INFORMATION

BOARD OF DIRECTORS

Sri T. Sandeep Kumar Reddy	<i>Chairman</i>
Sri P. Maruthi Babu	<i>Director</i>
Sri T.G. Pandya	<i>Director</i>
Sri J. N. Karamchetti	<i>Director</i>
Smt T. Sarita Reddy	<i>Director</i>
Sri. T. R. Rajagopalan	<i>Director</i>
Sri. C.V. Rayudu	<i>Whole Time Director</i> (w.e.f. 28/05/2011)

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

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/A/1, 1st floor
Lovely Mansion, 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 - 533343

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NOTICE

NOTICE is hereby given that the **20th Annual General Meeting** of the members of Gayatri BioOrganics Limited will be held at the "SURANA UDYOG AUDITORIUM", FAPCCI Building, Federation House, 11-6-841, Red Hills, Hyderabad-500004 on Tuesday, 27th day of September, 2011 at 03.00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet of the company as at 31.03.2011 and the Profit and Loss account for the year ended on that date and the Report of Directors' and the Auditors thereon.
2. To appoint a Director in place of Sri. T.G. Pandya, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. P.Maruthi Babu, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri. T. Sandeep Kumar Reddy, who retires by rotation and being eligible, offers himself 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, 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 of the Company and that the Board of Directors be and are hereby authorized to fix their remuneration."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Sri C.V. Rayudu who was appointed as an Additional Director in the meeting of the Board of Directors held on 28th May 2011, whose term expires at the ensuing Annual General Meeting of the Company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office shall not be liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269 and 309 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII as amended, the approval of the members of the Company be and is hereby accorded to appointment of Sri. C.V. Rayudu, as Non Rotational Whole Time Director for a period of 3 years with effect from 28th May, 2011 on a Monthly Remuneration of Rs.1,50,000/- excluding the perquisites as mentioned below.

- a. Contribution to Provident Fund as per Service Rules of the Company
- b. Reimbursement of Medical Expenditure for an amount of Rs.15,000/- per annum
- c. Leave Travel Allowance for an amount of Rs.25,000/- per annum
- d. Gratuity payable shall not exceed half a month's salary for each completed year of service."

"FURTHER RESOLVED THAT the said remuneration shall be the minimum remuneration payable to Sri. C.V. Rayudu as Whole Time Director of the Company pursuant to the provisions of Section II part II of the Companies Act, 1956 as amended from time to time subject to the compliance in the event of inadequate profits during any particular period."

By Order of the Board

Sd/-

T. Sandeep Kumar Reddy
Chairman

Place: Hyderabad
Date: 11.08.2011

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 23rd September, 2011 to 27th September 2011 (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 filled 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

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

ITEM NO. 6 & 7

Sri C.V. Rayudu was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 28th May, 2011. Pursuant to Section 260 of the Companies Act, 1956, Sri C.V. Rayudu holds office only up to the Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member along with deposit of Rs. 500/- signifying his intention to propose Sri C.V. Rayudu as a candidate for the office of Director.

The Board of Directors has also appointed Sri C.V. Rayudu as a Whole Time Director of the Company for a period of 3 years effective from 28th May, 2011 on the terms and conditions as set out in the resolution, subject to the approval of shareholders of the Company.

The remuneration payable to Sri C.V. Rayudu was also approved by the remuneration committee of the company.

Sri. C.V. Rayudu is a B.com, B.L. Graduate and having his Post graduation in MPM. He is having around 26 years of rich experience in various Starch and Other Industries. As on the date of his appointment as Whole Time Director of the Company, he was holding the position of Vice President (Operations) and in charge of the whole operations of the Company. He is associated with our Company for the last 12 years and instrumental in bringing up the company out of BIFR and improving the financial performance of the Company.

As per the provisions of Section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment of and remuneration to Whole Time Director requires the approval of the shareholders in General Meeting by way of a special resolution.

None of the Directors of the Company is interested in the above resolution.

By Order of the Board

Sd/-

T. Sandeep Kumar Reddy
Chairman

Place: Hyderabad
Date: 11.08.2011

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DIRECTORS' REPORT

To
The Members of
Gayatri BioOrganics Limited
Your Directors present the Twentieth Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the period ended 31st March, 2011.

FINANCIAL RESULTS

	Rs. in lakhs	
	31.03.2011	31.03.2010
Income from Operations	8,652.64	6,164.41
Other Income	90.51	62.67
Total Income	8,743.16	6,227.08
Total Expenditure	7,798.38	5,698.64
Finance Charges	312.81	84.58
Depreciation	306.39	294.68
Provision for Taxation	38.50	—
Net Profit / (Loss)	287.07	149.18

PERFORMANCE DURING THE YEAR UNDER REVIEW

SORBITOL DIVISION

The Company produced 7,313 MTs of Sorbitol during the Financial Year ended 31st March, 2011 which is nearly 85.53 % of the installed capacity. The Company also targeted achieving 100% installed capacity of the Sorbitol Plant and succeeded in achieving the same by end of the quarter.

STARCH DEPARTMENT

Even though the performance of this plant is better when compared to previous year, there is still scope for improvement if the market conditions are more conducive. The Company crushed 53,730 MTs maize as against 40,007 MTs maize during the previous year.

The Company has also acquired another existing Starch Plant with a installed capacity of 45000 MTPA located at Balabhadrapuram Village, Biccavole Mandal, East Godavari District, Andhra Pradesh and also commenced the commercial production at the said unit. The benefits from this unit is expected to accrue from the second half of the year.

EXPORTS

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

OUTLOOK FOR THE FINANCIAL YEAR 2010-11

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a. Industry Structure and Developments.

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

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

b. Opportunities, Threats, Risks and concerns

Starch Industry has a very bright future as its application in various other industries which are showing good developments in the recent past. However, 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 also 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 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 can achieve better results only if it can reach its full capacities which is possible only when the company is provided with sufficient working capital.

d. Risks and Concerns.

Sorbitol and Starch being agro based industries there is no risk of product obsolescence or steep fall in demand by way of product substitution. Therefore your directors do not foresee any major risks and concerns, except as discussed 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 about 300 people both in Sorbitol and Starch divisions including Head Office. The Company enjoys very cordial relations with the staff, workers and with workers union. The industrial relations continued to be cordial during the year under review.

CAUTIONARY STATEMENT:

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

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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 2011-12 to Bombay Stock Exchange Limited.

DIRECTORS

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

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

Sri. T. Sandeep Kumar Reddy, who retires rotation at the ensuing Annual General Meeting is eligible for reappointment and offered himself for re appointment.

Sri. C.V. Rayudu, Additional Director be regularized as Director at the ensuing General Meeting and his appointment as a Whole time Director also put before the members for their approval at ensuing Annual General Meeting.

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 during the year appointed M/s. Narasimha Murthy & Co, Cost Accountants, 3-6-365, 104 & 105, Pavani Estates, Y.V. Rao Mansion, Himayathnagar, Hyderabad 500029 as cost auditors for the financial year 2010-11.

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 Auditor's Report, there was a slight delays in remitting the Provident fund, Employees State Insurance and Sales tax due to administrative reasons. However, there were no outstanding dues to above authorities as on date except to Service Tax authorities for an amount of Rs 86,267/-.

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

Whole Time Director and GM (Finance) 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.

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.

Sri. C.V. Rayudu, Additional Director be regularized as Director at the ensuing General Meeting and his appointment as a Whole time Director also put before the members for their approval at ensuing Annual General Meeting.

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, 2011, 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, 2011 and of the profit and loss of the company for that period:
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:
- (iv) that the directors have prepared the annual accounts on a going concern basis.

PUBLIC DEPOSITS:

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

ACKNOWLEDGEMENTS:

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

By Order of the Board

Sd/-

T. Sandeep Kumar Reddy
Chairman

Place: Hyderabad
Date: 11.08.2011

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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 2011

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 2010-11	Previous Year 2009-10
1. Electricity		
a) Purchased Unit(Kwh)	1,18,14,494	1,10,17,400
Total Cost (Rs. In lakhs)	475.04	379.40
Rate/Unit Rs.	4.02	3.44
b) Own Generation		
i. Through Diesel Generator:		
Unit(Kwh)	9,008	12,472
Units per Ltr. of Diesel Oil (KWH)	1.30	2.06
Cost/Unit (Rs/KWH)	31.01	19.56
2. HUSK		
Quantity (MTs)	14,976.41	12,577.96
Total cost (in Rs.in Lakhs)	379.77	296.18
Average cost per Ltr (Rs)	2.54	2.35
3. DIESEL OIL		
Quantity (K.ltrs)	8.47	6.96
Total amount (Rs. In Lakhs)	3.40	2.44
Average cost per Ltr (Rs)	40.19	35.04

FORM - "B"

PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

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

By Order of the Board

Place: Hyderabad
Date: 11.08.2011

Sd/-
T. Sandeep Kumar Reddy
Chairman