

**21st ANNUAL REPORT
2009-10**



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CORPORATE INFORMATION

Board of Directors

Smt. T. Indira	Chairperson
Sri T.V. Sandeep Kumar Reddy	Managing Director
Sri J. Brij Mohan Reddy	Executive Vice Chairman
Sri G. Siva Kumar Reddy	Director
Sri V. L. Moorthy	Director
Sri Ch. Hari Vittal Rao	Director

Company Secretary & Compliance Officer

CS I.V. Lakshmi

Chief Finance Officer

CA P. Sreedhar Babu

Statutory Auditors

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

Bankers

Bank of Baroda
Canara Bank
Syndicate Bank
Indian Overseas Bank
Andhra Bank
Corporation Bank
IDBI
Oriental Bank of Commerce
Federal Bank

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

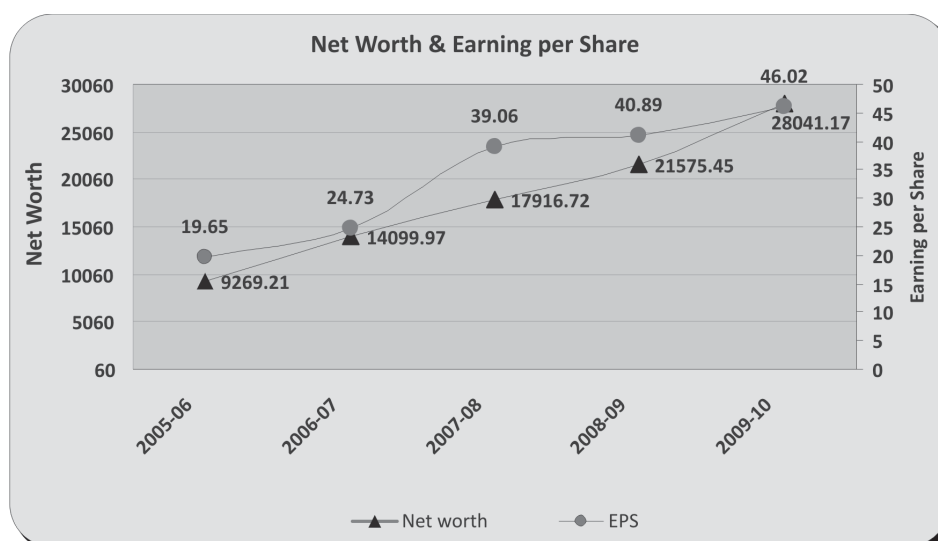
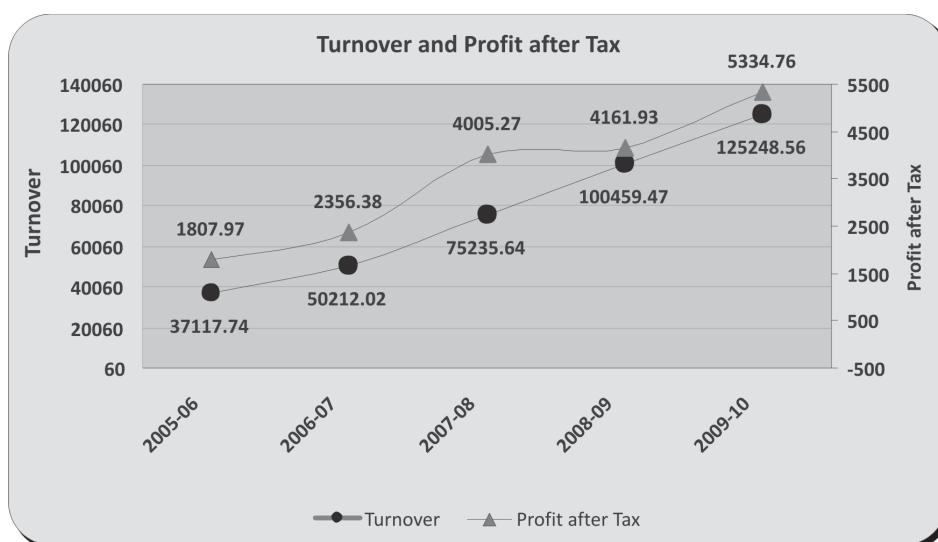
Registrars & Transfer Agents

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	2009-10	2008-09	2007-08	2006-07	2005-06
Turnover	125,248.56	100,459.47	75,235.64	50,212.02	37,117.74
Profit Before Tax	8,100.20	6,343.62	6,118.18	3,582.36	2,759.48
Profit After Tax	5,334.76	4,161.93	4,005.27	2,356.38	1,807.97
Equity Capital	1,110.48	1,010.48	1,010.48	1,000.00	900.00
Reserves & Surplus	26,930.69	20,564.97	16,906.24	13,099.97	8,369.21
Net Worth	28,041.17	21,575.45	17,916.72	14,099.97	9,269.21
Gross Block	30,029.60	27,478.52	25,729.36	20,698.48	16,430.72
Net Block	16,614.62	16,066.86	16,287.83	12,858.49	9,830.42
Book Value (Rs.) Per Share	252.51	213.52	177.31	141.00	102.99
EPS (Rs.) Basic	46.02	40.89	39.06	24.73	19.65
Dividend	50%	40%	25%	20%	15%



NOTICE

NOTICE is hereby given that the Twenty First ANNUAL GENERAL MEETING of 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 Monday, September 27, 2010 at 3.30 p.m. to transact the following businesses.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To confirm and ratify the Interim Dividend already declared and paid for the Year ended 31st March, 2010 and to declare a Final Dividend on Equity Shares for the Year ended 31st March, 2010.
3. To appoint a Director in place of Mr. T.V.Sandeep Kumar Reddy, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. J.Brij Mohan Reddy, 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. 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, notwithstanding 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.5000 Crores (Rupees Five 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 movable 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".

7. AUTHORISATION TO INVEST IN INFRASTRUCTURE PROJECTS, BOTs, BOOTs, TOLL PROJECTS, POWER PROJECTS ETC.

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

"RESOLVED THAT consent of the members be and is hereby accorded to the Board (through its investment committee) to invest any sum(s) of money from time to time in Infrastructure Projects, BOTs, BOOTs, Toll Projects, Power Projects and such other projects, which have been mentioned in the Objects of the Company, either by way of incorporation of Special Purpose Vehicles or through Joint Ventures or through Group / Subsidiary Companies as it may consider fit, on such terms and conditions as the Board (through its committee) may deem fit, either by way of Equity or such other manner, subject to total amount invested shall not exceed a sum of Rs.500 Crores (Rupees Five Hundred Crores only) in a Financial Year".

"RESOLVED FURTHER THAT the total amount of investments made in each project/BOT/BOOT/ BOLT/ Power Projects etc. during the Financial Year shall be intimated to various required regulatory authorities from time to time apart from placing before the members in General Meeting"

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

Place: Hyderabad
Date : August 9, 2010

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 above, 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 20th September, 2010 to 27th September, 2010 (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 final dividend for the year ended 31st March, 2010 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 18th September 2010.

7. Appointment / Re-appointment of Directors

At the ensuing Annual General Meeting, **Mr. T. V. Sandeep Kumar Reddy** and **Mr. J Brij Mohan Reddy**, 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. T. V Sandeep Kumar Reddy, aged about 43 years Son of Dr. T. Subbarami Reddy (Member of Parliament). He has been associated with the company since its incorporation in 1989. Mr. T. V. Sandeep Kumar Reddy has done his Masters in Construction Engineering and Management from the University of Michigan at Ann Arbor, USA and also holds a Bachelor Degree in Civil Engineering from Purdue University. He looks after the day-to-day affairs of the Company.

Mr. J Brij Mohan Reddy aged about 69 Years Son of Mr. J Chenna Krishna Reddy. He is an Engineering Graduate from Berkley University in the USA. He is specialized in Harbor Engineering (i.e., construction of break waters, piers, wharf walls, jetties etc.), RCC structures, Steel structures and Highway projects. He joined the company as Vice Chairman in 1989. He was responsible for the construction of the entire fisheries harbor at Chennai and major portion of mechanized ORE-handling project for Chennai Port Trust.

ANNEXURE TO NOTICE

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

ITEM NO. 6:

BORROWINGS IN EXCESS OF PAID-UP CAPITAL AND FREE RESERVES

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.

The Company is having substantial value of works on hand and is expecting new works in future; the Company requires substantial funds for execution of works. 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 is interested in the above resolution.

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

ITEM NO. 7:

AUTHORISATION TO INVEST IN INFRASTRUCTURE PROJECTS, BOTs, BOOTs, TOLL PROJECTS, POWER PROJECTS ETC.

The Company being an infrastructure Company, sometimes in urgent necessity, it has to promote a Company/Joint venture by investing in the Equity. This exigency comes when the Holding Company upon securing the Order has to sign the Concession Agreement/Joint Venture Agreement/Consortium/such other Agreement.

Since the Company is growing leaps and bounds and also diversifying its activities into various infrastructure Projects viz. BOTs, BOOTs, Toll Projects, Thermal Power Projects, Solar Power Projects/Non-conventional Energy Resources and such other projects which have been mentioned in the Objects of the Company. It becomes difficult for the Company to seek consent of the members through General Meeting every time the subscription/acquisition is made to promote the Companies viz. SPV's/BOT/BOOTs etc. for the small investments, your directors are requesting the members to empower the Board to make such investments. Further being an Infrastructure Flagship Company (Holding company) which is having no. of subsidiaries and Group Companies requires frequent investment into the Infrastructure, Power and other activities of subsidiary Companies to achieve its objects.

Though an Infrastructure Company is exempted under Section 372A(8)(a)(i) for inter corporate investments, loans, advances, securities, its investments into various Subsidiaries/Group Companies, as a prudent measure and to adopt Good Governance Practices, the approval of the members is sought. It gives ample scope to the Holding Company to act proactively as and when it is required to invest in order to achieve its objects mentioned in the Memorandum.

All the investments made into the respective companies shall be reported to the members/regulatory authorities from time to time.

None of the Directors are interested in the above resolution.

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

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

Place: Hyderabad
Date : August 9, 2010

CS I.V. LAKSHMI
Company Secretary & Compliance Officer

DIRECTORS' REPORT

To

The Members, We have great pleasure in presenting the 21st Annual Report together with the Audited Statements of Accounts for the Financial Year ended March 31, 2010. 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, 2010 is summarised below:

(Rs.in Lacs)

PARTICULARS	Standalone		Consolidated	
	2009-10	2008-2009	2009-10	2008-2009
Gross Income	125,669.04	101,100.37	128,097.26	103,508.48
Profit before interest, depreciation and tax	15,650.12	11,999.32	15,633.49	11,614.86
Less : Interest and financial charges	5,544.21	3,685.57	5,553.99	3,942.44
Profit before depreciation	10,105.91	8,313.75	10,079.50	7,672.42
Less : Depreciation	2,005.71	1,970.13	2,005.76	2,092.02
Profit before tax	8,100.20	6,343.62	8,073.74	5,580.40
Provision for tax	2,765.44	2,181.69	2,540.74	2,297.68
Profit after tax	5,334.76	4,161.93	5,532.99	3,282.72
Less : Minority Interest	—	—	(13.30)	44.69
Prior Period Adjustments	425.74	30.32	428.40	30.32
Profit after Prior Period Adjustments	4,909.02	4,131.61	5,117.89	3,207.71
Profit brought forward	10,310.46	7,251.73	8,951.05	6,594.67
Profit available for appropriation	15,219.48	11,383.34	14068.94	9,802.38
Appropriations:				
Interim Dividend	277.62	—	277.62	—
Final Dividend	277.62	404.19	277.62	404.19
Dividend tax	94.36	68.69	94.36	68.69
Transfer to General Reserve	700.00	600.00	700.00	600.00
Balance carried forward	13,869.88	10,310.46	12,719.34	8,729.50
Paid-up capital	1,110.48	1,010.48	1,110.48	1,010.48
Reserves and Surplus	26,930.69	20,564.97	36,392.27	25,472.70

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.125,669.04 Lacs from Rs.101,100.37 Lacs an increase of Rs.24,568.67 Lacs (24.30%).
- ▶ Net Profit rose to Rs.5,334.76 Lacs from Rs.4,161.93 Lacs an increase of Rs.1,172.83 Lacs (29.12%).

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

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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.700536.86 Lacs and the sector wise breakup is as under:

Sl. No.	Particulars	Orders on Hand (Rs. in Lacs)	%
1	Irrigation Division	367,273.12	52.42
2	Roads Division	77,054.24	11.00
3	Road BOT Projects	156,188.70	14.28
4	Others	100,020.80	22.30
	TOTAL	700,536.86	100.00

FUTURE OUTLOOK

India, as one of the fastest growing economies, has recognized the need for all round development in the important infrastructure sectors. The potential is enormous as many sectors are opening up for participation and private investment. In the last few years a number of Road Projects have been taken up under ambitious National Highway Development Programme in which large number of Indian and foreign construction companies are participating.

Your Company is one of the fastest growing construction companies in India executing major civil works including construction of concrete or masonry dams, earthen dams, national highways, bridges, canals, aqueducts, airports, ports etc. The company will benefit immensely from changing economic scenario and positive initiatives from the government for development of Indian infrastructure.

DIVIDEND

Directors are pleased to recommend a final dividend of Rs.2.50 per equity share of the face value of Rs.10/- for the period ended 31st March 2010. The interim dividend of Rs.2.50 per equity share was paid on 11th February, 2010.

The final dividend, subject to approval at the AGM Scheduled on 27th September, 2010, will be paid to the shareholders whose names appear on the Register of Members with reference to the book closure from 20th September, 2010 to 27th September, 2010 (inclusive of both dates).

The total dividend for the period including the proposed final dividend of Rs.2.50 per share and Interim Dividend of Rs.2.50 per share, amounts to Rs.5.00 per share for the Year.

RESERVES

It is proposed to transfer Rs.700 Lacs to the General Reserves of the Company from the current year's profits.

SUBSIDIARIES

Your Company has five subsidiary companies (including step down subsidiaries) as on 31st March 2010.

Pursuant to Section 212(8) of the Companies Act, the Central Government vide its letter no 47/362/2010-CL-III dated 07/05/2010 granted exemption from attaching to the Balance Sheet of the Company, the Accounts and other documents of each of its subsidiaries. However, the Consolidated Financial Statements of the Company, which includes the results of the said subsidiaries, forms part of this Annual Report. The company will send copy of annual reports of subsidiary companies to shareholders upon request. The annual accounts of subsidiary companies are kept open for inspection at the registered office of the company which are also available in the company's website.

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.