



Gayatri

PROJECTS LIMITED

22nd

ANNUAL REPORT

2010-11



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CORPORATE INFORMATION

Board of Directors

Smt. T. Indira Reddy
Sri T.V. Sandeep Kumar Reddy
Sri J. Brij Mohan Reddy
Sri G. Siva Kumar Reddy
Sri V. L. Moorthy
Sri Ch. Hari Vittal Rao

Chairperson
Managing Director
Executive Vice Chairman
Director
Director
Director

Company Secretary & Compliance Officer

CS I.V. Lakshmi

Chief Financial Officer

CA P. Sreedhar Babu

Statutory Auditors

C.B. Mouli & Associates
Chartered Accountants
125, M.G. Road
Secunderabad – 500 003

Bankers

Andhra Bank
Bank of Baroda
Canara Bank
Corporation Bank
Federal Bank Ltd.,
IDBI
Indian Overseas Bank
Punjab National Bank
Syndicate Bank
Union Bank of India

Registered & Corporate Office

B-1, T.S.R. Towers, 6-3-1090
Raj Bhavan Road, Somajiguda
Hyderabad – 500 082
Tel: 040 – 23314284
Fax: 040 – 23398435
Email: gplhyd@gayatri.co.in
Website: www.gayatri.co.in

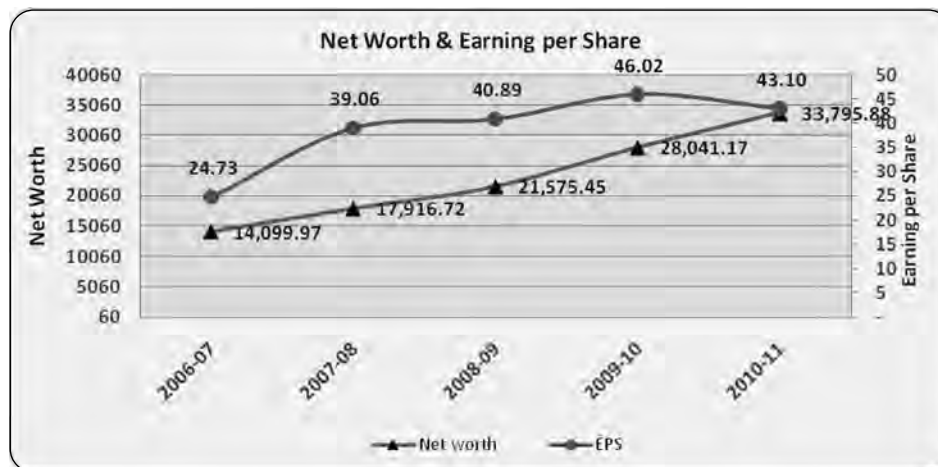
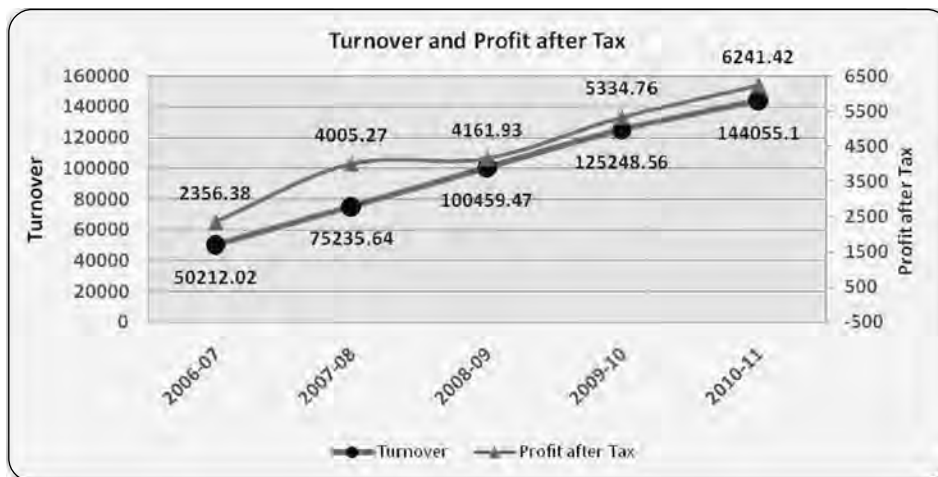
Registrars & Transfer Agents

Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081
Tel: 040 – 44655000
Fax: 040 – 23420814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

FINANCIAL HIGHLIGHTS

(Rs.in Lacs)

DESCRIPTION	2010-11	2009-10	2008-09	2007-08	2006-07
Turnover	144,055.10	125,248.56	100,459.47	75,235.64	50,212.02
Profit Before Tax	9,175.54	8,100.20	6,343.62	6,118.18	3,582.36
Profit After Tax	6,241.42	5,334.76	4,161.93	4,005.27	2,356.38
Equity Capital	1,198.90	1,110.48	1,010.48	1,010.48	1,000.00
Reserves & Surplus	32,596.98	26,930.69	20,564.97	16,906.24	13,099.97
Net Worth	33,795.88	28,041.17	21,575.45	17,916.72	14,099.97
Gross Block	37,012.37	30,029.60	27,478.52	25,729.36	20,698.48
Net Block	21,929.13	16,614.62	16,066.86	16,287.83	12,858.49
Book Value (Rs.) Per Share	281.89	252.51	213.52	177.31	141.00
EPS (Rs.) Basic	43.10	46.02	40.89	39.06	24.73
Dividend	50%	50%	40%	25%	20%



NOTICE

NOTICE is hereby given that the Twenty second ANNUAL GENERAL MEETING of M/s. Gayatri Projects Limited will be held at Surana Udyog Hall, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004, on Friday the 30th of September, 2011 at 4.00 p.m to transact the following businesses.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the Year ended 31st March, 2011.
3. To appoint a Director in place of Mr. G. Siva Kumar Reddy, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. V.L. Moorthy, who retires by rotation, and being eligible, offers himself for re-appointment.
5. **TO APPOINT AUDITORS AND FIX THEIR REMUNERATION**

To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT M/s C.B. Mouli & Associates, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company.”

SPECIAL BUSINESS:

6. ALTERATION OF THE COMMON SEAL CLAUSE IN THE ARTICLES OF ASSOCIATION

To consider and if thought fit, to pass, with or without modifications the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, Article 117 of the Articles of Association of the Company, be and is hereby substituted in its entirety with the following new Article:

- (a) The Board shall provide a common seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in view thereof, and the seal shall never to be used except by the authority of the Board or a Committee of the Board previously given.
- (b) The Company shall also be at liberty to have an official seal in accordance with section 50 of the Act, for use in any territory, district or place outside India.

Provided nevertheless, that any instrument other than a share certificate bearing the Seal of the Company and issued for valuable considerations shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same. Provided further that in respect of the issue of Share Certificates the provisions of the Companies (Issue of Share Certificates) Rules 1960 shall apply”.

7. BORROWING IN EXCESS OF PAID-UP CAPITAL AND FREE RESERVES

To consider and if thought fit to pass with or without modifications the following Resolution as an Ordinary Resolution:

“RESOLVED THAT the consent of the Company under the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company for borrowing any sum(s) of money from time to time as it may consider fit, on such terms and conditions as the board may deem fit, not withstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained/ to be obtained from the Company’s Bankers in the ordinary course of business) will exceed the aggregate of the paid up Capital of the Company and its free reserves, so that the total amount of monies so borrowed at any time shall not exceed a sum of Rs.7000 Crores (Rupees Seven Thousand Crores only).”

“RESOLVED FURTHER THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), to create mortgage and/or charge, in addition to the mortgages/charges created by the Company, in such form and manner and with such ranking and on such terms as the Board may determine, on all or any of the moveable and/or immovable properties of the Company, both present and future and/or the whole or substantially the whole of the undertaking(s) of the Company together with the power to take over the management of business and concern of the Company in certain event of defaults, in favour of the lender(s), agent(s) and trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) and securities issued/to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the agent(s) and/or trustee(s), premium on redemption (if any), all other costs, charges and expenses and all other monies payable by the Company in terms of the Loan Agreement(s), Debenture Trust Deed(s) or any other agreement/ document entered/to be entered into between the Company and the lender(s), agent(s) and/or trustee(s), in respect of the said loans/borrowings/debentures and continuing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the lender(s), agent(s) and/or trustee(s)”.

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and matters in its absolute discretion, as may be required or desirable or deem fit, for the purpose of giving effect to this resolution”.

8. RESOLUTION TO BE PASSED UNDER SECTION 372A OF THE COMPANIES ACT, 1956 FOR MAKING INVESTMENT THROUGH SUBSCRIPTION TO THE MEMORANDUM OF ASSOCIATION IN SECURITIES BEYOND THE PRESCRIBED LIMIT:

To consider and if thought fit to pass with or without modifications the following Resolution as a Special Resolution:

“RESOLVED THAT further to the resolutions passed earlier at the earlier general meetings of the Company and by way of the Postal Ballot processes pursuant to the provisions of section 372A and other applicable provisions, if any, of the Companies Act, 1956 or any amendments or modifications thereof (including any ordinance or statutory modification, re-enactment thereof for the time being in force) and subject to consent and approvals and permissions as may be necessary under any statute for time being in force, consent and approvals of the members of the Company be and are hereby accorded to the Board of Directors of the Company to subscribe to the Memorandum of Association of the proposed wholly owned subsidiary in excess of and in addition to the limits for which members’ approval has been already obtained in the General Meetings and by way of Postal Ballot processes earlier or the limit specified in section 372A of the Companies Act, 1956 whichever is higher.

“FURTHER RESOLVED THAT the Board to incorporate a wholly owned subsidiary (Special Purpose Vehicle) in the name and style of “SAI MAATARINI TOLLWAYS LIMITED” (or any other name subject to the approval of Ministry of Corporate Affairs, Andhra Pradesh) to execute the project in the state of Orissa at Panikoili – Rimuli Section of NH-215 from Km 0.000 to Km 163.000 (Four- laning), on BOT (Toll) basis on DBFO Pattern under NHDP Phase III from National Highways Authority of India (NHAI).”

By order of the Board
For **GAYATRI PROJECTS LIMITED**

Place: Hyderabad
Date : 22nd August, 2011.

CS I.V. LAKSHMI
Company Secretary & Compliance Officer

NOTES:

1. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item No.6 and 7, is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies, in order to be effective must be received at the company's registered office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. Must be supported by appropriate resolution / authority as applicable, issued on behalf of the nominating organization.
3. The Register of Members and the Share Transfer Books of the Company will be closed from 3rd of September, 2011 to 6th of September, 2011 (both days inclusive).
4. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
5. A member desirous of seeking any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
6. The dividend for the year ended 31st March, 2011 as recommended by the Board, if approved at the Meeting, will be payable to those members whose names appear on the Company's Register of Members on 2nd of September, 2011.
7. **Appointment / Re-appointment of Directors**

At the ensuing Annual General Meeting, **Sri. G. Siva Kumar Reddy and Dr. V. L. Moorthy**, Directors retire by rotation and being eligible offers themselves for re-appointment. The relevant information as required under Clause 49 of Listing Agreement concerning Corporate Governance Code in respect of appointment / re-appointment of Directors is given below for information of the Members;

Mr. G. Siva Kumar Reddy, is a Post Graduate in Commerce, over the years he has gained experience in the field of civil construction, both in the execution and management areas. Under his guidance we have completed Upper Krishna Project involving huge quantities of excavation and mass concreting. He is into the hospitality Industry and is running Grand Kakatiya Hotel & Towers, a Five Star Hotel in the city of Hyderabad, Andhra Pradesh.

Dr. V.L. Moorthy is a Master in Science and Ph.D in Chemistry from University of Calcutta.

He has an experience of over 40 years in the field of Paper, Chemicals and Power industries and worked in many countries on project work and operations.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 :

ITEM No. 6 :

You are aware that the company is into infra sector; it has to execute the documents at various places not necessarily at the registered office of the company. It is inevitable for the directors of the company to sign the documents where the common seal is affixed when the documents are executed at a place other than Registered Office of the company and to comply with guidelines of other statutory authorities in respect of affixation of common seal.

In order to facilitate speedy execution of the documents, Board of Directors or Committee thereof, are extensively authorised to delegate the authority to affix the Common Seal with a specific Board or Committee resolution, as and when the seal is required to be affixed under the Act. Hence existing Article 117 of the Articles of Association of the Company needs to be amended.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the members for the alteration of the Articles of Association of the Company.

Accordingly, it is proposed to amend the existing Article 117 of the Articles of Association of the Company, as set out in detail in the accompanying notice, by a special resolution passed by the members.

None of the Directors of the Company are not concerned or interested in the said resolution.

ITEM No. 7:

You are aware that the members have already accorded their approval for the borrowings together with the monies already borrowed by the company for a sum not exceeding Rs.5000.00 Crores. As the company is in to infra sector which requires substantial funds to execute the projects on hand and to meet the working capital requirements, hence your Board of Directors proposed to raise the said limits to Rs.7000.00 Crores.

Section 293(1)(d) of the Companies Act, 1956, requires the consent of the Members in the General Meeting for authorizing the Board of Directors to borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves.

In view of this, the Board seeks the consent of the members of the proposed resolution in order to comply with the requirements of the Companies Act, 1956.

None of the Directors of the Company are not concerned or interested in the said resolution.

ITEM No. 8:

As you are aware that the company has obtained new project from National Highways Authority of India for execution i.e Four-laning of Panikoli – Rimuli Section of NH-215 from Km 0.000 to Km 163.000 in the state of Orissa to be executed on BOT (Toll) basis on DBFO Pattern under NHDP Phase III from National Highways Authority of India as per the Letter of Award sanctioned by said authority.

As per the Letter of Award sanctioned by the National Highways Authority of India, company has to incorporate a Limited Liability company as per the provisions of the Companies Act, 1956 to undertake/ execute the project. The said company is proposed to be incorporated in the name of SAI MAATARINI TOLLWAYS LIMITED as a wholly owned subsidiary (Special Purpose Vehicle) to execute the above said project. The Company is authorized to subscribe to the Memorandum and Articles of Association as per the applicable provisions of the Companies Act, 1956. At present the proposed paid-up capital is Rs.5 lakhs to start with, which shall be subscribed by the Parent Company (through its Authorized Representative) and its nominees as decided by the Board.

As per the provisions of Section 372A of the Companies Act, 1956, the Board of Directors of a Company can make any loan, investment or give guarantee or provide any security beyond the prescribed limits of –

- i) Sixty percent of the aggregate of the paid up capital and free reserves,
(Or)
- ii) One hundred percent of its free reserves, whichever is more, if, a special resolution is passed by the shareholders of the lending Company.

Since the limits mentioned in the resolution are in excess of above prescribed limits, approval of the members is required.

None of the Directors are interested in the above resolution except Mr.T.V.Sandeep Kumar Reddy, as subscriber to the memorandum of (Wholly owned subsidiary).

The Board recommends the above resolution for adoption by the Members.

By order of the Board
For **GAYATRI PROJECTS LIMITED**

Place : Hyderabad
Date : 22nd August, 2011.

CS I.V. LAKSHMI
Company Secretary & Compliance Officer

DIRECTORS' REPORT

To

The Members, We have great pleasure in presenting the 22nd Annual Report together with the Audited Statements of Accounts for the Financial Year ended March 31, 2011. For your Company this has been a truly remarkable year and your company has achieved many milestones and initiated new ventures.

FINANCIAL RESULTS

The financial performance of your Company on both a stand-alone and a consolidated basis for the year ended March 31, 2011 is summarised below:

(Rs.in Lacs)

PARTICULARS	Standalone		Consolidated	
	2010-11	2009-2010	2010-11	2009-2010
Gross Income	144,619.33	125,669.04	121,606.52	128,097.26
Profit before interest, depreciation and tax	20,011.34	15,650.12	20,094.80	15,633.49
Less : Interest and financial charges	8,562.52	5,544.21	11,730.14	5,553.99
Profit before depreciation	11,448.82	10,105.91	8,364.66	10,079.50
Less : Depreciation	2,273.28	2,005.71	2,281.77	2,005.76
Profit before tax	9,175.54	8,100.20	6,082.89	8,073.74
Provision for tax	2,934.12	2,765.44	3,084.20	2,540.74
Profit after tax	6,241.42	5,334.76	2,998.69	5,532.99
Less : Minority Interest	—	—	1,475.22	(13.30)
Prior Period Adjustments	1,241.41	425.74	1,241.41	428.40
Profit after Prior Period Adjustments	5,000.01	4,909.02	3,232.50	5,117.89
Profit brought forward	13,869.88	10,310.46	12,719.34	8,951.05
Profit available for appropriation	18,869.89	15,219.48	17,210.67	14068.94
Appropriations:				
Interim Dividend	—	277.62	—	277.62
Final Dividend	606.63	277.62	606.63	277.62
Dividend tax	103.10	94.36	103.10	94.36
Transfer to Debenture Redemption Reserve	1300.00	—	1,300.00	—
Transfer to General Reserve	800.00	700.00	800.00	700.00
Balance carried forward	16,060.16	13,869.88	14,400.94	12,719.34
Paid-up capital	1,198.90	1,110.48	1,198.90	1,110.48
Reserves and Surplus	32,596.98	26,574.39	45,435.38	33,851.90

REVIEW OF OPERATIONS:

In a challenging financial year that it has been, your Company has delivered an excellent performance through commendable teamwork and a confluence of professionalism, commitment, zeal and passion:-

- ▶ Business levels increased to Rs.1,44,055.10 lacs from Rs.1,25,248.56 lacs an increase of 15.01%
- ▶ Net Profit after tax as increased to Rs.6,241.42 lacs from Rs.5,334.76 lacs an increase of 16.99%.

Your Company core competence lies in its capabilities to complete the projects on time. Your Directors are pleased to inform that all projects under taken by the Company are progressing as per schedule except few works where there has been a delay in handing over of the site by the client. In all such cases, your company has got extension of time from the employer.

ORDER BOOK POSITION:

The Order Book position as on date is Rs.8,30,056 lacs and the sector wise breakup is as under:

(Rs in Lacs)

Sl. No.	Particulars	Orders on Hand (Rs. in Lacs)	%
1	Irrigation Division	3,58,788	43.22
2	Roads Division	2,61,624	31.52
3	Building Division	4,045	0.49
4	Power Transmission	26,584	3.20
5	Industrial Works	1,79,015	21.57
	TOTAL	8,30,056	100.00

FUTURE OUTLOOK

Over the last few years, the Indian economy has been in a phase of unparalleled growth of about 8-10% per year, making it one of the fastest growing economies in the world. Sustaining this rate of growth will need huge investments in physical infrastructure such as roads, water, power and urban sectors. Preliminary estimates suggest that investment in infrastructure would need to increase from the current 4.6% of GDP to about 8% during the 11th Plan. The Construction sector accounts for nearly 45% of the total investment in infrastructure and is expected to be the prime beneficiary of the surge in infrastructure investment in the near to medium term. The importance that the Government of India (GoI) places on bridging the country's acute infrastructure deficit is evident from the two fold increase in the planned outlay for the infrastructure sector in the XIIth five year plan. The construction sector has witnessed robust growth in order inflows during the last few quarters, benefiting from increased spending on transportation, power, and urban infrastructure, besides from an increase in the award of build-operate-transfer (BOT) contracts. The two-fold increase in the plan outlay envisaged for infrastructure during the XIIth Five-Year Plan is likely to further augment order inflows for construction companies in the near to medium term. The 11th Five Year Plan envisages an infrastructure investment of Rs. 20,561 billion which includes Roads sector investment of Rs 3,142 millions, Irrigation sector investment of Rs 2,533 millions. NHAI has announced that 11,050 KM roads will be announced in the current year involving investment of Rs 70,000 crores, as per the target fixed by the GoI.

As an existing leading player in the infrastructure development, your Company will have direct advantage in the changed scenario. The order book, turnover and profitability of your Company is likely to improve in near and medium future.

DIVIDEND

Directors are pleased to recommend a final dividend of Rs.5/- per equity share of the face value of Rs.10/- for the period ended 31st March 2011.

The dividend, subject to approval at the AGM on 30th day of September, 2011, will be paid to the shareholders whose names appear on the Register of Members with reference to the book closure from 3rd September, 2011 to 6th September, 2011 (inclusive of both dates).

RESERVES

It is proposed to transfer Rs.800 lacs to the General Reserves and Rs.1300 lacs to the Debenture Redemption Reserve of the Company from the current year's profits.

SUBSIDIARY COMPANIES

During the year under review M/s. HKR Road Ways Limited and Bhandara Thermal Power Corporation Limited has become a subsidiary of the company.

Your Company has seven subsidiary companies (including step down subsidiaries) as on 31st March 2011.

CONSOLIDATION OF ACCOUNTS

In accordance with the Accounting Standard -21 on Consolidated Financial Statements read with Accounting Standard – 23 & 27 on Accounting for Investments in Associates in Consolidated Financial Statements and Financial Reporting of Interests in Joint Ventures, Consolidated Financial Statements are prepared considering the combined profits net of losses of all the subsidiaries, joint ventures and after eliminating intra group transactions, unrealized profits and balances.

Your Directors have pleasure in attaching the Consolidated Financial Statements presented by your Company which form part of the Annual Report and Accounts.

DIRECTORS

Sri. G. Siva Kumar Reddy and Dr. V. L. Moorthy, Directors retire at the ensuing AGM and being eligible offer themselves for reappointment.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis Report, Corporate Governance Report and Auditors Certificate on Corporate Governance are annexed to this report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The Management discussions and analysis report is given separately and forms part of this Annual Report.

LISTING AT STOCK EXCHANGES

The Equity shares of the Company and Non Convertible Debentures issued on Private placement are continued to be listed on The Bombay Stock Exchange and Foreign Currency Convertible Bonds (FCCB's) are listed on the Singapore Stock Exchange Limited. Further National Stock Exchange has approved the listing of our equity shares w.e.f 22nd August, 2011 Vide circular dated 18th of August, 2011.

FORFEITURE OF SHARE WARRANTS:

During the year 2009-10, the Company had issued and allotted 10,00,000 warrants to the Promoters of the Company on a preferential basis at a price of Rs.142.52/- per warrant convertible into 1 equity share of Rs.10/- each at a premium of Rs.132.52 per warrant which shall be convertible within a period of 18 months from the date of allotment i.e. before 13/03/2011, which is in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000, ("SEBI DIP Guidelines"). On October 29, 2010, the promoters converted 597,521 Warrants into Equity Shares as per the pricing formula prescribed in the SEBI DIP Guidelines for preferential issues. The remaining warrants 402,479 of the aforesaid 1,000,000 warrants remained unexercised as the promoters are not allowed to convert beyond 5% during one financial year as per SEBI(SAST) Regulations, 1997. Hence the remaining warrants were forfeited by the company on March 14, 2011 and the amount paid by the promoters towards the warrants of Rs. 143.40 Lacs was transferred to Capital Reserve Account.

RIGHTS ISSUE

Company has filed Draft Letter of offer with Securities Exchange Board of India for issue of Right Shares along with detachable warrants on 21st of March, 2011.

ISSUE OF NON CONVERTIBLE DEBENTURES:

During the year under review company had issued Non Convertible Debentures on private placement basis and the same were listed on Bombay Stock Exchange.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures ;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the financial year ended on that date.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

AUDITORS

The Auditors M/s. C.B. Mouli & Associates, Chartered Accountants, Secunderabad will retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224 (1-B) of the Companies Act, 1956.

STATUTORY INFORMATION

Particulars of Employees

Details in respect of remuneration to employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended are not furnished since no employee of the Company, except Executive Directors falls within the remuneration limits provided under the said section and rules.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

Information relating to Conservation of energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988 is not applicable for the company. The particular of expenditure and earnings in Foreign Currency is furnished in Notes to Accounts.

AUDITORS' REPORT

Management Observation on Auditors Observations:

Joint Venture Losses:

The response of the Directors to the comments of the Auditors in their report on Financial Statements is as under:

The IJM-Gayatri Joint Venture losses are not considered in the books of your company because of the various claims made on the employer for their contractual failures by the joint ventures and the losses which are primarily attributed to such failures are likely to be decided in favor of the joint venture. The management is of the firm opinion that the excess expenditure is expected to flow back through future cash flows on settlement of the claims by the employer. There is substantial progress in the proceedings in the arbitration and the management is reasonably confident of recovery of these claims in near future. In the unlikely situation of not awarding the entire amount of claims, GPL has to provide an amount of Rs 53.78 crores towards its share of 40% in the IJM-Gayatri Joint Venture.

PARTICULARS OF EMPLOYEES

The details required under section 217(2A) of the Companies Act, 1956 read the Companies (Particulars of Employees) Rules, 1975 are not furnished as there are no employees who are covered under the above section.

INDUSTRIAL RELATIONS

The Company enjoyed cordial relations with the employees during the year under review and the Management appreciates the employees of all cadres for their dedicated services to the Company, and expects continued support, higher level of productivity for achieving the targets set for the future.

ACKNOWLEDGEMENTS

The Board of Directors would like to place on record their appreciation for the assistance and guidance extended by the Government at Centre and in the States, Banks and Financial institutions. Your Directors also place on record their sincere appreciation of the total commitment and hard work put in by all the sub contractors, consultants, clients and employees of the company.

For and on behalf of the Board

Place : Hyderabad
Date : 22nd August, 2011

T. INDIRA REDDY
Chairperson

T. V. SANDEEP KUMAR REDDY
Managing Director

Annexure – A to DIRECTORS’ REPORT

I. GAYATRI PROJECTS LIMITED – Subsidiaries

Statement pursuant to the Under Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary	Direct Subsidiaries			
	Bhandara Thermal Power Corporation Limited	Gayatri Infra Ventures Ltd. (GIVL)	Gayatri Energy Ventures Pvt. Ltd. (GEVL)	HKR Road Ways Limited
Financial Year of the Subsidiary will be ending on	31 st March, 2011	31 st March, 2011	31 st March, 2011	31 st March, 2011
Date of which they became subsidiary Company	25 th of March, 2011	22 nd January, 2008	10 th February, 2009	9 th of August, 2010
No. of Shares held at the end of the Financial Year of the Subsidiary Companies	25,500 equity shares of Rs.10/- each	12,50,000 equity shares of Rs.10/- each	27,30,000 equity shares of Rs.10/- each	37,000 equity shares of Rs.10/- each
Extent of Interest of Holding Company at the end of the Financial Year of the subsidiary Company	51.00 %	70.59%	100%	74.00%
The net Aggregate amount of Subsidiary Companies Profit/Loss so far as it concerns the members of Holding Company (Rs.in Lacs)				
- Dealt with the holding company’s accounts	NA	NA	NA	NA
- Not dealt with the holding company’s accounts	(3.67)	(1279.41)	(15.63)	0.02

II. Step-down Subsidiaries

Name of the Subsidiary	Subsidiaries of GIVL		Subsidiaries of GEVL
	Gayatri Jhansi Roadways Ltd	Gayatri Lalitpur Roadways Ltd	Thermal Powertech Corporation India Ltd
Financial Year of the Subsidiary will be ending on	31 st March, 2011	31 st March, 2011	31 st March, 2011
Date of which they became subsidiary Company	6 th September 2008	6 th September 2008	26 th April 2008
No. of Shares held at the end of the Financial Year of the Subsidiary Companies	2,16,19,994	1,60,25,006	23,66,00,000
Extent of Interest of Holding Company at the end of the Financial Year of the subsidiary Company	51%	51%	51%
The net Aggregate amount of Subsidiary Companies Profit/Loss so far as it concerns the members of Holding Company (Rs.in Lacs)			
- Dealt with the holding company’s accounts	NA	NA	NA
- Not dealt with the holding company’s accounts	(544.55)	(435.30)	53.58

For and on behalf of the Board

Place : Hyderabad
Date : 22nd August, 2011

T. INDIRA REDDY
Chairperson

T. V. SANDEEP KUMAR REDDY
Managing Director

Annexure – B to DIRECTORS’ REPORT

Statement pursuant to the Under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

(Rs.in Lacs)

PARTICULARS	Gayatri Infra Ventures Ltd	Gayatri Lalitpur Roadways Ltd	Gayatri Jhansi Roadways Ltd	Gayatri Energy Ventures Pvt. Ltd.	Thermal Powertech Corporation Indian Ltd	Bhandara Thermal Power Corporation Ltd	HKR Roadways Ltd.,
	2010-11	2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
Capital	177.08	3179.80	4240.00	273.00	46392.00	5.00	5.00
Share Application Money	—	—	—	15773.75	549.82	12.94	—
Reserves	21996.20	—	—	26532.00	13843.05	—	0.03
Total Assets	32173.28	29857.18	40407.51	42590.61	103098.97	17.94	51211.62
Total Liabilities	10000.00	26677.38	36167.51	11.86	42314.10	—	51206.59
Details of Investments (Except Investment in subsidiaries)	4806.67	—	—	—	—	—	—
Turnover	150.00	3211.01	4838.27	—	179.41	—	—
Profit before taxation	(421.85)	(886.79)	(1130.69)	(68.69)	168.08	(7.20)	0.28
Provision for Taxation	89.58	—	—	0.52	63.03	—	—
Profit after taxation	(511.43)	(886.79)	(1130.69)	(69.21)	105.05	(7.20)	0.28
Proposed Dividend	—	—	—	—	—	—	—

For and on behalf of the Board

Place : Hyderabad
Date : 22nd August, 2011

T. INDIRA REDDY
Chairperson

T. V. SANDEEP KUMAR REDDY
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion And Analysis Of Financial Condition And Results Of Operations

FORWARD LOOKING STATEMENTS

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operation of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities' laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward – looking statements on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include cost of fuel, levies by regulatory authority, changes in Government regulations, tax laws, economic developments within the country and such other factors.

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The management of Gayatri Projects Limited accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. These estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profits for the year.

INDUSTRY OVERVIEW

Indian economy has undergone fundamental changes over the last decade. Over the last few years, the Indian economy has been in a phase of unparalleled growth of about 8-10% per year, making it one of the fastest growing economies in the world. Sustaining this rate of growth will need huge investments in physical infrastructure such as roads, water, power and urban sectors. Growth in investor interest is driven by strong economic growth, rising foreign exchange reserves, quality and cost competitiveness and encouraging Government policy-making. The strong level of economic growth achieved in India in recent years has led to an expansion of industry, commerce and per-capita income. This in turn has fuelled demand for infrastructure services including energy, transportation, telecom, water supply and other urban infrastructure.

The investment in infrastructure in India has increased from 4.9% of the gross domestic product (GDP) in 2002-03 to 7.18% in 2008-09. It is expected to increase to 8.37% in the final year of the 11th Plan and likely to touch 10% of GDP in the 12th Five Year Plan (2012-2017). With the increasing investment, the share of private sector in the total investment on infrastructure has increased rapidly. The contribution of private sector in total infrastructure investment in each of the first two years of 11th Plan (2007-2012) was around 34%. This is higher than the 11th Plan target of 30%, and 25% achieved in 10th Plan period. It is expected to rise to 36% by end of 11th Plan and 50% during the 12th Plan (2012-2017).

The Government initiatives including opening up a number of infrastructure sectors to private players, promoting investment in the sector by private players by permitting FDI, huge spending on projects like the National Highway Development Project, National Maritime Development Programme etc., have opened up huge opportunities for investors, builders and contractors.

The Indian construction sector is an integral part of the economy and a conduit for a substantial part of India's development investment. The sector plays a pivotal role in developing the country's infrastructure, a pre-requisite for high levels of economic growth and an area of focus for the GoI. Construction sector accounts for nearly 45% of the total investment in infrastructure and is expected to be the prime beneficiary of the surge in infrastructure investment in the near to medium term. The importance that the GoI places on bridging the country's acute infrastructure deficit is evident from the two fold increase in the planned outlay for the infrastructure sector in the XIIth five year plan.

The construction sector is the second largest employer in India after agriculture. Currently, the construction industry in India, directly or indirectly, employs approximately 32.0 million workers and also accounts for 40.0% of gross investment and 60.0% of infrastructure costs. The construction sector accounts for a gross annual business volume of Rs.2,300 billion and accounts for 5.0% of India GDP.

The construction industry is one of the biggest contributors to India's GDP, accounting for almost 8 per cent. According to the Reserve Bank of India, between 2005-06 and 2009-10, the construction industry's turnover grew at an average rate of 9-12 per cent. The construction industry is also the second largest employer after agriculture, employing a total of about 33 million people. In addition to providing employment, the sector creates significant opportunities in ancillary industries such as construction equipment and materials.

The biggest driver for construction is the infrastructure sector. Investments in the Twelfth Plan are expected to be roughly double the investments in the Eleventh Plan. For the Twelfth Plan, the estimated investment in infrastructure is expected to increase to Rs. 40,992.4 billion. This huge investment in infrastructure, coupled with recovery in the residential segment of the real estate market, is expected to drive the construction industry in the period between 2011 and 2017.

The construction industry is divided into four segments – residential construction, commercial construction, industrial construction and infrastructure construction. Of these segments, infrastructure construction accounts for the maximum share at about 54 percent.

While industrial construction accounts for 36 per cent of the share, residential and commercial construction accounts for about 5 per cent each. The total turnover of the construction industry in 2009-10 was about Rs 4.4 trillion.

Within infrastructure, the highest actual investment has been witnessed in the power and road sectors, accounting for almost 48 per cent. Most infrastructure sectors saw the award of projects at a much faster pace in 2009-10 compared to the previous year. For instance, the power sector witnessed its best ever performance in six decades with an aggregate capacity addition of 9,500 MW. In the road sector, a total of about 32 projects entailing an investment of Rs 300 billion were awarded during 2009-10 under the National Highways Development Programme. The port sector also saw the award of 13 projects amounting to a capacity of almost 65 million tonnes at an investment of Rs 27 billion through the public-private partnership (PPP) route, compared to no projects awarded in 2008-09. In urban transport, 24 projects requiring an investment of Rs 48 billion were sanctioned under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). On the aviation front, however, construction activity was subdued with no major construction contracts being awarded.

The construction sector, however, continues to face challenges from land acquisition issues, adverse political and structural changes, shortage of talent, design and constructability issues, and rising material and labour costs. Further, deficiencies in project planning, use of inappropriate procurement contracts and faulty contract management also contribute to delays in project implementation. The financial impact of delays on construction companies is worsened by the absence of an efficient arbitration mechanism.

BUDGET IMPACT

In the Union Budget 2011-12 the physical infrastructure has been accorded prime importance. An allocation of Rs 2,14,000 crores has been provided for infrastructural development in 2011-12, which is 23.3% higher than in 2010-11 and amounts to 48.5% of the gross budgetary support to Plan expenditure. To remove the funding constraints for the infrastructure sector, the disbursement target of the Government established India Infrastructure Finance Company Limited (IIFCL) will be raised by Rs 5,000 crores to Rs 25,000 crores by March 31, 2012, along with issuance of tax free bonds worth Rs 30,000 crores by various government undertakings. In addition, the FII limit for investment in corporate bonds with residual maturity of over five years issued by infrastructure companies has been raised by an additional US\$20 billion, taking the limit to US\$25 billion. In order to facilitate the funding of rural infrastructure, the corpus of the Rural Infrastructure Fund (RIDF) was raised by Rs 2,000 crores to Rs 18,000 crores for 2011-12.

An increase in the foreign institutional investment (FII) limit by US\$20 billion for investment in corporate infrastructure bonds will help mop up bond issues. Further, select government undertakings like Indian Railway Finance Corporation have been allowed to issue tax-free bonds totaling Rs 300 billion. Also, the allocation for Bharat Nirman has been increased by 20% in 2011-12. IIFCL's loan disbursement target has been set higher as well at Rs 25,000 crores for 2011-12 from an estimated Rs 20,000 crores in 2010-11. The additional tax exemption of Rs 20,000, provided in 2010-11, on investment in long-term infrastructure bonds has been extended to 2011-12. These proposals are expected to address the funding needs of the infrastructure segment, and could lead to a faster take-off of infrastructure projects.

In the union budget 2010-11, the Government of India (GoI) assigned a significant portion of the planned allocation towards the infrastructure sector. In the first half of FY11, when economic growth stood at 8.8%, construction registered a growth of 9.5%. Even in the first half, construction growth slowed down from 10.3% in Q1 FY11 to 8.8% in on account of the typical lull in the construction season.

Currently, ratio of order backlog to net sales for various construction companies is in the range of 3-5 times. Growth momentum in the order book of construction companies is expected to continue as the awarding of projects in infrastructure and industrial space progresses. Construction companies, which have a strong order book position coupled with better execution capability are likely to post robust revenue growth in the coming years.

BUDGET PROPOSALS

- ▶ Allocation of over Rs.2,14,000 crore (48.5% of the Gross Budgetary Support to total planned expenditure) made for the infrastructure sector for FY 11-12, which is 23.3% higher than 2010-11.
- ▶ For the year 2011-12, Bharat Nirman, which includes Pradhan Mantri Gram Sadak Yojna (PMGSY), Accelerated Irrigation Benefit Programme, Rajiv Gandhi Grameen Vidyutikaran Yojna, Indira Awas Yojna, National Rural Drinking Water Programme and Rural telephony have together been allocated Rs.58,000 crore, an increase of Rs.10,000 crore from 2010-11.
- ▶ Foreign Institutional Investor (FII) limit for investment in infrastructure bonds with residual maturity of five years, raised by US\$ 5 bn to US\$ 25 bn.
- ▶ FIIs allowed to invest in bonds of unlisted infrastructure Special Purpose Vehicles (SPVs) with a minimum lock in period of three years.
- ▶ Tax free bonds to the tune of Rs.30,000 crore proposed to be raised by Government Infrastructure Institutions. (i.e. Indian Railway Finance Corporation – Rs.10,000 crore, National Highway Authority of India – Rs.10,000 crore, HUDCO – Rs.5,000 crore and Ports – Rs.5,000 crore).
- ▶ Indian Infrastructure Finance Company Ltd (IIFCL) disbursement target expected to be Rs.25,000 crore in FY 12.
- ▶ Tax sops for investing Rs.20,000 crore in long-term infrastructure bonds extended by one year.

- ▶ Loan limit under priority sector lending enhanced to Rs.25 lakh from Rs.20 lakh. Provision under Rural Housing fund increased from Rs.2,000 crore to Rs.3,000 crore.

ROADS DIVISION

Overview

The company has gained vast experience in the Road sector and road division has achieved turnover of Rs.945.91 crores and major contributor of turnover (65%) during 2010-11. The road division shall continue to be major contributor in turnover and profit in near future and with an outstanding order book of Rs.2616 crores as on date.

Future Outlook

Road development provides many opportunities at both the central and state level. The Twelfth Five Year Plan targets nearly \$150 billion of investment in roads, almost double the projected expenditure of \$75 billion in the Eleventh Five Year Plan.

The National Highways Development Programme (NHDP) has been the primary driving force for road construction. As of November 2010, the National Highways Authority of India (NHAI) had completed four-laning 13,523 km of highways, while work on 9,000 km of highways is under implementation. NHAI is yet to award projects to build another 25,963 km of highways. NHAI has announced that 11,050 KM roads will be announced in the current year involving investment of Rs 70,000 crores, as per the target fixed by the Govt.

Within the NHDP, the maximum potential for construction activity lies in Phases IV, V and VI of the NHDP. Phase III onwards, more than 80 per cent of the projects under the NHDP have been bid out on a build-operate-transfer (BOT) basis. It is pertinent to note that the road ministry is also planning to develop nine mega highway projects, which if implemented, would present significant opportunities. Of these, the 558 km Kishangarh-Udaipur-Ahmedabad stretch has been awarded while the feasibility study for the 436 km Ichhapuram-Srikakulam-Visakhapatnam-Ankapalli-Rajahmundry section of National Highway (NH) – 5 in Andhra Pradesh has also been completed.

IRRIGATION DIVISION

Overview

The Irrigation division is the oldest division of the company and irrigation projects constitutes 43% of the outstanding order book. However due to slow progress of the irrigation works in Andhra Pradesh State the turnover contribution is only Rs131.84 crores (9.15%). The situation is likely to improve during the FY 2011-12 and the company is confident to improve the performance of irrigation division.

Future Outlook

Water is the prime important factor in improving agricultural economy of the country. Indian economy has predominantly remained agrarian in nature since independence as more than 70% population, living in about 6 lakh villages, are solely dependent upon agriculture and its allied activities. In the absence of proper irrigation facilities, agricultural activities were largely dependent upon the vagaries of weather and precipitation of rain fall. Government of India introduced the concept of efficient Water Resources Management System in the country. Under the system many Major and Medium Irrigation and Multipurpose projects were started. These projects were designed mainly to augment irrigation potential in the country. In these projects, the large scale water reservoirs were developed to conserve water for planned distribution and network of canals were construction to meet the requirement of irrigation needs. Major and Medium Irrigation and Multipurpose projects were constructed to meet drinking water requirements for both rural and urban areas. In addition, these projects have also helped in containing the floods havoc in a big way.

The Accelerated Irrigation Benefits Programme (AIBP) was launched during 1997 to give loan assistance to the States to help them complete some of the incomplete major/medium irrigation projects, which were in advanced stages of completion. With these considerations in view, it is suggested that the allocation to Accelerated Irrigation Benefit Programme (AIBP) during Eleventh Plan should be increased but with much more effective monitoring using remote sensing data to incentivize the Central funds flow to the States. The Andhra Pradesh State has undertaken 86 projects aiming to create an irrigation potential of 1 crore acres schedule to be completed by 2013-14. There is a large bank of projects that are scheduled to be implemented over the next five years by various States such as Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Bihar and Orissa.

POWER EPC, TRANSMISSION AND DISTRIBUTION DIVISION

Overview

Power Transmission and Distribution and Power-EPC Division are established during the year and the division has demonstrated their ability by bagging orders of Rs 416.82 crores within one year. The division is likely to get more orders in near future from the existing power projects under taken by the group companies and also outside works. The fast growing power sector will offer great opportunities to the power division in near future.

Future Outlook

The fast growing power sector, especially its generation segment, offers great scope for the construction industry. The Twelfth Five Year Plan envisages capacity additions of 100,000 MW. Of this 20,000 MW is to be hydro, 76,400 MW thermal and 3,400 nuclear. Of

the total proposed capacity, about 58,683 MW of hydro and thermal power is already under construction, with the rest is yet to be contracted out.

A key initiative was the launch of 9 to 14 ultra mega power projects (UMPPs) of 4,000 MW each at an estimated investment of Rs. 160-200 billion each. Out of Eight locations that has been identified, Four projects have been awarded – Sesan in Madhya Pradesh, Mundra in Gujarat, Krishna Patnam in Andhra Pradesh and Talaiya in Jharkhand. Bidding is under way for Sarguja in Chattisgarh and Bedabahal in Orissa.

Hydro projects also boost construction activity. Hydro projects, especially dem-based projects, require the maximum construction, involving rock blasting, tunneling, etc. Under the 50,000 MW Hydroelectric Initiative introduced in August 2003, a capacity of only 11,900 MW was added by August 2010.

Transmission capacity also needs rapid augmentation to carry additional generation capacity of 140,000 MW over the Eleventh and Twelfth Plans. By end 2017, the transmission line length would need to expand by almost 40 per cent and transformer capacity must grow by over 50 per cent.

INDUSTRIAL EPC DIVISION

Overview

The fast growth of the economy in recent years has witness all round development of industries particularly power, steel, automobile, refineries and other sectors. The fast growth of the industry has opened up numerous business opportunities to the construction companies. The EPC Division of the company has outstanding order book of Rs 1790.15 crores and contributed Rs 281.83 crores (19.56%) as turnover during the FY 2010-11.

Future Outlook

Development of adequate infrastructure to achieve/sustain high GDP growth is a priority for the GoI. Despite slippages from targets, investments in infrastructure reported a compounded annual growth rate (CAGR) of 18% over the last three years, with the spending increasing to Rs. 4.0 lakh crore in FY 2009-10 from 2.4 lakh crore in 2006-07. The strong infrastructure outlay envisaged during the XIIth Five-Year Plan is expected to drive the inflow of orders to construction companies. As Table I shows, there is a potential construction opportunity of Rs. 17.7 lakh crore during the XIIth Plan period, with the GoI seeking to raise the country's infrastructure capability significantly.

SUMMARY

With the healthy growth of the economy and the Government initiatives for development of infrastructure, the Company will benefit immensely from changing economic scenario and positive initiatives from the government for development of Indian infrastructure. The Company has an outstanding order book of Rs.8300 crores as on June 2011, which is 6 x FY11 revenue thereby providing revenue visibilities over next two-three years. The order book is likely to further improve in FY 2011-12 on account of healthy inflow of orders. The company has established Power Transmission and Distribution and Power EPC divisions to tap emerging business opportunities in the Power Sector. In view of the hardening of the interest rates the profit margins is likely shrink in the short and medium term. The company is implementing cost saving measures to minimize the effect of the increase in the financial cost.

During the year under review, the Company and its joint ventures have together bagged new orders valued around Rs.2630.32 crores

Works awarded during the FY 2010-11

- 1) Infrastructural Civil Works EPC Package (Part-I, Civil) for 2 x 660 MW (Stage-I) Thermal Power Project at Pynapuram, Nelaturpalem, Nellore District. The Order value is Rs.258.62 Crores.
- 2) Infrastructural Civil Works EPC Package (Part-II, Roads) for 2 x 660 MW (Stage-I) Thermal Power Project at Pynapuram, Nelaturpalem, Nellore District. The Order value is Rs.45.37 Crores.
- 3) Receipt, Handling at Site, Storage, Civil Works, Erection, Testing and Commissioning of Sea Water Intake System and External Coal Handling System on EPC basis for 2 x 660 MW (Stage-I) Thermal Power Project at Pynapuram, Nelaturpalem, Nellore District. The Order value is Rs.300.00 Crores.
- 4) Supply of Materials and Equipments for Sea Water Intake System and External Coal Handling System for 2 x 660 MW (Stage-I) Thermal Power Project at Pynapuram, Nelaturpalem, Nellore District. The Order value is Rs.60.00 Crores.
- 5) Civil, Road & Structural Works for NMDC-KUmarasamy Iron Ore Crushing Plant, Package – I at Donimalai, Bellary. The Order value is Rs.43.45 Crores.
- 6) Design, Manufacture, Pre-dispatch Inspection, Testing and Supply of Materials for "Construction of New 11 KV Line, LT Line on AB cable, 25 KVA 11/0.4 KV Distribution X-mer Sub-Station, Four Pole Structure, Additional 11 KV Bay with VCB, Replacement of Bare LT Line etc., for separation of Non agricultural and agricultural consumers in rural areas of MPPKWVCL, Indore (MP) – First Phase (Lot No X). The Order value is Rs.50.11 Crores.
- 7) Design, Manufacture, Pre-dispatch Inspection, Testing and Supply of Materials for "Construction of New 11 KV Line, LT Line on AB cable, 25 KVA 11/0.4 KV Distribution X-mer Sub-Station, Four Pole Structure, Additional 11 KV Bay with VCB,

Replacement of Bare LT Line etc., for separation of Non agricultural and agricultural consumers in rural areas of MPPKWCL, Indore (MP) – First Phase (Lot No V). The Order value is Rs.63.01 Crores.

- 8) Widening to 2 –laning of Longleng – Changtongya road, Mon – Tamlu – Merangkong road, Phek – Pfutsero road and Zunheboto – Chakhabama Road in the State of Nagaland is awarded to Maytas-Gayatri Joint Venture. The Order value is 1130.67 Crores. The GPL will execute 38.37% of the work.
- 9) Civil Work for NTPC Nabinagar Thermal Power Project (4 x 250 MW) for Coal Handling Plant Package. The Order value is Rs.68.10 Crores.
- 10) Construction of Roads, Drains, Laterite Brick Boundary Wall and Water Reservoir at Plant Site at Tata Steel Ltd., Kalinganagar. The Order value is Rs.44.47 Crores.
- 11) Civil & Structural Works for Additional Coal Storage & Handling System required for 2nd Phase Expansion (2x120 MW) – Units 9 & 10) of the Captive Power Plant at NALCO, Angul, Orissa State. The Order value is Rs.21.77 Crores.
- 12) Construction of 2-laning/ realignment from Km 11.500 to 130 of NH-44A in the state of Mizoram. The Order value is Rs.544.75 Crores.

RISKS AND CONCERNS

The major Risks and Concerns associated with the Construction Industry are:-

- ▶ Indian construction companies are increasingly bidding for large-size projects to enhance their credentials and their profitability. However, the strategy also exposes them to execution risks, including risks related to land acquisition, resource adequacy, and securing of environmental/regulatory clearances, which can impact their profitability and liquidity profile adversely. Construction projects have invariably faced delays in the past on account of problems over land acquisition, legal issues and regulatory bottlenecks. In several projects, these issues have led to significant delays in project execution, rendering them unviable.
- ▶ The problems associated with land acquisition and liaising with multiple authorities for the requisite approvals often causes delays in the commencement of construction activity, thereby affecting project viability.
- ▶ While the order books of construction companies have reported robust growth in the recent past, not all players have been able to scale up their resources to the extent required. Growth in the supply of skilled and semi-skilled manpower in India has not kept pace with the growth of the infrastructure sector.
- ▶ Regulatory approvals have to be obtained at every stage of an infrastructure project, right from project initiation till completion. Infrastructure projects require multiple clearances at the Centre, State and local levels, which affects project execution.
- ▶ With PPP projects in the infrastructure sector gaining momentum, many contractors are increasingly turning into project developers/concessionaires, in the process exposing themselves to the commercial risks inherent in such projects. The PPP projects are generally executed on a BOT basis which are typically characterized by long concession periods and back-loaded debt structures, and rely on project revenues to generate the expected returns. In addition to project execution risk, these projects are exposed to several other risks, including time and cost overrun risks, market risks, and funding risks.
- ▶ Construction companies require regular funding to meet their working capital and capital expenditure requirements. They also require funding to meet their equity commitments in BOT and real estate projects. The working capital intensity for the sector has increased in the recent past due to longer execution cycles on account of issues in land acquisition and lengthy approval process; delay in payments from clients; blockage of funds in the form of retention money and margin money required for availing the non-fund based limits (bank/performance guarantees). Consequently, the debt levels for the construction companies have increased over the years.

The Company has taken various measures to mitigate and overcome the above industry related risks and same is reviewed at regular intervals.

INTERNAL CONTROL SYSTEMS

The Company has an adequate system of internal control implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with all applicable resources. The Company ensures adherence to all internal control policies and procedures. A qualified and independent audit committee of the Board, comprising all independent directors of the Company, reviews the adequacy of internal controls. An Independent Chartered Accountant firm is conducting internal audit of the Head Office and work sites and reporting to Audit Committee.

FINANCIAL PERFORMANCE

Share Capital: During the year the Company has allotted 2,86,718 equity shares of Rs.10/- each at a premium of Rs.278/- on conversion of the FCCB and 5,97,521 equity shares Rs.10 each at a premium of Rs.132.52 on conversion of the warrants by the promoters. As a result the share capital has increased by Rs.88.42 Lacs and securities premium account by Rs 1588.91 Lacs.

Reserves & Surplus: The Reserves & Surplus of the Company has increased to Rs.32596.98 Lacs from Rs.26574.39 Lacs in the previous year. The increase is mainly due to the profits made during the year and share premium on allotment of equity shares at premium.

Net worth: The Company's net worth increased to Rs.33795.88 Lacs from Rs.28041.17 Lacs, primarily due to Profits made during the year and increase in share premium account.

Secured Loans: There is an increase of Rs.29891.80 lacs in the secured loans which is mainly due to Rs.10000.00 lacs enhancement in the working capital limits and the balance due to equipment and short term loans taken from the Banks to meet working capital gap. The enhanced loan funds are mainly used for the working capital purpose.

Unsecured Loans: There is a marginal increase of Rs.4230.38 lacs in the unsecured loans during the year. The increase is mainly due to raising of short term loans to meet project related and mobilization expenditure of various new projects taken by the company.

Fixed Assets: The Company's Fixed Assets (Gross Block) is increased by Rs.6982.77 Lacs in the year 2010-11 due to the 7.5 MW Wind Power unit established in Tamilnadu State and additional machinery purchased for execution of the new works awarded to the Company.

Net Current Assets : The net current assets has increased to Rs.69289.38 Lacs from Rs.61227.43 Lacs in the previous year due to increase in the volume in turnover and corresponding increase in the stock, receivables, WIP etc.

OPERATIONAL PERFORMANCE

Turnover: During the year under review the Company has achieved turnover of Rs.1440.55 crores as compared to Rs.1252.48 crores in the previous year, registering a growth of 15%. The growth in the turnover is moderate due to slow progress of the irrigation works in the Andhra Pradesh State. The management is confident to achieve better growth in the coming years due to healthy order book of Rs.8300.00 crores as on June, 2011.

Other Income: There has been an increase of Rs.143.75 lacs in the other income mainly due to the increase in the interest charge on the advances given to the sub-contractors.

Construction Cost: The construction cost consisting of work expenditure, staff cost, administrative cost and increase / decrease in WIP is marginally decreased to 86.50% as against 87.84% in the previous year. The company has introduced certain cost saving techniques at the sites due to which the construction cost is under control during the year.

Financial Charges: During the year there is increase of Rs.3018.31 Lacs in the financial charges as compared to previous year due to increase in the Fund Based Limits and increase in the interest rates.

Depreciation: Due to additions in the Fixed Assets Block, the depreciation has increased to Rs.2273.28 Lacs from Rs.2005.71 Lacs in the previous year.

Provision for Tax: The Company has provided for a sum of Rs.2934.12 Lacs as a current tax and deferred tax.

EBITDA and Net Profit: During the year the EBITDA margins registered at 13.83% as against 12.45% in previous year and the EBITDA margins are in line with the industry average. The PAT margin is marginally increased to 4.32% in the current year as compare to 4.25% in the previous year.

Dividend: The Board of Directors has recommended a Dividend of Rs.5/- per Equity share for the year 2010-11. The Dividend will be paid subject to approval of Shareholders at the ensuing Annual General Meeting.

HUMAN RESOURCES

Employees are the key to achievement of the Company's objectives and strategies. The company provides employees with a fair and equitable work environment and support from the peers to develop their capabilities, trusting them with the freedom to act and to take responsibility. The company is committed to providing an environment that is encouraging and appreciative under which the employees can work to their potential and grow professionally as well as personally. The company continuously invests in the development of its human resources through a series of employee friendly measures aimed at talent acquisition, development, motivation and retention.

The company strongly believes that its pool of capable and committed manpower, which is its core strength, is the key asset behind all achievements and success. A number of HR initiatives have been taken for the well being and continuous development of the strong talent pool. The company ensures that the organization goals, resources and programs are aligned with its people's aspirations and vice versa.

Various training initiatives were rolled out during the year which aimed at training the employees in the areas of skill up-gradation as well as specialized psychological profile support programmes for enhancing the happiness quotient of employees. The relationship with employees remained smooth and cordial through out the year under review.

Certificate on Compliance of Corporate Governance as per the Listing Agreement:

To the Members of Gayatri Projects Limited

We have examined the compliance of conditions of corporate governance by Gayatri Projects Ltd for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management of the Company. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For C.B.MOULI & ASSOCIATES

Chartered Accountants
Firm Registration No: 002140S

MANI OOMMEN

Partner
Membership No: 24046

Place : Hyderabad

Date : 22nd August, 2011

CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

A. MANDATORY REQUIREMENTS

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is grounded upon on the pillars of integrity, accountability, equity, ethical and transparent governance practices and environmental responsibility that conform fully with laws, regulations and guidelines, many of which were in place even before they were mandated by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The Company's philosophy is to achieve business excellence and maximizing shareholder value through ethical business conduct, building partnerships with all stakeholders - employees, customers, vendors, service providers, local communities and government and continues its commitment to high standards of Corporate Governance Practices.

The Corporate Governance practices followed by the Company and its subsidiaries are compatible with international standards and best practices. Through the Governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency fair play and independence in its decision making. During the year under review the Board continued its pursuit of achieving its objectives through the adoption and monitoring of corporate strategies and prudent business plans.

The company's core philosophy on the code of corporate governance is to ensure:

- ▶ Fair and transparent business practices.
- ▶ Accountability for performance.
- ▶ Compliance of applicable statute
- ▶ Transparent and timely disclosure of financial and management information.
- ▶ Effective management control and monitoring of executive performance by the Board.
- ▶ Adequate representation of professionally qualified non executive and independent Directors on Board.

The Company has adopted a code of conduct for members of the Board and senior management which articulates the values, ethics and business principles and serves as a guide to the Company, its directors and employees and an appropriate mechanism to report any concern pertaining to non-adherence to the said Code and addressing the same is also in place. The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement.

II. BOARD OF DIRECTORS

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

The Board represents an optimum mix of professionalism, knowledge and experience. The Board currently comprises of Six Directors out of which four Directors (66.66%) are Non-Executive Directors. The Company has a Non-Executive Chairman and the three Independent Directors comprise of half of the total strength of the Board. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Clause 49 of the Listing Agreement. The Company immensely benefits from the professional expertise of the independent Directors.

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees (Committees being, Audit Committee and Investors' Grievance Committee) across all the companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than fifteen public companies. The appointment of the Managing Director and whole time director, including the tenure and terms of remuneration are also approved by the members.

Table : I Key information pertaining to Directors as on 31st March, 2011

	Ms. T. Indira Reddy	Mr. T. V. Sandeep Kumar Reddy	Mr. J. Brij Mohan Reddy	Mr. G. Siva Kumar Reddy	Dr. V. L. Moorthy	Mr. CH. Hari Vittal Rao
Category	Chairperson Promoter Director	Managing Director	Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Date of appointment	08/03/1996	15/09/1989	30/03/1994	30/03/1994	04/11/2005	04/11/2005
Directorship in other Public Companies	5	12	6	1	3	2
Chairmanship in Committees of Board of other Companies	1	—	—	—	2	—
Membership in Committees of Board of other Companies	2	3	—	—	—	—
No. of Board Meetings held / attended	10/9	10/6	10/5	10/7	10/8	10/9
Attendance at the last AGM held on Sept. 27, 2010	No	Yes	No	No	Yes	Yes
No. of Shares Held as on 31/03/2011	4798816	1793922	225	225	—	—

III. BOARD MEETINGS

Our Board met 10 times in the Financial Year 2010–11 i.e on 6th Day of May 2010, 28th Day of May 2010, 17th Day of June 2010, 09th Day of August 2010, 28th Day of August 2010, 21st Day of October 2010, 29th Day of October 2010, 12th Day of November 2010, 21st Day of January 2011, 14th Day of February 2011.

The Company Secretary prepares the Agenda and Explanatory notes, in consultation with the Chairman and Managing Director for each meeting and circulates the same in advance to the Directors. A tentative annual calendar for the meetings of the Board and Audit Committee to be held in each quarter has been circulated to facilitate and assist the Directors to plan their schedules for the meetings for meaningful, informed and focused decisions. Every Director is free to suggest the inclusion of items on the agenda. The Board meets at least once in every quarter to review the quarterly results and other items on the agenda. The Board is given presentation covering industry environment, project implementation, project financing and operations of the Company. Additional meetings are held, when necessary. The draft minutes of the proceedings of the Board of Directors are circulated in advance and the comments, if any, received from the Directors are incorporated in the minutes in consultation with the Chairman. Senior executives are invited to provide additional inputs at the Board Meeting for the items being discussed by the Board of Directors, as and when necessary.

The Company has an effective post meetings follow up, review and reporting process mechanism for the decisions taken by the Board/Committees. Action taken report on decisions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the members.

The Company Secretary while preparing the agenda notes, minutes etc., of the meeting is responsible for and is required to ensure adherence to all applicable laws, rules, regulations including the Companies Act, 1956 read with rules made there under.

IV. AUDIT COMMITTEE

- a) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The Functions of Audit Committee include:

- ◆ Overseeing of the Company’s financial reporting process and disclosure of its financial Information to ensure that the financial statements are correct, sufficient and credible.
- ◆ Reviewing the adequacy of internal audit functions.
- ◆ Reviewing the quarterly and annual financial statements before submission to the Board.
- ◆ Reviewing the adequacy of internal control and their compliance thereof.
- ◆ Reviewing the Company’s financial and risk management policies.

- b) The Composition of the Audit Committee:

Mr. Ch Hari Vittal Rao – Chairman
 Dr. V. L. Moorthy – Member
 Mr. G Siva Kumar Reddy – Member

- c) Meetings and Attendance:

Four Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: 28th of May, 2010, 9th of August, 2010, 12th of November, 2010 and 14th of February, 2011. The maximum gap between any two meetings is not more than 4 months.

Table : 2

Name of the Director	No. of Audit Committee Meetings	
	Held	Attended
Mr. Ch Hari Vittal Rao – Chairman	4	4
Dr. V. L. Moorthy – Member	4	3
Mr. G. Siva Kumar Reddy – Member	4	2

The necessary quorum was present at all the meetings.

V. REMUNERATION COMMITTEE

- a) The broad terms of reference of the Remuneration Committee are as under :

- ◆ To approve the remuneration and commission / incentive remuneration payable to the Managing Director / Executive Directors for each financial year.
- ◆ To approve the remuneration and Annual Performance Bonus payable to the Chief Financial Officer and the Vice Presidents of the Company for each financial year.
- ◆ Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.

- b) The composition of the Remuneration Committee is given below :

1. Mr. G. Siva Kumar Reddy – Chairman
2. Mrs. T. Indira Reddy – Member
3. Dr. V. L. Moorthy – Member

c) **Table: 3** Attendance during the year

Name of the Director	Held	Attended
Mr. G. Siva Kumar Reddy - Chairman		
Mrs. T. Indira Reddy - Member		
Dr. V. L. Moorthy - Member		

One remuneration committee meeting was held on 22nd September, 2010.

d) The Remuneration policy of the Company is summarized as follows:

For Managing Director:

The total remuneration, subject to share holder's approval consists of

- ◆ a fixed component consisting of salary, allowances, perquisites and Fixed % of Commission on the net profits of the Company calculated in accordance with Section 349 of the Companies Act, 1956 and benefits which are in line with the Company's rules for senior managerial personnel

For Non Executive Directors

Sitting fees is paid as per the Companies Act, 1956 and the Articles of Association of the Company, for attending meetings of the Board or any committees of the Board. Directors are also reimbursed actual travel costs and incidental expenses incurred for attending such meetings or in connection with the Company's business.

e) **Table : 4** Remuneration and sitting fees paid to the Directors during 2010-2011

(Rs. In Lacs)

	Ms. T. Indira Reddy	Mr. T. V. Sandeep Kumar Reddy	Mr. J. Brij Mohan Reddy	Mr. G. Siva Kumar Reddy	Dr. V. L. Moorthy	Mr. CH. Hari Vittal Rao
Category	Chairperson Promoter Director	Managing Director	Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Relationship with directors	Yes	Yes	Yes	None	None	None
Salary	—	270.00	132.00	—	—	—
Allowances	—	15.00	—	—	—	—
Commission/Incentives	—	50.00	—	—	—	—
Other Annual Compensation	—	—	—	—	—	—
Deferred Benefits	—	—	—	—	—	—
Sitting fees	0.95	—	—	0.92	1.02	1.07

Details of the shares held by the Non Executive Directors as on March 31, 2011 are as follows:

Name	No. Shares held
Mrs. T. Indira Reddy	4798816
Mr. G. Siva Kumar Reddy	225
Dr. V. L. Moorthy	Nil
Mr. Ch Hari Vittal Rao	Nil

VI. SHAREHOLDER'S / INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE

a) A Shareholders / Investors Grievance Committee of Directors reviews the following:

- ◆ Transfer/transmission of shares / debentures
- ◆ Issue of duplicate share certificates
- ◆ Review of shares dematerialized and all other relevant matters
- ◆ Monitors expeditious redressal of investor's grievances
- ◆ Non receipt of Annual Reports and declared dividend
- ◆ All other matters related to shares/debentures

b) The Constitution of Shareholders/Investors Grievance Committee is as follows:

- Mr. Ch. Hari Vittal Rao - Chairman
 Mr. J. Brij Mohan Reddy - Member
 Mr. G. Siva Kumar Reddy - Member

Table : 5 Meetings and Attendance:

Name of the Director	No. of Shareholders /Grievance Committee Meetings	
	Held	Attended
Mr. Ch. Hari Vittal Rao – Chairman	Nil	Nil
Dr. V.L. Moorthy – Member	Nil	Nil
Mr. G. Siva Kumar Reddy – Member	Nil	Nil

a) Name and Address of Compliance Officer

CS I.V. LAKSHMI

Company Secretary & Compliance Officer
 6-3-1090, TSR Towers, Raj Bhavan Road,
 Somajiguda, Hyderabad – 500 082
 Tel: +91 40 2331 0330 Fax: +91 40 2339 8435
 E Mail: cs@gayatri.co.in.

b) **Table: 6** Details of complaints/requests received and redressed :

During the year under review, the company/ its registrars received the following complaints from share holders, which were resolved within the time frames laid down by SEBI.

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	6	6	NIL

VII. GENERAL BODY MEETINGS**A) Annual General Meeting**

- ◆ **Table: 7** Location, date and time of last three Annual General Meetings (AGMs) and Special Resolutions passed there at:

Year	Location	Date and Time	Special Resolution passed
2007-08	Surana Udyog Hall, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004	29/09/2008 4:00 PM	None
2008-09	KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004	24/09/2009 11:30AM	1. Re-appointment and Revision in Remuneration of Mr. T.V. Sandeep Kumar Reddy, Managing Director 2. Re-appointment and Revision in Remuneration of Mr. J. Brij Mohan Reddy, Executive Vice Chairman
2009-10	Surana Udyog Hall, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004	27/09/2010 3.30 PM	1. Borrowing in excess of paid up capital and free reserves. 2. Authorization to invest in Infrastructure projects, BOTs, BOOTs, TOLL Projects, Power Projects etc..

- B) Table: 8 Extra-ordinary General Meetings:** No Extra Ordinary General meeting held during the year under review.

C) Postal Ballot:

During the year 2010-2011, Pursuant to section 192A of the Companies Act, 1956 the shareholders of the Company approved the following resolutions by means of Postal Ballot. The Postal Ballots were conducted by Mr. Y. Koteswara Rao, Practicing Company Secretary who was appointed by the Board / Committee of the Company at their meeting held on 09th of August, 2010, 21st of October, 2010, 8th of December, 2010 and 21st of January, 2011 as the Scrutinizer.

Table: 9 Results of the aforesaid Postal Ballot

Item	No. of Valid Postal Ballot forms Received	No. of Invalid Postal Ballot forms Received	Votes cast in favour	Votes cast against
Result of the postal ballot notice dated 09th of August, 2010				
1. Corporate Guarantee to Gayatri Jhansi Road Ways Limited	154	6	6207685 (99.98%)	1296 (00.02%)
2. Corporate Guarantee to Gayatri Lalitpur Road Ways Limited.	150	10	6207475 (99.98%)	1326 (00.02%)
Result of the postal ballot notice dated 21st of October, 2010				
Increase in Authorised Share Capital of the Company.	92	4	6004848 (99.99%)	98 (00.01%)
Result of the postal ballot notice dated 8th of December, 2010				
1. Corporate Guarantee to Gayatri Infra Ventures limited.	38	1	7403146 (99.99%)	151(00.01%)
2. To Pledge the shares held by the company in Gayatri Infra Ventures Limited in favour of IL&FS Financial Services Limited	36	3	7403046 (99.99%)	101 (00.01%)
Result of the postal ballot notice dated 21st of January, 2011				
Reservation of equity shares for FCCB holders in the proposed Rights Issue of the company and also to approve that the above reservation will be over and above to the issue size, to the extent that the conversion option of FCCBS are not exercised till the record date.	117	2	6687627 (99.99%)	791 (0.01%)

The Resolutions were approved by the overwhelming majority of the shareholders. The results were also published in Business Standard and Andhra Prabha and intimated to the Stock Exchange.

D) Conducted the postal ballot exercise:

The Postal Ballot was conducted by Mr. Y. Koteswara Rao, Practicing Company Secretary, Hyderabad as Scrutinizer to scrutinize the Postal Ballots in a fair and transparent manner. The Scrutinizer submitted his report on the following dates as provided in the table, with the Company and based on the said report, results of Postal Ballot were declared by Managing Director on following dates as tabled below:

Date of the notice of the postal ballot	Last date for receipt of the postal ballot	Date of the Scrutinizers report	Declaration of Results by the company
09 th of August, 2010	20 th of September, 2010	20 th of September, 2010	22 nd of September, 2010
21 st of October, 2010	22 nd of November, 2010	23 rd of November, 2010	24 th of November, 2010
8 th of December, 2010	10 th of January, 2011	10 th of January, 2011	12 th of January, 2011
21 st of January, 2011	24 th of February, 2011	24 th of February, 2011	26 th of February, 2011

E) Any special resolution(s) are proposed to be conducted through postal ballot

None of the items to be transacted at the ensuing meeting is required to be passed by the Postal Ballot.

F) Procedure for Postal Ballot

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage pre-paid envelopes will be sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of despatch. The calendar of events containing the activity chart will be filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors. After the last date for receipt of ballots, the Scrutinizer, after due verification, submits the results to the Chairman. Thereafter, the Chairman declares the result of the Postal Ballot. The same will be published in the Newspapers and displayed on Website and Notice board.

VIII. Subsidiary Companies

The company has one material non listed Indian subsidiary company Viz.. M/s. Gayatri Infra Ventures Limited and the company has appointed one independent director on the Board of Directors of a material non listed Indian subsidiary company. The Audit Committee of the company regularly review the financial statements, and the investments made by the unlisted subsidiary company. The minutes of the Board meetings and a statement of all significant transaction and arrangements entered into by the unlisted subsidiary company will be placed at the Board meeting of the company.

DISCLOSURES

(i) Disclosure of material, financial and commercial transactions where management has personal interest that may have a potential conflict with the interest of the company at large

During the year 2010-11, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company. None of the Non-Executive Directors have any pecuniary material relationship or material transactions with the Company for the year ended March 31, 2011, and have given undertakings to that effect.

Details of transactions of a material nature with any of the related parties (including transactions where Directors may have a pecuniary interest) as specified in Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006, have been reported in the Notes to the Accounts and they are not in conflict with the interest of the Company at large.

Register under Section 301 of the Companies Act, 1956 is maintained and particulars of transactions are entered in the Register, wherever applicable.

Such transactions are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

(ii) Details of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

- NIL -

(iii) Disclosure relating to Whistle Blower policy and affirmation that no personnel have been denied access to the audit committee.

The Company has implemented a Whistle Blower Policy in the Company and no personnel have been denied access to the audit committee of the company.

(iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and are being reviewed from time to time.

VIII. MEANS OF COMMUNICATION

Quarterly Results, Press Releases, presentations and Publications:

Our quarterly results are generally published in widely circulated national newspapers the Business Standard, Economic Times and Nav Bharat Times and in one vernacular Language newspaper Andhra Prabha (Telugu Daily). And also the half yearly and Annual Audited Financial Results are published in the same manner.

The results are also displayed on the Company’s web site www.gayatri.co.in. Official news releases, presentations made to media are displayed are also displayed on the Company’s website.

Management Discussion and Analysis detailed report is forming part of this Annual Report.

IX. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting :

Financial Year : 2010 – 2011
 Date : 30.09.2011 Time: 4.00 PM
 Venue : Surana Udyog Hall , FAPCCI, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004

b) Financial Calendar (tentative): Financial Year April 01, 2011 to March 31, 2012

Table: 10 Calendar for Reporting

Quarter Ending	Release of Results
June 30, 2011	August 15, 2011
September 30, 2011	November 15, 2011
December 31, 2011	February 15, 2011
March 31, 2012	May 15, 2012*

**instead of publishing quarterly results, the Company may also opt to publish Audited Annual Accounts within 60 days from the end of the financial year as per Stock Exchange Guidelines.*

c) Dates of Book Closure :

The Books shall be closed from 3rd September, 2011 to 6th September, 2011 (both days inclusive).

d) Dividend Disclosure :

Announcement Dividend

The Board of Directors has proposed a dividend of 50% i.e. Rs.5/- per share for the year 31.03.2011 subject to approval of the shareholders at the Annual General Meeting.

Mode of Dividend payment and date

Final dividend shall be remitted through Electronic Clearing Service (ECS) at approved locations, wherever ECS details are available with the Company; and in all other cases, through warrants payable at par. These warrants shall be valid for a period of 180 days. Post expiry of validity period, these may be sent to the Company’s Office at 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082 for revalidation.

Date of payment: On or after 15th October, 2011, but within the statutory time limit of 30 days.

e) Listing on Stock Exchanges:

The Equity shares of the Company are continued to be listed on The Bombay Stock Exchange and Foreign Currency Convertible Bonds (FCCB’s) are listed on the Singapore Stock Exchange Limited. Further National Stock Exchange has approved the listing of our equity shares w.e.f 22nd August, 2011 Vide circular dated 18th of August, 2011.

The Company confirms that is has paid annual listing fees due to the stock exchanges for the financial year 2011-2012.

f) **Stock Code:**

(i) **Trading Symbol**

Exchange	Scrp Code	Scrp ID
Bombay Stock Exchange Limited	532767	GAYAPROJ
National Stock Exchange of India Ltd.	—	GAYAPROJ

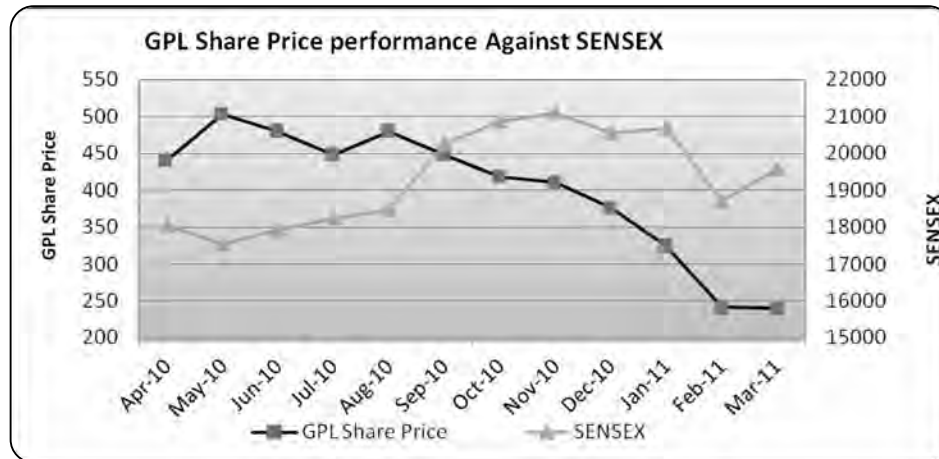
(ii) **Depository for Equity Shares** : **NSDL and CDSL**

(iii) **Demat ISIN Number** : **INE336H01015**

g) **Table: II Stock Market Price Data:**

Month	BSE SHARE PRICE		BSE SENSEX	
	High	Low	High	Low
Apr-10	440.00	383.35	18047.86	17276.80
May-10	502.60	389.00	17536.86	15960.15
Jun-10	479.70	408.00	17919.62	16318.39
Jul-10	448.65	383.05	18237.56	17395.58
Aug-10	479.75	372.10	18475.27	17819.99
Sep-10	448.45	385.10	20267.98	18027.12
Oct-10	417.40	369.95	20854.55	19768.96
Nov-10	410.00	329.00	21108.64	18954.82
Dec-10	375.80	261.30	20552.03	19074.57
Jan-11	324.00	235.00	20664.80	18038.48
Feb-11	241.05	201.30	18690.97	17295.62
Mar-11	239.70	204.50	19575.16	17792.17

h) **Stock Price Performance in comparison with BSE SENSEX**



i) **Registrar and Transfer Agents : (RTA)**

Karvy Computershare Private Limited

Unit: Gayatri Projects Limited

Plot No.,17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081

Tel: 040 – 2342 0818, 040-44655000, Fax: 040 – 2342 0814

Email: einward.ris@karvy.com

Website: www.karvycomputershare.com

j) Share Transfer System :

Transfers of shares held on dematerialized form are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with the Registrars at the above mentioned addresses. Transfers of shares in physical form are normally processed within 15 days from the date of receipt, if the documents are complete in all respects. The Directors, the Chief Financial Officer and the Company Secretary are severally empowered to approve transfers.

a. (i) Distribution of shareholding as on 31st March, 2011:

Table 12:

Category (Amount)	No. of cases	% of Cases	Total shares	Amount	% of Amount
01 – 5000	9499	95.11%	748300	7483000	6.24%
5001 – 10000	226	2.27%	181265	1812650	1.51%
10001 - 20000	120	1.20%	185239	1852390	1.55%
20001 - 30000	33	0.33%	85340	853400	0.71%
30001 - 40000	21	0.21%	77134	771340	0.64%
40001 - 50000	23	0.23%	110203	1102030	0.92%
50001 - 100000	30	0.30%	226098	2260980	1.89%
100001 & Above	36	0.36%	10375421	103754210	86.54%
Total	9988	100%	11989000	119890000	100%

(ii) Table : 13 Categories of shareholders as on 31st March, 2011:

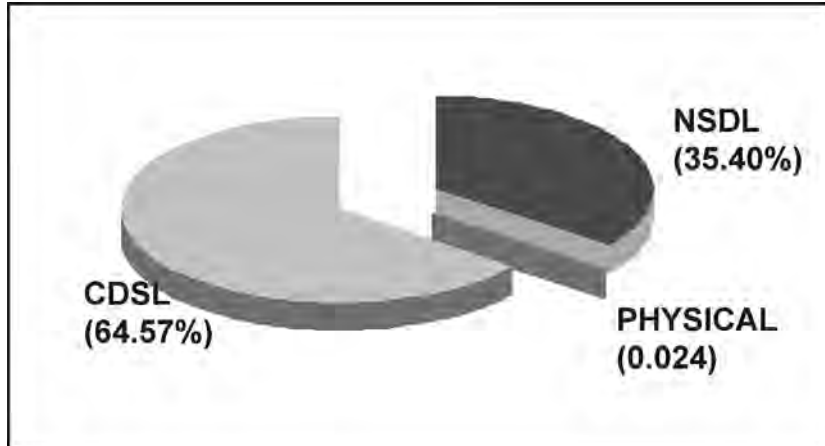
S. No	Category	No. of Cases	Total shares	% to Equity
1	Promoters & Directors	5	6593268	55.00%
2	Resident Individuals	9139	1827256	15.24%
3	Mutual Funds	2	1143133	9.54%
4	Bodies Corporates	261	1116607	9.31%
5	Indian Venture Capital	1	588351	4.91%
6	Foreign Institutional Investors	6	446593	3.73%
7	Non Resident Indians	229	135946	1.13%
8	H U F	304	121644	1.01%
9	Clearing Members	40	15977	0.13%
10	Directors and their Relatives	1	225	0.00%
	Total	9988	11989000	100.00%

k) Dematerialization of Shares and Liquidity:

As on 31st March 2011, 99.98% of the paid up equity capital of the Company has been dematerialized and the trading of Equity shares in the Stock Exchanges is under compulsory dematerialization.

Table 14: As on 31st March, 2011 the Equity shares of the Company are dematerialized as follows:

Sl. No	Category	Total No. of Shares	% To Equity
1	PHYSICAL	2915	00.02%
2	DEMATERIALIZED	11986085	99.98%
	Total	11989000	100.00%



i) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company had raised JPY 3,080,000,000 on 31st July, 2007 through Zero Coupon Convertible Bonds. The Bonds are convertible at any time on or after September 12, 2007 upto 27th July, 2012 by the holders into fully paid equity shares of Rs. 10/- each of the Company. As of 31st March, 2011, there were 271 Zero Coupon Foreign Currency Convertible bonds outstanding.

m) Listing of Debt Securities :

The Non – Convertible Debentures issued by the company are listed on Bombay Stock Exchange (BSE).

Debenture Trustee for Privately placed debentures:

IL & FS Trust Company Limited
 IL & FS Financial Centre Plot No C22 G Block Bandra
 Kurla Complex Bandra East
 Mumbai- 400051.

n) Address for Correspondence:

CS I.V. LAKSHMI

Company Secretary & Compliance Officer
 6-3-1090, T.S.R. Towers
 Raj Bhavan Road, Somajiguda, Hyderabad – 500 082
 Tel: +91 40 2331 0330 Fax: +91 40 2339 8435
 Email: cs@gayatri.co.in;

o) Unpaid / Unclaimed dividend

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by Company to the Investor Education and Protection Fund, established by the Central Government under the provisions of Section 205C of the Companies Act, 1956.

Shareholders of the Company who have either not received or have not encashed their dividend warrants, for the financial year 2007-08, 2008-09 and 2009-10 are requested to claim the unpaid/unclaimed dividend from the Company before transfer to the above mentioned fund.

Table: 15

Financial Year	Rate of Dividend	Date of Declaration	Unclaimed Amount(Rs.)
2005-06	15%	September 1, 2006	NIL
2006-07	20%	September 28, 2007	53310.00
2007-08	25%	September 29, 2008	31965.00
2008-09	40%	September 24, 2009	46176.00
2009-10	50%	September 27, 2010	97327.00

Separate letters have been sent to the Shareholders who are yet to encash the Dividend indicating that Dividend yet to be encashed by the concerned shareholder and that the amount remaining unpaid will be transferred as per the above dates. Members are requested to utilize this opportunity and get in touch with Company's Registrar and Share Transfer Agent, M/s Karvy Computershare Pvt. Limited, Hyderabad for encashing the unclaimed Dividend standing to the credit of their account.

After completion of seven years as per the above table, no claims shall lie against the said Fund or against the Company for the amounts of Dividend so transferred nor shall any payment be made in respect of such claims.

P) Code of Conduct

The company has laid down a code of conduct for all Board members and senior management personnel. The Code of Conduct is available on the website of the company www.gayatri.co.in.

Q) Listing with other Stock Exchanges

Company has filed Listing application with the National Stock exchange for admission of 11989000 equity shares of Rs.10/- each. National Stock Exchange has approved the listing of our equity shares w.e.f 22nd August, 2011 Vide circular dated 18th of August, 2011.

B. COMPLIANCE REPORT ON NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

1. The Board – Chairperson's Office

The Chairperson of Gayatri is a Non-Executive Promoter Director and is not maintaining any office and has not incurred any expenses during the year. Some of our independent directors have not completed a tenure exceeding a period of nine years on the Board of Directors of the Company.

2. Remuneration Committee

The Board of Directors constituted a Remuneration Committee, which is entirely composed of Non-Executive directors. The Committee also discharges the duties and responsibilities as described under non-mandatory requirements of Clause 49. The details of the Remuneration Committee and its powers have been discussed in this section of the Annual Report.

3. Shareholders rights

We display our quarterly and half yearly results on our web site, www.gayatri.co.in and also publish our results in widely circulated newspapers. We did not send half yearly results to each household of the shareholders in the financial year 2010-11.

4. Audit Qualifications

The Auditors have qualified about the non provision of the IJM Gayatri Joint venture in their report and management has clarified that in view of the various claims pending with the departments for their contractual failures the losses are not considered in the JV books. The claims which are primarily attributed to such employer failures are expected to award in favor of the joint venture in near future. The management is of the firm opinion that the excess expenditure is expected to flow back through future cash flows on settlement of the claims by the employer. In the unlikely situation of not awarding the entire amount of claims, GPL has to provide an amount of Rs 53.78 crores towards its share of 40% in the IJM-Gayatri Joint Venture.

2. Whistle Blower Policy

The details of the Ombudsmen process and its functions have been discussed earlier in this section.

3. Secretarial Audit

As stipulated by SEBI, a qualified Practising Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

CEO / CFO CERTIFICATION

To

The Board of Directors

GAYATRI PROJECTS LIMITED

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of GAYATRI PROJECTS LIMITED ("the Company"), to the best of our knowledge and belief certify that:

- a) We have reviewed financial statements and the cash flow statement for the year and that 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 the applicable 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 violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of 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 have indicated to the Auditors and the Audit Committee:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- e) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

T.V. SANDEEP KUMAR REDDY

Managing Director

P. SREEDHAR BABU

Chief Financial Officer

Place: Hyderabad

Date: 22nd August, 2011

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

**To
The Members of Gayatri Projects Limited**

As required under Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management and the same has been placed on the Company's website. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended 31st March, 2011.

For GAYATRI PROJECTS LIMITED

Place: Hyderabad
Date: 22nd August, 2011

T.V. SANDEEP KUMAR REDDY
Managing Director

AUDITORS' REPORT

To

The Members of **GAYATRI PROJECTS LIMITED**

1. We have audited the attached Balance Sheet of **GAYATRI PROJECTS LIMITED**, as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. 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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Profit and Loss Account 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the Directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes to accounts *Subject to Note No.8(a) of II of Schedule 19 regarding non provision for the losses incurred by Joint Venture* give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2011;
 - ii) in the case of the Profit and Loss Account, of the Profit 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 C.B.MOULI & ASSOCIATES

Chartered Accountants

Firm Registration No: 002140S

Place: Hyderabad

Date : 22nd August, 2011

MANI OOMMEN

Partner

Membership No: 24046

ANNEXURE TO THE AUDITORS' REPORT OF M/s GAYATRI PROJECTS LIMITED FOR THE YEAR ENDED 31st MARCH, 2011.

(Referred to in paragraph 3 of our report of even date)

- i. In respect of its Fixed Assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. According to the information and explanations given to us, physical verification of the fixed assets was carried out by the management in a phased periodical manner during the year under report, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No major material discrepancies were noticed on such verification.
 - c. In our opinion, the Company has not disposed off substantial part of its fixed assets during the year under report and the going concern status of the Company is not affected.
- ii. In respect of its inventories:
 - a. According to the information and explanations given to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of 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 has maintained proper records of its inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii. In respect of the Loans Secured or Unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956:
 - a. The Company has given unsecured loan to a party covered in the register maintained under section 301 of the Companies Act, 1956. At the year end the balance of loan granted to such party was Rs. 5773.10 Lacs and the maximum balance outstanding during the year was Rs. 5773.10 Lacs.
 - b. In our opinion and according to the information and explanations given to us, the terms and conditions of such loans given by the Company, are not *prima facie* prejudicial to the interests of the Company.
 - c. The principal amounts are repayable on demand and there is no repayment schedule and therefore there are no overdue amounts.
 - d. The Company has not taken any loans secured or unsecured, from companies, firms, other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of sub-clauses (f) and (g) of clause 4(iii) of the Order are not applicable to the Company
- 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 for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- v. In respect of the Contracts or arrangements referred to in sec 301 of the Companies Act, 1956;
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under section 301 of the companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of Rs. 5 lacs in respect of each party during the year have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

- vi. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under. Therefore the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. The Central Government has not prescribed maintenance of cost records under section 209(I)(d) of the Companies Act, 1956 for the Company. Hence clause (viii) of paragraph 4 of the Order is not applicable.
- ix. In respect of Statutory dues:
 - a. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor education and protection fund, Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess with the appropriate authorities during the year.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March, 2011 pending for a period of more than six months from the date they became payable.
 - c. According to the information and explanation given to us, there are no dues of Sales tax, Income Tax, Wealth Tax, Service Tax, Customs Duty and Cess which have not been deposited as on March 31, 2011 on account of any dispute, except the following:

Sl. No.	Name of the Statute	Name of the Due	Forum where Dispute is pending	Amount Rs. In Lacs
1	Mines and Minerals (Development and Regulation) Act, 1957	Department of Mines and Geology	Appeal Pending from Supreme Court	1043.51
2	Central Sales Tax Act, 1956 and Sales Tax Acts of Various States	Sales Tax/Vat	Appeal pending from various states	27.47
3	Central Excise Act, 1944	Service Tax	Appeal pending from various states	476.14

- x. The Company does not have accumulated losses at end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institutions and banks as at the Balance sheet date.
- xii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence clause (xii) of paragraph 4 of the Order is not applicable.
- xiii. In our opinion, the Company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- xiv. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the clause (xiv) of paragraph 4 of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from Banks or Financial Institutions are not prima-facie prejudicial to the interests of the Company.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the company were, prima facie, applied during the year for the purpose for which the loans were obtained.

- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company as at March 31, 2011, we are of the opinion that short term funds have not been used for long term investment.
- xviii. The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year. According to information and explanations given to us, we are of the opinion that the price at which shares have been issued is not prejudicial to the interests of the Company.
- xix. According to the information and explanations given to us and examined by us, security has been created in respect of debentures issued during the year.
- xx. The Company has not raised any money by way of public issue during the year and hence clause (xx) of paragraph 4 of the Order is not applicable.
- xxi. In our opinion and according to the information and explanations given to us and on our examination of books and records, no fraud on or by the Company has been noticed or reported during the year.

For C.B.MOULI & ASSOCIATES

Chartered Accountants
Firm Registration No: 002140S

Place: Hyderabad
Date : 22nd August, 2011

MANI OOMMEN
Partner
Membership No: 24046

BALANCE SHEET AS AT 31st MARCH, 2011

(Rs. In lacs)

PARTICULARS	SCH NO	AS AT	
		31st MARCH 2011	AS AT 31st MARCH 2010
SOURCE OF FUNDS			
Share Holders Funds			
Share Capital	1	1,198.90	1,110.48
Equity Warrants		—	356.30
Reserves and Surplus	2	32,596.98	26,574.39
			28,041.17
Loan Funds			
Secured Loans	3	65,895.35	36,003.55
Unsecured Loans	4	29,083.44	24,853.06
			60,856.61
Deferred Tax Liability		2,088.00	1,777.86
TOTAL		130,862.67	90,675.64
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	37,012.37	30,029.60
Less: Depreciation		15,083.24	13,415.18
		21,929.13	16,614.42
Investments			
	6	39,644.16	12,833.79
Current Assets, Loans and Advances			
Inventories	7	6,425.46	6,933.21
Sundry Debtors	8	32,847.03	31,490.65
Cash and Bank Balances	9	17,120.29	20,523.47
Loans and Advances	10	59,802.09	40,433.64
		116,194.87	99,380.97
Less: Current Liabilities and Provisions	11		
Liabilities		45,916.28	37,386.10
Provisions		989.21	767.44
		46,905.49	38,153.54
Net Current Assets		69,289.38	61,227.43
TOTAL		130,862.67	90,675.64
Accounting Policies and Notes on Accounts	19		

Schedules referred to above form an integral part of the accounts

As per our report of even date attached
For **C.B.MOULI & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board

T. INDIRA REDDY
Chairperson

T.V.SANDEEP KUMAR REDDY
Managing Director

MANI OOMMEN
Partner

PSREEDHAR BABU
Chief Financial Officer

I.V.LAKSHMI
Company Secretary

Place : Hyderabad.

Date : 22nd August 2011

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31st MARCH 2011

(Rs.in Lacs)

PARTICULARS	SCH NO	YEAR ENDED 31st MARCH 2011	YEAR ENDED 31st MARCH 2010
INCOME			
Income from Operations	12	144,055.10	125,248.56
Other Income	13	564.23	420.48
TOTAL		<u>144,619.33</u>	<u>125,669.04</u>
EXPENDITURE			
Work Expenditure	14	119,649.50	105,322.33
(Increase) / Decrease in WIP	15	(885.09)	(188.90)
Employee's Remuneration & Benefits	16	3,527.26	2,804.39
Administrative Expenses	17	2,316.32	2,081.10
Interest and Financial Charges	18	8,562.52	5,544.21
Depreciation	5	2,273.28	2,005.71
TOTAL		<u>135,443.79</u>	<u>117,568.84</u>
Profit before Tax		9,175.54	8,100.20
Provision for Taxation - Current Tax		2,623.98	2,845.85
- Deferred Tax		<u>310.14</u>	<u>(80.41)</u>
Profit after Tax and before prior period adjustments		6,241.42	5,334.76
Less : Prior Period Adjustments (Refer Note No.24 of II of Sch.19)		1,241.41	425.74
Profit after prior period adjustments		5,000.01	4,909.02
Balance in Profit and Loss account brought forward		<u>13,869.88</u>	<u>10,310.46</u>
Balance available for appropriation		18,869.89	15,219.48
APPROPRIATIONS :			
Interim Dividend			277.62
Final Dividend		606.63	277.62
Dividend tax		103.10	94.36
Transfer to Debenture Redemption Reserve		1,300.00	-
Transfer to General Reserve		<u>800.00</u>	<u>700.00</u>
Balance carried to Balance sheet		<u>16,060.16</u>	<u>13,869.88</u>
Earning per share of Face value of Rs.10/- each			
Basic (Rs.)		43.10	46.02
Diluted (Rs.)		33.99	36.67
Accounting Policies and Notes on Accounts 19			

Schedules referred to above form an integral part of the accounts

As per our report of even date attached
For C.B.MOULI & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

T. INDIRA REDDY
Chairperson

T.V.SANDEEP KUMAR REDDY
Managing Director

MANI OOMMEN
Partner

PSREEDHAR BABU
Chief Financial Officer

I.V.LAKSHMI
Company Secretary

Place : Hyderabad.
Date : 22nd August 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

(Rs.in Lacs)

PARTICULARS	YEAR ENDED 31st MARCH 2011	YEAR ENDED 31st MARCH 2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and Extra Ordinary items	9,175.54	8,100.20
Adjustments for:		
Depreciation	2,273.28	2,005.71
Loss on sale of fixed assets	2.25	0.77
Interest	8,562.52	5,544.21
Operating Profit before Working Capital changes	20,013.59	15,650.89
Adjustments for:		
Trade and other receivables	(20,724.83)	(22,241.06)
Change in Inventories	507.75	(889.73)
Trade payables	7,709.02	5,355.42
Cash generated from operations	7,505.53	(2,124.48)
Direct taxes paid	(2,623.98)	(2,489.17)
Cash flow before prior period adjustments	4,881.55	(4,613.65)
Prior period adjustments	(1,241.41)	(425.74)
Net cash flow from operating activities	3,640.14	(5,039.39)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of Fixed Assets	(8,152.79)	(2,555.04)
Sale of Fixed Assets	562.55	1.00
Investment in Subsidiaries / Associates	(26,810.37)	-
Net Cash used in Investing Activities	(34,400.61)	(2,554.04)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(8,562.52)	(5,544.21)
Proceeds from Issue of Equity Shares	638.69	2,206.30
Proceeds from Issue of Debentures	5200.00	-
Net Proceeds from Secured borrowing	24,691.80	11,204.48
Net Proceeds from Unsecured borrowing	5,056.12	13,576.18
Dividend and Dividend tax paid	333.20	797.68
Net Cash from Financing activities	27,357.29	22,240.43
Net increase in Cash and Cash Equivalents (A+B+C)	(3,403.18)	14,647.00
Cash & Cash Equivalents as at 1st April (Opening Balance)	20,523.47	5,876.47
Cash & Cash Equivalents as at 31st March (Closing Balance)	17,120.29	20,523.47

Note:

- 1 Cash and Cash Equivalents consist of Cash on hand and balances with Banks that includes Margin Money Deposits for Bank Guarantees of Rs.6986.30 Lacs (Previous Year Rs.4533.66 Lacs)
- 2 The Cash flow statement is prepared in accordance with the indirect method stated in Accounting Standard 3 issued by ICAI on Cash flow statements and presents Cash flows by Operating, Investing and Financing activities.
- 3 Figures in brackets represent cash outflows.
- 4 Notes on Accounts stated in Schedule 19 form an integral part of the Cash flow statement.

**As per our report of even date attached
For C.B.MOULI & ASSOCIATES
Chartered Accountants**

For and on behalf of the Board

T. INDIRA REDDY
Chairperson

T.V.SANDEEP KUMAR REDDY
Managing Director

MANI OOMMEN
Partner

PSREEDHAR BABU
Chief Financial Officer

I.V.LAKSHMI
Company Secretary

Place : Hyderabad.
Date : 22nd August 2011

SCHEDULES FORMING PART OF BALANCE SHEET

(Rs.in Lacs)

PARTICULARS	AS AT 31st MARCH 2011	AS AT 31st MARCH 2010
SCHEDULE NO : 1 :		
SHARE CAPITAL		
Authorised Share Capital :		
400,00,000 (Prev.Year 150,00,000) Equity Shares of Rs 10/- each	4,000.00	1,500.00
	<u>4,000.00</u>	<u>1,500.00</u>
Issued, Subscribed and paid-up capital :		
119,89,000 (Prev.Year 111,04,761) Equity Shares of Rs.10/- each, fully paid-up	1,198.90	1,110.48
a) 50,00,000 shares of Rs.10/- each fully paid		
b) 40,00,000 shares of Rs.10/- each fully paid bonus shares in the ratio of 5:4 were allotted by capitalization of General Reserve		
c) 10,00,000 shares of Rs.10/- each fully paid shares were allotted to public at a premium of Rs.285/- through Initial Public Offer.		
d) 1,04,761 shares of Rs.10/- each fully paid shares were allotted by way of conversion of FCCB at a premium of Rs.368.3453		
e) 10,00,000 shares of Rs.10/- each fully paid shares were allotted at premium of Rs.175/- through Preferential allotment		
f) 286,718 shares of Rs.10/- each fully paid shares were allotted by way of conversion of FCCB at a premium of Rs.278/-		
g) 597,521 shares of Rs.10/- each fully paid shares were allotted by way of conversion of Promoters Warrants at a premium of Rs.132.52		
	<u>1,198.90</u>	<u>1,110.48</u>
SCHEDULE NO : 2		
RESERVES AND SURPLUS		
Capital Reserve		
At the Commencement of the Year	—	—
Add : Forfeiture of Equity Warrants	143.40	—
	<u>143.40</u>	<u>—</u>
Securities Premium Account		
At the Commencement of the Year	5,904.51	4,154.51
Add : Additions for the year on		
- Conversion of Equity Warrants	791.84	—
- Conversion of FCCB	797.07	—
- Preferential Allotment	—	1,750.00
	<u>7,493.42</u>	<u>5,904.51</u>
Debenture Redemption Reserve		
At the Commencement of the Year	—	—
Add : Transfer from Profit & Loss a/c.	1,300.00	—
	<u>1,300.00</u>	<u>—</u>
General Reserve		
At the Commencement of the Year	6,800.00	6,100.00
Add : Transfer from Profit and Loss A/c.	800.00	700.00
	<u>7,600.00</u>	<u>6,800.00</u>
Balance in Profit and Loss Account	<u>16,060.16</u>	<u>13,869.88</u>
	<u>32,596.98</u>	<u>26,574.39</u>
SCHEDULE NO : 3		
SECURED LOANS		
I] 11.50%, Redeemable Non-convertible Debentures (Refer Note 3(a) of II of Sch.19)	5,200.00	—
II] From Banks		
A) Term Loans		
i) Equipment Loans (Refer Note 3(b) of II of Sch.19)	3,658.93	2,765.47
ii) Vehicle Loans (Refer Note 3(b) of II of Sch.19)	12.83	37.70
iii) Other Loans (Refer Note 3(b) of II of Sch.19)	10,107.38	6,549.93
B] Working Capital Loans (Refer Note 3(c) of II of Sch.19)	40,278.12	25,944.31
III] From Others		
Equipment And Vehicle Loans (Refer Note 3 (d) of II of Sch.19)	6,638.09	706.14
	<u>65,895.35</u>	<u>36,003.55</u>
SCHEDULE NO : 4		
UNSECURED LOANS		
Short Term Loans from Banks	20,132.31	15,076.18
[Against Personal Guarantees of the Promoter Directors]		
Foreign Currency Convertible Bonds (FCCB) (Refer Note 3 (e) of II of Sch.19)	8,951.13	9,776.88
	<u>29,083.44</u>	<u>24,853.06</u>

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE NO : 5

FIXED ASSETS

(Rs.in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01/04/2010	Additions during the year	Deletions during the year	As at 31/03/2011	For the year	On deletion for the year	Up to 31/03/2011	As on 31/03/2011	As on 31/03/2010
Land	11.73	4.04	—	15.77	—	—	—	15.77	11.73
Plant & Machinery	18,262.80	1,961.90	742.38	19,482.32	937.78	271.28	6,029.75	13,452.57	12,899.55
Earth Moving Machinery	10,063.47	1,850.11	340.37	11,573.21	1,152.02	252.07	8,090.30	3,482.91	2,873.12
Wind Power Equipment	—	3,745.73	—	3,745.73	4.47	—	4.47	3,741.26	—
Furniture & Fixtures	294.14	15.79	—	309.93	19.29	—	153.14	156.79	160.29
Vehicles	1,321.45	575.22	11.26	1,885.41	159.72	5.86	805.58	1,079.83	669.73
Office Sheds	76.01	—	76.01	—	—	76.01	—	—	—
TOTAL :	30,029.60	8,152.79	1,170.02	37,012.37	2,273.28	605.22	15,083.24	21,929.13	16,614.42
Previous Year	27,478.52	2,555.04	3.96	30,029.60	2,005.71	2.19	13,415.18	16,614.42	16,066.86

SCHEDULES FORMING PART OF BALANCE SHEET

(Rs.in Lacs)

PARTICULARS	AS AT		AS AT	
	31st MARCH 2011		31st MARCH 2010	
	Nos.	Rs.in Lacs	Nos.	Rs.in Lacs
SCHEDULE NO : 6				
INVESTMENTS				
(Refer Note 4 of II of Sch.19)				
Shares in Companies :				
A) Trade Investments				
<i>Long Term - Unquoted Shares - Subsidiary Companies</i>				
Equity shares of Rs.10/- each, fully paid, in Gayatri Infra Ventures Ltd (GIVL)	1250000	12,532.38	1250000	12,532.38
Equity shares of Rs.10/- each, fully paid, in Gayatri Energy Ventures Pvt.Ltd.	2730000	26,805.00	50000	5.00
Equity shares of Rs.10/- each, fully paid, in HKR Roadways Ltd.	37000	3.70	—	—
Equity shares of Rs.10/- each, fully paid in Bhandara Thermal Power Corporation Ltd. (formerly Gayatri Thermal Power Corporation Ltd.)	25500	2.55	24500	2.45
<i>Long Term-Unquoted Shares-Associate Companies</i>				
Equity shares of Rs.10/- each, fully paid in Balaji Highways Holdings Pvt. Ltd	49000	4.90	—	—
Equity shares of Rs.10/- each, fully paid in Indore Dewas Tollways Ltd	16660	1.67	—	—
B) Other Investments				
<i>Long Term - Quoted Shares</i>				
Equity Shares of Rs10/- each fully paid in Gayatri Sugars Ltd	2931000	293.10	2931000	293.10
Equity Shares of Rs10/- each fully paid in Syndicate Bank Ltd	1728	0.86	1728	0.86
		39,644.16		12,833.79
Aggregate amount of Quoted Investments		293.96		293.96
Aggregate amount of Unquoted Investments		39,343.63		12,539.83
Aggregate Market value of Quoted Investments		89.74		125.47
Note : As on balance sheet date:				
- Of these, 12,00,000 Equity shares of Gayatri Infra Ventures Limited have been pledged to IL & FS for the term loan availed by Gayatri Infra Ventures Limited				
- Of these, 50,000 Equity shares of Gayatri Energy Ventures Pvt. Ltd. have been pledged to PTC for the loan availed by Thermal Powertech Corporation India Limited.				
- Of these, 36995 Equity shares of HKR Roadways Limited have been pledged to ITCL for the loan availed by HKR Roadways Limited				
- Of these, 16660 Equity shares of Indore Dewas Tollways Limited have been pledged to SBI Capital Security Trustee Company Limited for the Loan availed by Indore Dewas Tollways Limited.				
- Of these, 628370 Equity shares of Gayatri Sugars Limited have been pledged to Yes Bank Limited for the loan availed by Gayatri Sugars Limited				
SCHEDULE NO : 7				
INVENTORIES				
- Construction Materials, stocks and spares at cost		3,138.32		4,531.16
- Closing Work-in-progress		3,287.14		2,402.05
		6,425.46		6,933.21
SCHEDULE NO : 8				
SUNDRY DEBTORS (Unsecured)				
Over Six Months Considered Good		1,933.80		1,869.71
Others, Considered Good #		30,913.23		29,620.94
		32,847.03		31,490.65

includes Rs.2,228.50 lacs (Prev.Year Rs.2,225.12 Lacs) receivable from Subsidiaries

SCHEDULES FORMING PART OF BALANCE SHEET

(Rs.in Lacs)

PARTICULARS	AS AT 31st MARCH 2011	AS AT 31st MARCH 2010
SCHEDULE NO : 9		
CASH AND BANK BALANCES		
Cash on Hand	86.86	141.15
Bank Balances:		
In Current Accounts With Scheduled Banks	7,864.84	13,819.33
In Deposit Accounts With Scheduled Banks		
Margin Money (Bank Guarantees/LCs)	6,986.30	4,533.66
Fixed Deposits	1,976.72	1,836.11
Interest Accrued on Deposits	205.57	193.22
	<u>17,120.29</u>	<u>20,523.47</u>
SCHEDULE NO : 10		
LOANS AND ADVANCES		
(Unsecured considered good)		
Advances to Associates	5,773.10	5,773.10
Advances to Suppliers, Sub-contractors and Others	33,722.28	28,353.09
Advances receivable in cash or kind or value to be received	156.24	130.91
Share Application Money in Subsidiaries	7,474.20	6,160.84
Deposits with Govt. Agencies and Others	12,676.27	15.70
	<u>59,802.09</u>	<u>40,433.64</u>
SCHEDULE NO : 11		
CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities		
Sundry Creditors		
- Due to micro, small and medium enterprises	—	—
- Others	18,102.16	15,007.52
Advances received from Contractee		
- Subsidiaries	1,393.81	2,319.48
- Others	25,328.97	19,150.50
Unpaid Dividend	2.29	1.52
Due to Directors	168.06	45.91
Other liabilities	824.33	861.17
Interest accrued but not due	96.66	—
	<u>45,916.28</u>	<u>37,386.10</u>
b) Provisions		
Taxation	101.88	316.34
Dividend	599.45	277.62
Employee Benefits	287.88	173.48
	<u>989.21</u>	<u>767.44</u>
	<u>46,905.49</u>	<u>38,153.54</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Rs.in Lacs)

PARTICULARS	YEAR ENDED 31st MARCH 2011	YEAR ENDED 31st MARCH 2010
SCHEDULE NO : 12		
INCOME FROM OPERATIONS		
Gross Contract Receipts	143,920.57	125,248.56
Share of Profit from Joint Ventures	134.53	—
	<u>144,055.10</u>	<u>125,248.56</u>
SCHEDULE NO : 13		
OTHER INCOME		
Interest Income	543.25	376.24
Miscellaneous Income	20.98	44.24
	<u>564.23</u>	<u>420.48</u>
SCHEDULE NO : 14		
WORK EXPENDITURE		
Steel	4,590.90	5,907.67
Cement	2,692.72	3,133.80
Bitumen	10,412.87	11,815.15
Metal	4,673.84	4,754.63
Sand & Gravel	1,886.83	1,629.02
HSD Oils and Lubricants	5,332.84	6,975.50
Stores and Consumables	595.73	338.71
Other Materials	1,188.27	989.14
Departmental Recoveries	1,833.46	1,238.27
Work executed by sub contractors	43,204.47	28,083.49
Earth Work	14,260.11	12,987.38
Concrete Work	8,510.79	8,561.80
Transport Charges	1,172.62	1,843.31
Hire Charges	1,231.63	1,519.44
Road work	7,289.49	6,072.14
Repairs and Maintenance	1,881.45	2,013.82
Works Contract Tax / VAT / Service Tax	3,497.44	2,201.32
Royalties, Seigniorage and Cess	1,067.99	1,956.60
Insurance	230.76	234.71
Other Work Expenditure	4,095.29	3,066.43
	<u>119,649.50</u>	<u>105,322.33</u>
SCHEDULE NO : 15		
INCREASE/DECREASE IN W.I.P.		
Opening Work in Progress	2,402.05	2,213.15
Less : Closing Work in Progress	3,287.14	2,402.05
	<u>(885.09)</u>	<u>(188.90)</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Rs.in Lacs)

PARTICULARS	YEAR ENDED 31st MARCH 2011	YEAR ENDED 31st MARCH 2010
SCHEDULE NO : 16		
EMPLOYEE'S REMUNERATION & BENEFITS		
Salaries	2,554.02	2,095.47
Contribution to Provident Fund	46.23	31.51
Other Employee Benefits	460.01	357.91
Directors' Remuneration & Perquisites	467.00	319.50
	3,527.26	2,804.39
SCHEDULE NO : 17		
ADMINISTRATIVE EXPENSES		
Printing and Stationery	69.82	78.31
Telephones	95.67	95.80
Traveling and Conveyance	342.32	276.29
Advertisement Expenses	36.10	59.51
General Expenses	118.98	99.67
Consultancy Fee	483.65	489.32
Donations	324.08	248.06
Rent	308.52	238.26
Power and fuel	109.13	90.25
Rates and Taxes	99.99	198.73
Tender Expenses	66.32	30.45
Insurance	21.80	16.82
Auditors Remuneration	32.00	25.00
Other Administration Expenses	207.94	134.63
	2,316.32	2,081.10
SCHEDULE NO : 18		
INTEREST AND FINANCE CHARGES		
Interest on		
Debentures	244.08	—
Term Loans	3,762.80	1,466.15
Working Capital Loans	2,763.65	2,403.23
Mobilisation Advance	175.41	280.08
	6,945.94	4,149.46
Financial Charges		
Commission on - Bank Guarantees	1,081.52	959.10
- Letters of Credit	62.51	51.29
	1,144.03	1,010.39
Bank Charges	472.55	384.36
	8,562.52	5,544.21

SCHEDULE NO: 19
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(Forming part of accounts as at and for the year ended 31st March, 2011)

I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of financial statements

The financial statements have been prepared to comply in all respects with Accounting Standards notified under Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act, 1956. The accounts are prepared under historical cost convention and on the going concern basis, with revenue recognized, expenses accounted on their accrual and in accordance with applicable notified Accounting Standards and the accounting policies have been consistently applied by the Company.

2. Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon management best knowledge of current events and actions, actual results could differ from the estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

3. Revenue recognition

- i) Income is recognized on fixed price construction contracts in accordance with the percentage completion basis, which necessarily involve technical estimates of the percentage of completion, and costs to completion, of each contract / activity, on the basis of which profits and losses are accounted. Such estimates, made by the Company and certified to the Auditors have been relied upon by them, as these are of technical nature.
- ii) The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.
- iii) Price escalation and other claims and/or variation in the contract work are included in contract revenue only when:
 - a) Negotiations have reached at an advanced stage such that it is probable that customer will accept the claim; and
 - b) The amount that is probable will be accepted by the customer can be measured reliably.
- iv) Incentive payments, as per customer-specified performance standards, are included in contract revenue only when:
 - a) The contract is sufficiently advanced that it is probable that the specified performance standards will be met and
 - b) The amount of the incentive payment can be measured reliably.
- v) Insurance claims are accounted for on cash basis.

4. Revenue receipts on Joint Venture Contracts

- a) In work sharing Joint Venture arrangements, revenues, expenses, assets and liabilities are accounted for in the Company's books to the extent work is executed by the Company.
- b) In jointly controlled entities, the share of profits or losses is accounted as and when dividend/ share of profit or loss are declared by the entities.

5. Inventories and work in progress

Raw Materials, construction materials and stores & spares are valued at weighted average cost. Expenditure incurred during the work in progress of contracts up to the stage of completion is carried forward as work-in-progress. Cost includes direct material, work expenditure, labour cost and appropriate overheads.

6. Fixed assets and Depreciation

- i) Fixed Assets are stated at cost of acquisition, less accumulated depreciation thereon. Expenditure which are capital in nature are capitalized at cost, which comprises of purchase price (net of rebates and discounts), import duties, levies, financing costs and all other expenditure directly attributable to bringing the asset to its

working condition for its intended use. Capital Work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

- ii) Depreciation is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Leasehold improvements are amortized over the period of lease.

7. Foreign Currency Transactions

Foreign exchange transactions are accounted at the rates prevailing on the date of transactions. Monetary assets and current liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account. Non-monetary foreign currency items are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

8. Investments

Investments are classified as long term and current investments. Long Term Investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value. Dividend income is accounted when the right to receive dividend is established.

9. Employee Benefits

Liability for employee benefits, both short and long term, for present and past service which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits" issued by the Companies (Accounting Standard) Rules, 2006.

i) Gratuity

In accordance with the Payment of Gratuity Act, 1972 the Company provides for Gratuity covering eligible employees. The liability on account of Gratuity is provided on the basis of valuation of the liability by an independent actuary as at the year end.

ii) Provident Fund

In accordance with applicable local laws, eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan to which both the employee and employer contributes monthly at a determined rate (currently up to 12% of an employee's salary). These contributions are either made to the respective Regional Provident Fund Commissioner, or the Central Provident Fund under the State Pension Scheme, and are recognized as expenses incurred.

iii) Compensated Absences

Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end.

10. Deferred Revenue Expenditure

Projects and Other amenities expenditure incurred up to March 31, 2011, the benefit of which is spread over more than one year is grouped under Prepaid Expenditure and is amortized over the period in which benefits would be derived.

11. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such asset. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

12. Leases

Assets taken on finance lease are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Operating leases in respect of office & other equipment, house for employees, Office buildings are cancelable / renewable by mutual consent on agreed terms. Lease payments under an operating lease are recognized as an expense in the Profit and Loss Account.

13. Earnings per Share (EPS)

In arriving at the EPS, the Company's net profit after tax, computed in terms of the Indian GAAP, is divided by the weighted average number of equity shares outstanding on the last day of the reporting period. The EPS thus arrived at is known as 'Basic EPS'. To arrive at the diluted EPS the net profit after tax, referred above, is divided by the weighted average number of equity shares, as computed above and the weighted average number of equity share that could have been issued on conversion of shares having potential dilutive effect subject to the terms of issue of those potential shares. The date/s of issue of such potential shares determine the amount of the weighted average number potential equity shares.

14. Taxation

i) Current Tax

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and provisions of Income Tax Act, 1961.

ii) Deferred Taxes

Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

15. Impairment of Fixed Assets

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

16. Provisions for Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are present obligations arising from a past event, when it is not probable / probability is remote that an outflow of resources will be required to settle the obligation and they are not recognized but are disclosed in the notes.

Contingent Assets are neither recognized nor disclosed in the financial statements. Provisions for Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

II. NOTES TO ACCOUNTS

I. Contingent Liabilities not provided for

(Rs.in Lacs)

S.No	Particulars	2010-11	2009-10
1	Guarantees given by Banks towards performance & contractual commitments		
	a) Issued on behalf of Company	64,248.69	44,509.66
	b) Issued on behalf of Subsidiaries/Group Companies	27,462.24	8,232.51
2	Corporate guarantees given to Group companies	5,71,166.00	33,566.00
3	Disputed Liability of Sales Tax, Service Tax and Seigniorage Charges	1,547.12	1,530.42
4	Estimated amounts of contracts remaining to be executed on capital account and not provided for	—	—

2. Issued and Subscribed Share Capital

- i) During the year, 25 Foreign Currency Convertible Bonds (FCCB) holders opted for conversion and as a result the Company has allotted 2,86,718 equity shares of Rs 10/- each at a premium of Rs 278/-, being the minimum SEBI floor price prescribed in the offering circular of FCCB's.
- ii) During the year 2009-10, the Company had issued and allotted 10,00,000 warrants to the Promoters of the Company on a preferential basis at a price of Rs. 142.52 per warrant convertible into 1 equity share of Rs. 10/- each at a premium of Rs. 132.52 per warrant which shall be convertible within a period of 18 months from the date of allotment i.e. before 13/03/2011, which is in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000, ("SEBI DIP Guidelines"). On October 29, 2010, the promoters converted 597,521 Warrants into Equity Shares as per the pricing formula prescribed in the SEBI DIP Guidelines for preferential issues. The remaining warrants 402,479 of the aforesaid 1,000,000 warrants remained unexercised as the promoters are not allowed to convert beyond 5% during one financial year as per SEBI(SAST) Regulations, 1997. Hence the remaining warrants were forfeited by the company on March 14, 2011 and the amount paid by the promoters towards the warrants of Rs. 143.40 Lacs was transferred to Capital Reserve Account.

3. Loan Funds:

Secured Loans:

a) Debentures

- i) The Company has issued during the year 520 11.50% Secured Redeemable Non-Convertible Debentures (NCDs) of Rs 10,00,000/- each on private placement in the form of Separately Transferable Redeemable Principal Parts (STRPPs) for cash at par aggregating Rs. 5200 Lacs. The Debentures are secured by the *pari passu* first charge on the fixed assets of a group company and redeemable in the 3rd, 4th and 5th year in the ratio of 30:30:40 and the earliest date of redemption being 1st December 2013.
- ii) Debentures Redemption Reserve: Rs. 1300.00 lacs has been credited as Debenture Redemption Reserve during the year and is carried as part of the Reserves & Surplus in the Balance Sheet.

b) Term Loan from Banks

Term Loans availed from banks and others are secured by hypothecation of specific assets, comprising of plant and machinery and construction equipment, acquired out of the said loans and personal guarantees of Directors.

c) Working Capital Facilities

Fund based and non-fund based working capital facilities from the consortium of Banks are secured by:

- i) Hypothecation against first charge on stocks, books debts and other current assets of the Company both present and future ranking *pari passu* with consortium banks.
- ii) Hypothecation against first charge on all unencumbered fixed assets of the Company both present and future ranking *pari passu* with consortium banks.
- iii) Equitable mortgage of properties belonging to promoters, directors, group companies.
- iv) Personal guarantee of promoter directors, group companies/firms and relatives.

d) Equipment & Vehicle Loans from Others

Equipments and Vehicle loans availed are secured by hypothecation of specific equipments and vehicles acquired out of the said loans.

Unsecured Loans:

e) Foreign Currency Convertible Bonds (FCCBs):

- i) The company had issued 308 Zero Coupon Foreign Currency Convertible Bonds (FCCBs) (considered as a non-monetary liability) of Japanese Yen (JPY) 10,000,000 each aggregating to JPY 308,00,00,000 redeemable on 1st August 2012 at 120.414% of its principal amount. The bond holders had an option to convert these bonds into equity shares from and including 12th September 2007 to and including 27th July 2012 at an initial conversion price of Rs.378.35 per share with a fixed rate of exchange on conversion at Rs.0.3303 per JPY. As per the terms of the issue, the conversion price of the Bonds is subject to price

reset and the revised reset price of the Bonds during the year 2010-11, is Rs.288/- per share which is in terms with the offering circular.

- ii) Out of the total bonds, 12 bonds are already converted into equity shares in the earlier year and in the current year 25 bonds were converted into equity shares leaving balance of 271 bonds as at the date of Balance Sheet. If all the outstanding bonds are converted into equity shares at the revised reset price, then the share capital of the company will increase by around 31.08 lacs equity shares of Rs.10/- each.
- iii) The Bonds may be redeemed in whole but not in parts, at the option of the issuer at any time on or after 3rd August, 2010 and on or prior to 3rd August 2012 subject to fulfillment of certain conditions. Unless previously redeemed, purchased, converted or cancelled, the bonds will mature on 3rd August 2012 at 120.414% of its principal amount.
- iv) The Company continues to classify the outstanding liability (towards FCCB convertible into shares at the option of the holders), as a non-monetary liability as in its view the current fall in the market price of the company's share price is a temporary aberration.

4. Investments:

i) **Gayatri Sugars Ltd**

Market value of the investment in Gayatri Sugars Limited as at 31st March 2011 is Rs. 87.64 Lacs which is lesser than the carrying amount in the Balance Sheet by Rs. 205.46 Lacs. In the opinion of the Management, the diminution in the value of investment is purely temporary in nature hence provision for the same is not provided for in the books.

ii) **Gayatri Energy Ventures Private Limited (GEVL)**

During the year, the Company has invested Rs 26,800.00 Lacs (2680 Lacs equity shares of Rs.10/- each at a premium of Rs.990/- per share) in Gayatri Energy Ventures Private Limited (GEVL), a wholly owned subsidiary of the Company. GEVL is setting up power projects through its subsidiaries and associates.

5. Deferred Tax

Deferred Tax Liability as at March 31, 2011 comprises of the following:

(Rs. in Lacs)

Particulars	31.03.2011	31.03.2010
A) Deferred Tax Assets on timing differences due to :		
Provision for Gratuity and Leave Encashment	38.00	23.02
NCD Issue Expenses	72.86	
B) Deferred Tax Liabilities on timing differences due to:		
Depreciation	2198.86	1800.88
Net Deferred Tax Liability (B-A)	2088.00	1777.86

6. Particulars of Loans and Advances in the nature of loans as required by clause 32 of the Listing Agreement.

(Rs.in Lacs)

Name of the Company	Relationship	Balances as on		Maximum outstanding	
		31.03.2011	31.03.2010	2010-11	2009-10
IJM Gayatri Joint Venture	Joint Venture	5773.10	5773.10	5773.10	5773.10

7. Impairment of Assets

In the opinion of the management, there are no impaired assets requiring provision for impairment loss as per the accounting standard 28 on Impairment of assets. The recoverable amount of building, plant and machinery and computers has been determined on the basis of 'Value in use' method.

8. Joint Venture Losses not considered

a) IJM-Gayatri Joint Venture

The IJM – Gayatri Joint Venture is a joint venture in which IJM Corporation Berhad, Malaysia holds 60% and Gayatri Projects Limited holds 40% share. The joint venture has executed road works in Package I, II & III and AP 13 of NHAI, APSH 7 and APSH 8 in the State of Andhra Pradesh. The joint venture incurred excess of expenditure over income amounting to Rs 134.45 crores due to several contractual failures on part of the employer.

The JV has raised claims in excess of Rs.300 Crores on the National Highways Authority of India and Andhra Pradesh State Government, which are pending for consideration before the appropriate authorities. There is substantial progress in the proceedings in the arbitration and the management is reasonably confident of recovery of these claims.

The management has also obtained independent legal opinion from eminent counsel in this regard who have opined on the recoverability of the claims. In view of this, the share of the losses of GPL (40%) in the joint venture is not provided in the books of the Company. In the unlikely situation of not awarding the entire amount of claims, GPL has to provide an amount of Rs 53.78 crores towards its share of 40% in the IJM-Gayatri Joint Venture.

b) Other Joint ventures

Profit / (Loss) of all other joint ventures, other than the above, are recognized in the book of accounts.

9. Employee's Benefits:

i) The summarized position of Post-employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard – 15 (Revised) issued by the Institute of Chartered Accountants of India are as under:-

ii) (a) Changes in the Benefit Obligations:

(Rs.in Lacs)

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Present Value of Obligation as at the beginning of the year	146.42	95.85	27.07	9.90
Interest Cost	11.72	7.67	2.17	0.79
Current Service Cost	9.78	7.23	6.21	5.11
Benefits Paid	(7.64)	(1.52)	(1.26)	(1.13)
Actuarial loss / (gain) on Obligations	79.70	37.17	13.73	12.38
Present Value of Obligation at year end	239.96	146.42	47.92	27.07

(b) Amount Recognized in Balance Sheet:

(Rs.in Lacs)

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Estimated Present Value of obligations as at the end of the year	239.96	146.42	47.92	27.07
Fair value of Plan Assets as at the end of the year	—	—	—	—
Net Liability recognized in Balance Sheet	239.96	146.42	47.92	27.07

(c) Expenses Recognized in Profit & Loss:

(Rs.in Lacs)

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Current Service Cost	9.78	7.23	6.21	5.11
Interest Cost	11.71	7.67	2.16	0.79
Expected return on Plan Asset	—	—	—	—
Net Actuarial (Gain)/Loss recognized in the year	79.70	37.17	13.73	12.38
Total expenses recognized in Profit & Loss Account	101.19	52.07	22.11	18.29

(d) Principal Actuarial Assumption:

(Rs.in Lacs)

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Discount Rate	8%	8%	8%	8%
Salary Escalation Rate	4%	4%	4%	4%
Retirement Age	60	60	60	60
Mortality	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Attrition Rate	1%	1%	1%	1%

(e) The entire present value of funded obligation at the year end is unfunded and hence, fair value of assets is not furnished.

10. Related party transactions as per Accounting Standard 18

Details of related parties:

Subsidiary Companies	Step-down Subsidiaries Companies
Gayatri Energy Ventures Pvt.Ltd Gayatri Infra Ventures Ltd Bhandara Thermal Power Corporation Ltd HKR Roadways Limited	Gayatri Lalitpur Roadways Ltd Gayatri-Jhansi Roadways Ltd Thermal Powertech Corporation India Ltd
Associated Companies	Key Management Personnel (KMP)
Hyderabad Expressways Limited Cyberabad Expressways Limited Western UP Tollway Limited Balaji Highways Holding Limited (Considered as Subsidiary as per AS-21 for consolidation) Indore Dewas Tollways Limited (Considered as Subsidiary as per AS-21 for consolidation)	Mr. T.V.Sandeep Kumar Reddy Mr. J.Brij Mohan Reddy Mrs.T.Indira Reddy
Entities in which KMP are interested	Joint Ventures
Deep Corporation Pvt. Ltd Indira Constructions Pvt. Ltd Gayatri Tissue & Papers Ltd Gayatri Sugars Ltd Gayatri Hi-Tech Hotels Ltd Gayatri Housing Ventures Pvt. Ltd Gayatri Hotels & Theaters Pvt. Ltd Amaravathi Thermal Power Pvt.Ltd. Gayatri Bio-Organics Limited TSR Foundation Dr.T.Subbarami Reddy (HUF) Balaji Charitable Trust	Gayatri RNS Joint Venture IJM Gayatri Joint Ventures Gayatri Ranjit Joint Venture RNS Gayatri Joint Venture Gayatri - GDC Joint Venture Gayatri – BCBPPL Joint Venture Jaiprakash Gayatri JV Gayatri ECI Joint Venture Gayatri – Ratna Joint Venture MEIL-GAYATRI-ZVS-ITT Consortium Simplex Gayatri Consortium Gayatri-JMC Joint Venture Viswanath - Gayatri Joint Venture

Transactions with the related parties:

(Rs.in Lacs)

Sl	Description	2010-11				
		Subsidiary & Step-down Subsidiaries	Associate Companies	Entities in which KMP are interested	Joint ventures	KMP
1	Equity contribution	26803.80 (NIL)	6.57 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
2	Contract Receipts	55098.31 (16887.45)	17363.71 (29265.22)	8095.63 (7132.89)	30984.87 (28841.72)	NIL (NIL)
3	Contract payments	NIL (312.01)	NIL (NIL)	470.13 (409.10)	NIL (NIL)	NIL (NIL)
4	Office Rent & Maintenance	NIL (NIL)	NIL (NIL)	73.33 (26.53)	NIL (NIL)	NIL (NIL)
5	Other Payments	155.12 (102.00)	178.49 (163.98)	13.2 (12.00)	NIL (35.04)	NIL (NIL)
6	Donations	NIL (NIL)	NIL (NIL)	319.03 (62.05)	NIL (NIL)	NIL (NIL)
7	Remuneration Paid	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	467.00 (319.50)
8	Contract Advances/ Other Adv.	13074.96 (3110.67)	953.70 (2548.62)	NIL (1255.58)	5788.37 (5498.65)	NIL (NIL)
9	Corporate Guarantees	548600.00 (16000.00)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
10	Closing balances – Debit	21040.12 (8695.61)	9904.62 (5855.45)	3279.41 (2155.44)	15690.48 (18167.71)	NIL (NIL)
11	Closing balances – Credit	4106.31 (2639.07)	159.77 (967.36)	240.42 (1939.42)	16146.66 (14724.98)	168.06 (45.91)

Figures in bracket are for previous year

11. Derivative Instruments

The yearend foreign exposures that have not been hedged by a derivate instrument or otherwise are given below:

Particulars	2010-11		2009-10	
	JPY Equivalent (Lacs)	INR Equivalent (Lacs)	JPY Equivalent (Lacs)	INR Equivalent (Lacs)
Amount payable in foreign currency: Foreign Currency Convertible Bonds (Refer Note no. 3(e) of II of Sch. I9)	27,100.00	8,951.13	29,600.00	9,776.88

JPY denotes Japanese Yen

12. Segment Reporting

The Company's operations predominantly consist of construction / project activities. Hence there are no reportable segments under Accounting Standard – 17. During the year under report, the Company's business has been carried out only in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

13. Leases

Disclosure under Accounting Standard – 19 "Leases", issued by the Institute of Chartered Accountants of India. The Company has taken various residential/godown/office premises (including Furniture and Fittings if any) under lease and license agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in Profit and Loss Account under Rent, Rates and Taxes.

The Company has taken vehicles on financial lease from banks / Financial Institutions. The details of contractual payments under the agreement are as follows:

(Rs.in Lacs)

Due	Minimum Lease Payments	Interest	Principal
Less than one year	3.39 (2.42)	0.81 (1.38)	2.58 (3.80)
Between one and five years	37.52 (36.02)	2.13 (12.81)	35.39 (48.84)
More than five years	—	—	—

Figures in bracket are for previous year

14. Earning Per Share (EPS)

Basic Earning per share calculated as per Accounting Standard 20 on Earning per share. For the purpose of computing

(Rs. In lacs)

Particulars	2010-11	2009-10
Profit After Tax for calculation of Basic EPS (Rs.in Lacs)	5000.01	4909.02
Profit After Tax for calculation of Diluted EPS (Rs.in Lacs)	5000.01	4909.02
Weighted average No. of equity shares as denominator for calculating Basic EPS. (No. in Lacs)	116.02	106.66
Weighted average No. of equity shares as denominator for calculating Diluted EPS. (No. in Lacs)	147.10	133.87
Basic EPS (Rs.)	43.10	46.02
Diluted EPS (Rs.)	33.99	36.67

15. Consolidated Financial Statements

As per the listing agreement entered with the Stock Exchanges, accounting standards notified by Government and provisions of Sec 212 of the Companies Act, 1956, audited financial statements of the Subsidiaries, Associate Companies and Joint ventures for the year 2010-11 were consolidated and annexed.

The Company's interest in Subsidiaries, Associates and Jointly Controlled Entities as on March 31, 2011 and its proportionate share in the Assets, Liabilities, Income and Expenditure of the entities consolidated as on that date are given below:

S.No	Name of the Entity	Nature of the entity	% of Holding	Country of Incorporation
1	Gayatri Energy Ventures Limited	Wholly owned Subsidiary	100	India
2	Gayatri Infra Ventures Limited	Subsidiary	70.59	India
3	Bhandara Thermal Power Corporation Ltd	Subsidiary	51	India
4	HKR Road Ways Limited	Subsidiary	74	India
5	Balaji Highways Holding Limited (Considered as subsidiary as per AS-21 for consolidation)	Associate	49	India
6	Indore Dewas Tollways Limited (Considered as subsidiary as per AS-21 for consolidation)	Associate	33.33 (66.66 along with subsidiary)	India
7	IJM Gayatri Joint Venture	Joint venture	40	India
8	Jaiprakash Gayatri Joint Venture	Joint venture	49	India

S.No	Name of the Entity	Nature of the entity	% of Holding	Country of Incorporation
9	Gayatri ECI Joint Venture	Joint venture	50	India
10	Gayatri – Ratna Joint Venture	Joint venture	80	India
11	Gayatri – Ranjit Joint Venture	Joint venture	60	India
12	Gayatri – GDC Joint Venture	Joint Venture	70	India
13	Gayatri – BCBPPL Joint Venture	Joint Venture	60	India
14	Gayatri – RNS Joint Venture	Joint Venture	60	India
15	Gayatri- JMC Joint Venture	Joint Venture	75	India
16	MEIL-Gayatri-ZVS-ITT Consortium	Joint Venture	48.44	India
17	Viswanath - Gayatri Joint Venture	Joint Venture	50	India

16. Managerial Remuneration:

Managerial Remuneration paid during the year:

(Rs.in Lacs)

Particulars	2010-11	2009-10
Salaries	402.00	264.00
Perquisites	15.00	7.50
Commission	50.00	48.00
Sub-total	467.00	319.50
Sitting Fee	—	—
Contribution to Provident Fund & Superannuation Fund	—	—
Total	467.00	319.50

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956

(Rs.in Lacs)

Particulars	2010-11	2009-10
Profit Before Taxation	9175.54	8100.20
Add : Managerial Remuneration	467.00	319.50
Provision for Doubtful Debts / Advances	—	—
Loss on Sale of Fixed Assets / Written off Assets	2.25	0.77
	9644.79	8420.47
Less : Profit on Sale of Shares	—	—
Profit on Sale of Assets	—	—
Profit on Sale of Land	—	—
Adjustment / Bad debts written off against the provision created earlier	—	—
Profit for the year as per Section 349	9644.79	8420.47
Maximum Commission / Remuneration payable under Section 309 @ 10%	964.48	842.05
Actual Remuneration taken (Incl. Perks)	467.00	319.50

17. Dues to Micro and Small Enterprises:

On the basis of information available with the Company, there are no dues outstanding for more than 45 days to Small Scale Industrial Undertaking (SSI). The Company has not received any intimation from “suppliers” regarding

their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

18. The unpaid dividend includes Rs. 2.29 Lacs (Previous year – Rs 1.52 Lacs), which will be transferred to the Investor Education & Protection Fund, if it remains unpaid or unclaimed as per the provisions of the Companies Act, 1956.

19. Information as per para 4B of part II of Sch. VI of the Companies Act – Remuneration to Auditors.

(Rs. in Lacs)

S.No.	Particulars	2010-11	2009-10
1.	Statutory Audit	15.00	15.00
2.	Tax Audit	4.00	4.00
3.	Other Services	6.00	6.00
4.	Certification Fee	7.00	—
	Total	32.00	25.00

Note : Fee mentioned above does not include service tax and education cess thereon.

20. Disclosure pertaining to Accounting Standard -29 is as below.

(Rs. in Lacs)

Account Head	Opening Balance	Provisions made During the year	Paid/Utilized during the year	Closing Balance
Gratuity	146.42	101.19	7.65	239.96
Leave Encashment	27.07	22.11	1.26	47.92
Taxation	269.16	2623.98	2893.14	Nil
Proposed Dividend & Dividend Tax	324.80	709.73	333.20	701.33

21. Disclosure pursuant to Accounting Standard – 7 “Construction Contracts”

(Rs.in Lacs)

Sl No	Particulars	2010-11	2009-10
1.	Contract revenue recognized for the year ended	144,055.10	125,248.56
2.	Contract cost incurred and recognized profits, less losses	134,120.79	119,097.33
3.	Amount of advances received till date, net of recoveries	26,722.78	21,469.98
4.	Gross amount due from customers for contract works	32,847.03	31,490.65

22. Since the principal business of the Company is in construction activities, quantitative data as required by Part II Para ii, 4c, 4d of Schedule VI to the Companies Act, 1956 is not furnished.

23. Information as per para 4D of part II of Sch. VI of the Companies Act

i) CIF value of Imports

(Rs. in Lacs)

S.No.	Particulars	2010-11	2009-10
1.	Purchase of Capital Goods	NIL	141.56

ii) Expenditure /(Income) in Foreign Currency:

(Rs. in Lacs)

S.No.	Particulars	2010-11	2009-10
1.	Traveling Expenses	11.92	2.27
2.	FCCB Expenses	2.17	2.07
3.	Fee for Singapore Stock Exchange	0.18	0.18

iii) Details of major raw materials consumption

(Rs.in Lacs)

Particulars	2010-11		2009-10	
	Value	%	Value	%
Indigenous	29,590.00	100	32,586.75	100
Imported	—	—	—	—
Total :	29,590.00	100	32,586.75	100

24. Prior Period Adjustment includes share of losses of the company of earlier years in Gayatri-ECI Joint Venture of Rs.1240.47 Lacs
25. Figures of previous year have been regrouped/ rearranged/ reclassified wherever necessary to confirm to the current year presentation.
26. All amounts are rounded off to nearest thousand.
27. Schedule I to 19 form an integral part of accounts

As per our report of even date attached
For C.B. MOULI & ASSOCIATES
 Chartered Accountants

For and on behalf of the Board

T. INDIRA REDDY
 Chairperson

T.V. SANDEEP KUMAR REDDY
 Managing Director

MANI OOMMEN
 Partner

P. SREEDHAR BABU
 Chief Financial Officer

I.V. LAKSHMI
 Company Secretary

Place : Hyderabad.
 Date : 22nd August 2011

AUDITORS' REPORT

To the Board of a directors of **GAYATRI PROJECTS LIMITED,**

1. We have audited the attached consolidated Balance Sheet of GAYATRI PROJECTS LIMITED ('the Company, its subsidiaries, joint ventures and Associates constitute 'the Group'), as at 31 March 2011, and also the consolidated Profit and Loss Account and the consolidated Cash flow statement for the year ended on that date both annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of:
 - a. Certain Subsidiaries whose financial statements reflect total assets of Rs.63,334.04 Lacs, total revenue of Rs.11.89 Lacs and net cash flows of Rs.38,021.23 Lacs and
 - b. Certain Joint Ventures whose financial statements reflect total assets of Rs.5678.41 Lacs, total revenue of Rs.46174.12 Lacs and cash flows amounting to Rs.292.87 Lacs, the Company's share of such assets, revenues and cash flows being Rs.2835.36 Lacs, Rs.26643.30 Lacs and Rs.244.28 Lacs respectively.

The abovementioned financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that
 - a. The consolidated statements have been prepared by the company's management in accordance with the requirement of Accounting Standard-21 on Consolidated Financial Statements, Accounting Standard-23 on Accounting for Investments in Associates in Consolidates Financial Statements and Accounting Standard -27 on Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India ;
 - b. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For C.B.MOULI & ASSOCIATES

Chartered Accountants
Firm Registration No: 002140S

MANI OOMMEN

Partner
Membership No: 24046

Place: Hyderabad
Date : 22nd August, 2011

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

(Rs. in Lacs)

PARTICULARS	SCH NO	AS AT		AS AT	
		31st MARCH 2011		31st MARCH 2010	
SOURCE OF FUNDS					
Share Holders Funds					
Share Capital	1	1,198.90		1,110.48	
Equity Warrants / Share Application Money		807.44		391.99	
Reserves and Surplus	2	45,435.38	47,441.72	33,851.90	35,354.37
Loan Funds					
Secured Loans	3	258,370.58		140,908.83	
Unsecured Loans	4	43,283.74	301,654.32	30,930.82	171,839.65
Minority Interest					
Deferred Tax Liability					
TOTAL			391,092.16		221,192.79
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	50,964.18		43,787.31	
Less: Depreciation		15,123.76		13,439.06	
Net Block		35,840.42		30,348.25	
Carriage Way		71,907.37		—	
Capital Work in Progress		131,075.20	238,822.99	107,616.06	137,964.31
Investments					
Current Assets, Loans and Advances					
Inventories	7	6,425.46		6,933.21	
Sundry Debtors	8	40,353.14		29,710.15	
Cash and Bank Balances	9	93,945.85		31,307.60	
Loans and Advances	10	98,576.10		63,511.98	
		239,300.55		131,462.94	
Less: Current Liabilities and Provisions	11				
Liabilities		89,362.32		48,135.88	
Provisions		1,064.49		809.44	
		90,426.81		48,945.32	
Net Current Assets			148,873.74		82,517.62
Miscellaneous Expenditure			9.30		5.95
(to the extent not written off or adjusted)					
TOTAL			391,092.16		221,192.79
Accounting Policies and Notes on Accounts	19				

Schedules referred to above form an integral part of the accounts

As per our report of even date attached
For C.B.MOULI & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

MANI OOMMEN
Partner

T. INDIRA REDDY
Chairperson

T.V. SANDEEP KUMAR REDDY
Managing Director

Place : Hyderabad
Date : 22nd August 2011

P. SREEDHAR BABU
Chief Financial Officer

I.V. LAKSHMI
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31st MARCH 2011

(Rs. in Lacs)

PARTICULARS	Schedule	YEAR ENDED 31st MARCH 2011	YEAR ENDED 31st MARCH 2010
INCOME			
Gross Contract Receipts	12	120,612.73	127,450.62
Other Income	13	993.79	646.64
TOTAL		121,606.52	128,097.26
EXPENDITURE			
Work Expenditure	14	98,410.77	107,385.55
(Increase) / Decrease in WIP	15	(885.09)	(188.90)
Employee's Remuneration & Benefits	16	2,393.55	2,989.44
Administrative Expenses	17	1,592.49	2,277.70
Interest and Financial Charges	18	11,730.14	5,553.99
Depreciation	5	2,281.77	2,005.76
TOTAL		115,523.63	120,023.53
Profit before Tax		6,082.89	8,073.73
Provision for Taxation - Current Tax		2,689.74	2,846.88
- Deferred Tax		394.46	(306.14)
Profit after Tax and before prior period adjustments		2,998.69	5,532.99
Less : Prior Period Adjustments (Refer Note 13 of II of Sch.19)		1,241.41	428.40
Profit after prior period adjustments		1,757.28	5,104.59
Share of (Profit)/Loss transferred to Minority Interest		1,475.22	13.30
		3,232.50	5,117.89
Balance in Profit and Loss account brought forward		12,719.34	8,729.50
Add/(Less): Adjustment for change in share of Jointly Controlled Entities. (Refer Note 14 of II of Sch.19)		1,258.83	221.55
Balance available for appropriation		17,210.67	14,068.94
APPROPRIATIONS :			
Interim Dividend		—	277.62
Final Dividend		606.63	277.62
Dividend tax on Dividend		103.10	94.36
Transfer to Debenture Redemption Reserve		1,300.00	—
Transfer to General Reserve		800.00	700.00
		2,809.73	1,349.60
Balance carried to Balance sheet		14,400.94	12,719.34
Earning per share of Face value of Rs.10/- each			
Basic (Rs.)		27.86	47.98
Diluted (Rs.)		21.97	38.23
Accounting Policies and Notes on Accounts	19		
Schedules referred to above form an integral part of the accounts			

**As per our report of even date attached
For C.B.MOULI & ASSOCIATES
Chartered Accountants**

For and on behalf of the Board

MANI OOMMEN
Partner

T. INDIRA REDDY
Chairperson

T.V. SANDEEP KUMAR REDDY
Managing Director

Place : Hyderabad
Date : 22nd August 2011

P. SREEDHAR BABU
Chief Financial Officer

I.V. LAKSHMI
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

(Rs. In Lacs)

	Year Ended 31st March 2011	Year Ended 31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and Extra Ordinary items	6,082.89	8,073.74
Adjustments for:		
Depreciation	2,281.77	2,005.76
Loss on sale of fixed assets	2.25	0.77
Interest	11,730.14	5,553.99
Operating Profit before Working Capital changes	20,097.05	15,634.26
Adjustments for:		
Trade and other receivables	(45,707.12)	(27,191.92)
Change in Inventories	507.75	(889.73)
Trade payables	40,438.56	11,316.41
Miscellaneous Expenditure	(3.35)	0.52
Cash generated from operations	15,332.89	(1,130.46)
Direct taxes paid	(2,689.74)	(2,846.88)
Cash flow before prior period adjustments	12,643.15	(3,977.34)
Prior period adjustments	(1,241.41)	(428.40)
Net cash flow from operating activities after prior period adj.	11,401.74	(4,405.74)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of Fixed Assets	(8,346.89)	(13,796.56)
Carriageway and Capital Work in Progress	(96,303.32)	(35,455.69)
Sale of Fixed Assets	564.03	(180.35)
Adjustment for change in share of Jointly Controlled Entities (Refer Note 14 of II of Sch.19)	1,258.83	1,694.28
Adjustment for change in status of erstwhile Associate into Subsidiary Investments	5.31	—
	(2,681.22)	(130.46)
Net Cash used in Investing Activities	(105,503.26)	(47,868.78)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(11,730.14)	(5,553.99)
Proceeds from Minority	29,079.45	4,023.76
Proceeds from Issue of Equity Shares & Share application money	8,416.81	2,241.99
Proceeds from Issue of Debentures	5,200.00	-
Net Proceeds from Secured Borrowings	1,12,261.75	47,312.11
Net Proceeds from Unsecured Borrowings	13,178.67	10,849.23
Dividend and Dividend tax paid	333.20	797.68
Net Cash from Financing activities	1,56,739.74	59,670.78
Net increase in Cash and Cash Equivalents (A+B+C)	62,638.22	7,396.26
Cash & Cash Equivalents as at 1st April (Opening Balance)	31,307.62	23,911.36
Cash & Cash Equivalents as at 31st March (Closing Bal.)	93,945.84	31,307.62

Note:

- 1 Cash and Cash Equivalents consist of Cash on hand and balances with Banks that includes Margin Money Deposits for Bank Guarantees of Rs.6986.30 Lacs (Previous Year Rs.4533.66 Lacs)
- 2 The Cash flow statement is prepared in accordance with the indirect method stated in Accounting Standard 3 issued by ICAI on Cash flow statements and presents Cash flows by Operating, Investing and Financing activities.
- 3 Figures in brackets represent cash outflows.
- 4 Notes on Accounts stated in Schedule 19 form an integral part of the Cash flow statement.

As per our report of even date attached
For C.B.MOULI & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

T. INDIRA REDDY
Chairperson

T.V. SANDEEP KUMAR REDDY
Managing Director

MANI OOMMEN
Partner

P. SREEDHAR BABU
Chief Financial Officer

I.V. LAKSHMI
Company Secretary

Place : Hyderabad
Date : 22nd August 2011

Schedules forming part of the Consolidated Balance Sheet

(Rs. in Lacs)

PARTICULARS	AS AT 31st MARCH 2011	AS AT 31st MARCH 2010
SCHEDULE NO : 1 :		
SHARE CAPITAL		
<u>Authorised Share Capital :</u>		
150,00,000 Equity Shares of Rs.10/- each (Year ended March 31, 2010 - 150,00,000)	4,000.00	1,500.00
	<u>4,000.00</u>	<u>1,500.00</u>
<u>Issued, Subscribed and paid-up capital :</u>		
101,04,761 Equity Shares of Rs.10/- each, fully paid-up (Year ended March 31, 2010 - 101,04,761)	1,198.90	1,110.48
a) 50,00,000 shares of Rs.10/- each fully paid		
b) 40,00,000 shares of Rs.10/- each fully paid bonus shares in the ratio of 5:4 were allotted by capitalization of General Reserve		
c) 10,00,000 shares of Rs.10/- each fully paid shares were allotted to public at a premium of Rs.285/- through Initial Public Offer.		
d) 1,04,761 shares of Rs.10/- each fully paid shares were allotted by way of conversion of FCCB at a premium of Rs.368.3453		
e) 10,00,000 shares of Rs.10/- each fully paid shares were allotted at premium of Rs.175/- through Preferential allotment		
	<u>1,198.90</u>	<u>1,110.48</u>
SCHEDULE NO : 2		
RESERVES AND SURPLUS		
<u>Capital Reserve</u>		
At the Commencement of the Year	—	—
Add : Forfeiture of Equity Warrants	143.40	—
	<u>143.40</u>	<u>—</u>
<u>Securities Premium Account</u>		
At the Commencement of the Year	9,024.25	6,625.82
Add : Additions for the year on	—	—
- Conversion of Equity Warrants	7,798.22	—
- Conversion of FCCB	797.07	—
- Preferential Allotment	—	—
	<u>17,619.54</u>	<u>2,398.43</u>
Capital Reserve (Capital Grant)	4,371.50	5,308.31
<u>Debenture Redemption Reserve</u>		
At the Commencement of the Year	—	—
Add : Transfer from Profit & Loss a/c.	1,300.00	—
	<u>1,300.00</u>	<u>—</u>
<u>General Reserve</u>		
At the Commencement of the Year	6,800.00	6,100.00
Add : Transfer from Profit and Loss A/c.	800.00	700.00
	<u>7,600.00</u>	<u>6,800.00</u>
Profit and Loss Account Balance	14,400.94	12,719.34
	<u>45,435.38</u>	<u>33,851.90</u>

Schedules forming part of the Consolidated Balance Sheet

(Rs. in Lacs)

PARTICULARS	AS AT 31st MARCH 2011	AS AT 31st MARCH 2010
SCHEDULE NO : 3		
SECURED LOANS		
I] 11.50%, Redeemable Non-convertible Debentures	5,200.00	—
II] From Banks		
A) Term Loans		
i) Equipment Loans	3,658.93	2,765.47
ii) Vehicle Loans	12.83	37.70
iii) Term Loans	10,107.38	16,549.93
iv) Long Term - Project Finance	114,323.79	58,946.84
B] Working Capital Loan Account	40,278.12	25,944.31
III] From Others		
Equipment, Vehicle & Other Loans	84,789.53	36,664.58
	<u>258,370.58</u>	<u>140,908.83</u>
SCHEDULE NO : 4		
UNSECURED LOANS		
Short Term Loans from Banks	30,243.87	15,076.18
[Personal Guarantees of the Promoter Directors]		
Foreign Currency Convertible Bonds (FCCB)	8,951.13	9,776.88
Other	4,088.74	6,077.76
	<u>43,283.74</u>	<u>30,930.82</u>

SCHEDULE NO : 5

FIXED ASSETS

(Rs.in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2010	Additions during the year	Deletions during the year	As at 31/03/2011	Up to 31/03/2010	For the year	On deletion for the year	Up to 31/03/2011	As on 31/03/2011	As on 31/03/2011
Land	13,314.34	132.67	—	13,447.01	—	—	—	—	13,447.01	13,314.34
Plant & Machinery	18,656.47	1,995.67	742.38	19,909.76	5,370.77	945.07	270.78	6,045.06	13,864.70	13,285.70
Earth Moving Machinery	10,063.47	1,850.11	340.37	11,573.21	7,190.35	1,152.02	252.07	8,090.30	3,482.91	2,873.12
Wind Power Equipment	—	3,745.73	—	3,745.73	—	4.47	—	4.47	3,741.26	—
Furniture & Fixtures	301.36	25.73	—	327.09	136.81	20.44	(0.38)	157.63	169.46	164.55
Vehicles	1,375.66	596.98	11.26	1,961.38	665.12	166.44	5.26	826.30	1,135.08	710.54
Office Sheds	76.01	—	76.01	—	76.01	—	76.01	—	—	—
Sub-total	43,787.31	8,346.89	1,170.02	50,964.18	13,439.06	2,288.44	603.74	15,123.76	35,840.42	30,348.25
Less : Transferred to Preoperative Expenditure	—	—	—	—	—	(6.67)	—	—	—	—
TOTAL :	43,787.31	8,346.89	1,170.02	50,964.18	13,439.06	2,281.77	603.74	15,123.76	35,840.42	30,348.25
Previous Year	30,134.73	13,796.56	143.99	43,787.31	11,747.58	2,005.76	323.57	13,439.06	30,348.25	18,387.16

Schedules forming part of the Consolidated Balance Sheet

(Rs. in Lacs)

PARTICULARS	AS AT 31st MARCH 2011	AS AT 31st MARCH 2010
SCHEDULE NO : 6		
INVESTMENTS Trade Investments		
<i>Long Term - Unquoted Shares - Subsidiary Companies</i>		
Equity shares of Rs.10/- each, fully paid in Bhandara Thermal Power Corporation Ltd. (formerly Gayatri Thermal Power Corporation Ltd.)*	—	2.45
<i>Long Term-Unquoted Shares-Associate Companies</i>		
Equity shares of Rs.10/- each, fully paid, in HKR Tollways Ltd.	1.80	—
Equity shares of Rs.10/- each, fully paid in Jinbhuvish Power Generations Pvt. Ltd	3,000.00	—
B) Other Investments		
<i>Long Term - Quoted Shares</i>		
Equity Shares of Rs 10/- each fully paid in Gayatri Sugars Ltd	293.10	293.10
Equity Shares of Rs 10/- each fully paid in Syndicate Bank Ltd	0.86	0.86
Mutual Funds	90.37	408.50
	3,386.13	704.91
* Subsidiary w.e.f. 25-03-2011		
Aggregate amount of Quoted Investments	384.33	702.46
Aggregate amount of Unquoted Investments	3,001.80	2.45
Aggregate Market value of Quoted Investments	180.11	533.97
SCHEDULE NO : 7		
INVENTORIES		
- Construction Materials, stocks and spares at cost	3,138.32	4,531.16
- Closing Work-in-progress	3,287.14	2,402.05
(As certified by Management)	6,425.46	6,933.21
SCHEDULE NO : 8		
SUNDRY DEBTORS (Un-secured)		
Over Six Months Considered Good	3,030.47	1,869.71
Others, Considered Good	37,322.68	27,840.44
	40,353.15	29,710.15
SCHEDULE NO : 9		
CASH AND BANK BALANCES		
Cash on Hand	95.52	146.73
Bank Balances:		
<i>In Current Accounts</i>		
With Scheduled Banks	57,468.71	22,346.17
<i>In Deposit Accounts</i>		
With Scheduled Banks		
Margin Money (Bank Guarantees/LCs)	6,986.30	4,533.66
Fixed Deposits	29,082.89	4,061.11
Interest Accrued on Deposits	312.43	219.93
	93,945.85	31,307.60

Schedules forming part of the Consolidated Balance Sheet

(Rs. in Lacs)

PARTICULARS	AS AT 31st MARCH 2011	AS AT 31st MARCH 2010
SCHEDULE NO : 10		
LOANS AND ADVANCES		
(Unsecured considered good)		
Advances to Associates	5,773.10	6,013.57
Advances to Suppliers, Sub-contractors and Others	50,865.72	34,374.66
Advances receivable in cash or kind or value to be received	2,766.77	138.16
Advance towards Share Application Money	14,243.06	155.18
Pre-operative/Prepaid Expenses	22,679.43	22,084.87
Deposits with Govt. Agencies and Others	2,248.02	745.54
	98,576.10	63,511.98
SCHEDULE NO : 11		
CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities		
Sundry Creditors		
- Due to micro, small and medium enterprises	—	—
- Others	40,543.12	23,234.27
Advances received from Contractees – Clients		
- Others	40,872.34	23,764.49
Unpaid Dividend	2.29	—
Due to Directors	168.06	—
Other liabilities	7,679.85	1,137.12
Interest Accrued but not due	96.66	—
	89,362.32	48,135.88
b) Provisions		
Taxation	173.91	358.34
Proposed Dividend	599.45	277.62
Employee Benefits	291.13	173.48
	1,064.49	809.44
	90,426.81	48,945.32

Schedules forming part of the Consolidated Profit & Loss Account

(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31st MARCH 2011	YEAR ENDED 31st MARCH 2010
SCHEDULE NO : 12		
INCOME FROM OPERATIONS		
Gross Contract Receipts	120,478.20	127,450.62
Share of Profit from Joint Ventures	134.53	—
	<u>120,612.73</u>	<u>127,450.62</u>
SCHEDULE NO : 13		
OTHER INCOME		
Interest Income	723.26	402.43
Miscellaneous Income	270.53	244.21
	<u>993.79</u>	<u>646.64</u>
SCHEDULE NO : 14		
WORK EXPENDITURE		
Steel	2,607.89	5,909.76
Cement	1,529.63	3,133.80
Bitumen	5,915.12	11,815.15
Metal	2,655.01	4,754.63
Sand & Gravel	1,071.83	1,629.02
HSD Oils and Lubricants	3,029.36	6,975.50
Stores and Consumables	338.41	338.71
Other Materials	675.01	989.14
Departmental Recoveries	1,041.52	1,238.27
Work executed by sub contractors	50,877.02	30,069.60
Amortisation	3,950.46	-
Earth Work	8,100.58	12,987.73
Concrete Work	4,834.63	8,561.80
Transport Charges	666.11	1,843.31
Hire Charges	699.63	1,519.44
Road work	4,140.86	6,072.14
Repairs and Maintenance	1,068.77	2,013.82
Works Contract Tax / VAT	2,034.76	2,202.00
Royalties, Seigniorage and Cess	606.69	1,956.60
Insurance	131.09	234.70
Other Work Expenditure	2,436.39	3,140.43
	<u>98,410.77</u>	<u>107,385.55</u>
SCHEDULE NO : 15		
INCREASE/DECREASE IN W.I.P.		
Opening Work in Progress	2,402.05	2,213.15
Less : Closing Work in Progress	3,287.14	2,402.05
	<u>(885.09)</u>	<u>(188.90)</u>

Schedules forming part of the Consolidated Profit & Loss Account

(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31st MARCH 2011	YEAR ENDED 31st MARCH 2010
SCHEDULE NO : 16		
EMPLOYEE'S REMUNERATION & BENEFITS		
Salaries	1,638.51	2,280.48
Contribution to Provident Fund	26.26	31.51
Other Employee Benefits	261.78	357.95
Directors' Remuneration & Perquisites	467.00	319.50
	2,393.55	2,989.44
SCHEDULE NO : 17		
ADMINISTRATIVE EXPENSES		
Printing and Stationery	41.21	79.44
Telephones	55.74	96.45
Traveling and Conveyance	226.73	296.13
Advertisement Expenses	20.53	59.51
General Expenses	67.59	100.66
Consultancy Fee	326.40	524.79
Donations	184.44	248.06
Rent	243.41	277.37
Power and fuel	62.60	90.25
Rates and Taxes	60.48	261.87
Tender Expenses	117.31	55.85
Insurance	20.98	16.82
Auditors Remuneration	26.69	28.63
Other Administration Expenses	138.38	141.87
	1,592.49	2,277.70
SCHEDULE NO : 18		
INTEREST AND FINANCE CHARGES		
a) Interest on:		
Debentures	138.65	-
Working Capital Loans	2,137.50	2,403.23
Term Loans	8,435.22	1,475.43
Mobilisation Advance	99.64	280.08
	10,811.01	4,158.74
b) Financial Charges		
Commission on - Bank Guarantees	614.37	959.10
- Letters of Credit	35.51	51.29
	649.88	1,010.39
c) Bank Charges	269.25	384.86
	11,730.14	5,553.99

SCHEDULE NO: 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of financial statements

The consolidated financial statements comprise the financial statements of Gayatri Projects Limited and its subsidiary companies and Joint Ventures have been prepared to comply in all respects with accounting standards notified under Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies act, 1956. The accounts are prepared under historical cost convention and on the going concern basis, with revenue recognized, expenses accounted on their accrual and in accordance with applicable notified Accounting Standards and the accounting policies have been consistently applied by the Company.

2. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the year of account. Although these estimates are based upon **management's** best knowledge of current events and actions, actual results could differ from the estimates. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

3. Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:

The Financial Statements of the Company and its subsidiary companies have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard - 21 "Consolidated Financial Statements" issued by Institute of Chartered Accountants of India ('AS-21').

The excess of the Company's cost of investment over its share of net assets in the associate on the date of acquisition of investment is accounted for as goodwill. The excess of the Company's share of net assets in the associate over the cost of its investment is accounted for as capital reserve.

Goodwill/Capital Reserve is included /adjusted in the carrying amount of the investment.

Investment in Associate Companies have been accounted for, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the Company's share of net assets of the associate. The carrying amount of investment in associate Companies is reduced to recognize any decline which is other than temporary in nature and such determination of decline in value, if any, is made for each investment individually.

The Company's interests in joint ventures are considered as follows:

Type of Joint Venture	Accounting Treatment
Jointly Controlled Operations	Company's share of revenues, common expenses, assets and liabilities are included in revenues, expenses, assets, and liabilities respectively.
Jointly Controlled Assets	Share of the assets, according to nature of the assets, and share of the liabilities are shown as part of gross block and liabilities respectively. Share of expenses incurred on maintenance of the assets is accounted as expense. Monetary benefits, if any, from use of the assets are reflected as income.
Jointly controlled Entities	The Company's interest in jointly controlled entities are proportionately consolidated on line by line basis by adding together the book values of assets, liabilities, income and expenses, after eliminating the unrealized profits/losses on intra group transactions.

Significant accounting policies and notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Company. Recognizing this purpose, the Company has disclosed only such policies and notes from the individual financial statements, which fairly presents the needed disclosure. Further, in the opinion of the management, the accounting policies and notes could be better viewed when referred from the individual financial statements.

4. Revenue recognition

- i) Income is recognized on fixed price construction contracts in accordance with the percentage completion basis, which necessarily involve technical estimates of the percentage of completion, and costs to completion, of each contract / activity, on the basis of which profits and losses are accounted. The estimates made by the Company being technical in nature have been relied upon by the auditors.
- ii) The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.
- iii) An expected loss on construction contract is recognized as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue.
- iv) Price escalation and other claims and/or variation in the contract work are included in contract revenue only when:
 - a) Negotiations have reached at an advanced stage such that it is probable that customer will accept the claim; and
 - b) The amount that is probable will be accepted by the customer can be measured reliably. Incentive payments, as per customer-specified performance standards, are included in contract revenue only when:
 - a) The contract is sufficiently advanced that it is probable that the specified performance standards will be met; and
 - b) The amount of the incentive payment can be measured reliably.
- vi) **Joint Venture Projects**
 - a) In respect of Joint Venture Contracts in the nature of jointly controlled operations, the shares of profit or loss are accounted as and when dividend / share of profit or loss are declared by the entities.
 - b) In respect of Joint Venture Contracts wholly executed by the company pursuant to a Joint Venture Contract the assets, liabilities, income and expenditure are recognized under respective heads in the financial statements.
 - c) Share of turnover attributable to the Company in respect of contracts executed by the other joint venture partners pursuant to Joint Venture Agreement, is accounted under Turnover in these financial statements.

5. Inventories and work in progress

Raw Materials, construction materials and stores & spares are valued at weighted average cost. Expenditure incurred during the work in progress of contracts up to the stage of completion is carried forward as work-in-progress. Cost includes direct material, work expenditure, labour cost and appropriate overheads.

6. Fixed assets and Depreciation

- i) Fixed Assets are stated at cost of acquisition, less accumulated depreciation thereon. Expenditure which are capital in nature are capitalized at cost, which comprises of purchase price (net of rebates and discounts), import duties, levies, financing costs and all other expenditure directly attributable to bringing the asset to its working condition for its intended use. Capital Work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.
- ii) Amortization on carriageway is provided on the straight line basis from the date the same is put to use over the remaining concession period.
- iii) Depreciation is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Leasehold improvements are amortized over the period of lease.

7. Foreign Currency Transactions

Foreign exchange transactions are accounted at the rates prevailing on the date of transactions. Monetary assets and current liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account. Non-monetary foreign currency items are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

8. Investments

Investments are classified as long term and current investments. Long Term Investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value. Dividend income is accounted when the right to receive dividend is established.

9. Employee Benefits

Liability for employee benefits, both short and long term, for present and past service which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits" issued by the Companies (Accounting Standard) Rules, 2006.

i) Gratuity

In accordance with the Payment of Gratuity Act, 1972 the company provides for Gratuity covering eligible employees. The liability on account of Gratuity is provided on the basis of valuation of the liability by an independent actuary as at the year end.

ii) Provident Fund

In accordance with applicable local laws, eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan to which both the employee and employer contributes monthly at a determined rate (currently up to 12% of an employee's salary). These contributions are either made to the respective Regional Provident Fund Commissioner, or the Central Provident Fund under the State Pension Scheme, and are expenses as incurred.

iii) Compensated Absences

Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end.

iv) Actuarial gains and losses are immediately recognized and taken to the profit and loss account and are not deferred.

10. Deferred Revenue Expenditure

Projects and Other amenities expenditure incurred upto March 31, 2011, the benefit of which is spread over more than one year is grouped under Prepaid Expenditure and is amortized over the period in which benefits would be derived.

11. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such asset. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

12. Leases

Assets taken on finance lease are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Operating leases in respect of office & other equipment, house for employees, Office buildings are cancelable / renewable by mutual consent on agreed terms. Lease payments under an operating lease are recognized as an expense in the Profit and Loss Account.

13. Earnings per Share (EPS)

In arriving at the EPS, the Company's net profit after tax, computed in terms of the Indian GAAP, is divided by the weighted average number of equity shares outstanding on the last day of the reporting period. The EPS thus arrived at is known as 'Basic EPS'. To arrive at the diluted EPS the net profit after tax, referred above, is divided by the weighted average number of equity shares, as computed above and the weighted average number of equity share that could have been issued on conversion of shares having potential dilutive effect subject to the terms of issue of those potential shares. The date/s of issue of such potential shares determine the amount of the weighted average number potential equity shares.

14. Taxation

i) Current Tax

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and provisions of Income Tax Act, 1961.

ii) Deferred Tax

Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

15. Impairment of Fixed Assets

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether

there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

16. Provisions for Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are present obligations arising from a past event, when it is not probable / probability is remote that an outflow of resources will be required to settle the obligation and they are not recognized but are disclosed in the notes.

Contingent Assets are neither recognized nor disclosed in the financial statements. Provisions for Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

B. NOTES TO ACCOUNTS

1. All amounts in the financial statements are presented in Rupees in Lacs except per share data and as otherwise stated. Figures in brackets represent corresponding previous year figures in respect of Profit & Loss items and in respect of Balance Sheet items as on the Balance Sheet date of the previous year. Figures for the previous year have been regrouped / rearranged wherever considered necessary to conform to the figures presented in the current year.

2. Criteria for preparation of consolidated financial statements:

Gayatri Projects Limited ("the company") has presented consolidated Financial statements by consolidating its own financial statements with those of its subsidiaries and joint ventures in accordance with Accounting Standard-21(Consolidated Financial statements), Accounting Standard-23 (Accounting for Investments in Associates in consolidated Financial statements) and Accounting Standard – 27 (Financial reporting of Interests in joint ventures) notified in section 211 (3C) of the Companies Act, 1956.

The Financial statements of each of those Subsidiaries and Joint Ventures are prepared in accordance with the generally accepted accounting principles & accounting policies of Parent Company. The effects of inter-company transactions between consolidated companies/entities are eliminated in consolidation.

3. Disclosure of particulars regarding Subsidiaries, Joint ventures and Associates.

Subsidiaries, Joint Ventures and Associates Included in Consolidated Financial statements in terms of AS-21, AS-23 and AS-27 are as follows

S. No	Name of the Entity	Nature of the Entity	% of Holding	Country of Incorporation
1	Gayatri Energy Ventures Private Limited	Wholly owned Subsidiary	100	India
2	Gayatri Infra Ventures Limited	Subsidiary	70.59	India
3	Bhandara Thermal Power Corporation Limited	Subsidiary	51	India
4	HKR Roadways Limited	Subsidiary	74	India
5	Balaji Highways Holding Limited (Considered as subsidiary as per AS-21 for consolidation)	Associate	49	India
6	Indore Dewas Tollways Limited (Considered as subsidiary as per AS-21 for consolidation)	Associate	33.33 (66.66 along with subsidiary)	India
7	IJM Gayatri Joint Venture	Joint venture	40	India
8	Jaiprakash Gayatri Joint Venture	Joint venture	49	India
9	Gayatri ECI Joint Venture	Joint venture	50	India
10	Gayatri Ratna Joint Venture	Joint venture	80	India
11	Gayatri – Ranjit Joint Venture	Joint venture	60	India

S. No	Name of the Entity	Nature of the Entity	% of Holding	Country of Incorporation
12	Gayatri – GDC Joint Venture	Joint Venture	70	India
13	Gayatri – BCBPPL Joint Venture	Joint Venture	60	India
14	Gayatri – RNS Joint Venture	Joint Venture	60	India
15	Gayatri – JMC Joint Venture	Joint Venture	75	India
16	MEIL-Gayatri-ZVS-ITT Consortium	Joint Venture	48.44	India
17	Viswanath-Gayatri Joint Venture	Joint Venture	50	India

4. Contingent Liabilities not provided for

(Rs. in Lacs)			
Sl.	Particulars	2010-11	2009-10
1	Guarantees given by Banks towards performance & contractual commitments a) Issued on behalf of Company b) Guarantees given to Related Parties c) Letter of Credit	64248.69 27462.24	44509.66 8232.51
2	Claims against the Company not acknowledged as debt	315.41	155.65
3	Corporate guarantees given to/taken from Group companies	571166.00	33566.00
4	Disputed Liability of Sales Tax, Service Tax and Seigniorage Charges	2824.27	2807.57

5. Accounting for taxes on Income

As per Accounting Standard 22 on Accounting for Taxes on Income, the provision for Deferred Tax Liability has been calculated and accounted. Details of Deferred Tax Asset provided for the year is given as under

(Rs. in Lacs)		
Particulars	2010-11	2009-10
Deferred Tax Liability as at beginning of the year	1627.29	1933.42
Adjustment for change in share of Joint Controlled Entities	(1.34)	0.01
Deferred Tax Liability at the end of the year	2020.41	1627.29
Deferred Tax Liability for the year	394.46	306.14

6. Earning Per Share (EPS)

Basic Earning per share calculated as per Accounting Standard 20 on Earning per share. For the purpose of computing

(Rs. in Lacs)		
Particulars	2010-11	2009-10
Profit After Tax for calculation of Basic EPS (Rs.in Lacs)	3232.50	5117.89
Profit After Tax for calculation of Diluted EPS (Rs.in Lacs)	3232.50	5117.89
Weighted average No. of equity shares as denominator for calculating Basic EPS. (No. in Lacs)	116.02	106.66
Weighted average No. of equity shares as denominator for calculating Diluted EPS. (No. in Lacs)	147.10	133.87
Basic EPS (Rs.)	27.86	47.98
Diluted EPS (Rs.)	21.97	38.23

7. Related party transactions as per Accounting Standard 18

Details of related parties:

Entities in which KMP are interested	Key Management Personnel (KMP)
Deep Corporation Pvt. Ltd Indira Constructions Pvt. Ltd Gayatri Tissue & Papers Ltd Gayatri Sugars Ltd Gayatri Hi-Tech Hotels Ltd	Mr. T.V.Sandeep Kumar Reddy Mr. J.Brij Mohan Reddy Mrs.T.Indira Reddy
Gayatri Housing Ventures Pvt. Ltd Gayatri Hotels & Theaters Pvt. Ltd Balaji Charitable Trust Amaravathi Thermal Power Pvt.Ltd. Gayatri Bio-Organics Limited TSR Foundation Dr.T.Subbarami Reddy (HUF)	Joint Ventures Simplex Gayatri Consortium *

* not considered for consolidation

(Rs. in Lacs)

SI	Description	2010-11			2009-10		
		Joint Ventures	Entities in which KMP are interested	KMP	Joint Ventures	Entities in which KMP are interested	KMP
1	Equity contribution	—	—	—	—	—	—
2	Contract Receipts	—	8095.63	—	257.12	7132.89	—
3	Contract payments	—	470.13	—	—	409.10	—
4	Office Rent & Maintenance	—	73.33	—	—	26.53	—
5	Other Payments	—	13.20	—	—	12.00	—
6	Donations	—	319.03	—	—	62.05	—
7	Remuneration Paid	—	—	467.00	—	—	319.50
8	Contract Advances/ Other Adv.	—	—	—	620.00	1255.58	—
9	Corporate Guarantees	—	—	—	—	—	—
10	Closing balances – Debit	197.76	3279.41	—	290.64	2155.44	—
11	Closing balances – Credit	—	228.90	168.06	620.00	1939.42	45.91

8. Segment Reporting

The Company's operations predominantly consist of construction / project activities. Hence there are no reportable segments under Accounting Standard – 17. During the year under report, the Company's business has been carried out only in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

9. Managerial Remuneration:

Managerial Remuneration paid during the year:

(Rs. in Lacs)

Particulars	2010-11	2009-10
Salaries	402.00	264.00
Commission	50.00	48.00
Perquisites	15.00	7.50
Contribution to Provident Fund & Superannuation Fund	—	—
Total	467.00	319.50

10. Disclosure pursuant to Accounting Standard – 7 “Construction Contracts”

(Rs. in Lacs)

Sl No	Particulars	2010-11	2009-10
1.	Contract revenue recognized for the year ended	120612.73	127450.62
2.	Contract cost incurred and recognized profits, less losses	108565.47	121326.98
3.	Amount of advances received till date, net of recoveries	40872.34	23764.49
4.	Gross amount due from customers for contract works	40353.15	29710.15

11. Figures pertaining to the subsidiary companies and Joint ventures have been reclassified wherever necessary to bring them line with the company’s financial statements.
12. Figures of previous year have been regrouped/ rearranged/ reclassified wherever necessary to confirm to the current year presentation.
13. Prior Period Adjustment includes share of losses of the company of earlier years in Gayatri-ECI Joint Venture of Rs.1240.47 Lacs
14. Adjustment to net consolidated profit for the year represents the change in the share of the Company in one of the Jointly Controlled Entities.
15. All amounts are rounded off to nearest thousand.

As per our report of even date attached
For C.B.MOULI & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

MANI OOMMEN
 Partner

T. INDIRA REDDY
 Chairperson

T.V. SANDEEP KUMAR REDDY
 Managing Director

Place : Hyderabad
 Date : 22nd August 2011

P. SREEDHAR BABU
 Chief Financial Officer

I.V. LAKSHMI
 Company Secretary

GAYATRI PROJECTS LIMITED

Regd. & Corp. Office : B-1, 1st Floor, T.S.R. Towers, 6-3-1090, Rajbhavan Road,
Somajiguda, Hyderabad – 500 082

ATTENDANCE SLIP

I hereby record my presence at the 22nd ANNUAL GENERAL MEETING at Surana Udyog Hall, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad-500 004 on 30th day of September, 2011 at 4.00 p.m.

.....
Full Name of the Shareholder (in block letters) Signature

Folio Number/DP ID No. :

Client ID :

No.of Shares Held :

.....
Full Name of the Proxy (in block letters) Signature
(To be filled if the Proxy attends instead of member(s))

Note : Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting Hall. Please carry a copy of the Annual Report.



GAYATRI PROJECTS LIMITED

Regd. & Corp. Office : B-1, 1st Floor, T.S.R. Towers, 6-3-1090, Rajbhavan Road,
Somajiguda, Hyderabad – 500 082

PROXY FORM

Folio No..... DP ID..... Client ID

I/We of

in the district of being a member/members of the above named Company,

hereby appoint Mr/Ms/Kum in the district

of as my/our proxy to vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company to be held on the 30th Day of September 2011 at 4.00 p.m. at Surana Udyog Hall, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad-500 004 and at any adjournment thereof.

Signed this day of 2010

Address :.....

.....

Signature

Affix
Re. 1/-
revenue
stamp

Note : The proxy form duly completed must be deposited with the Secretarial Department at the Registered Office of the Company at B-1, 1st Floor, T.S.R. Towers, 6-3-1090, Rajbhavan Road, Somajiguda, Hyderabad - 500 082, not less than 48 hours before the time for commencement of the meeting. A proxy need not be a Member.



Registered & Corporate Office :

B-1, T.S.R. Towers, 6-3-1090, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082

Tel : 040 - 23314284, Fax : 040 - 23398435

Email : gplhyd@gayatri.co.in, Website : www.gayatri.co.in