



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

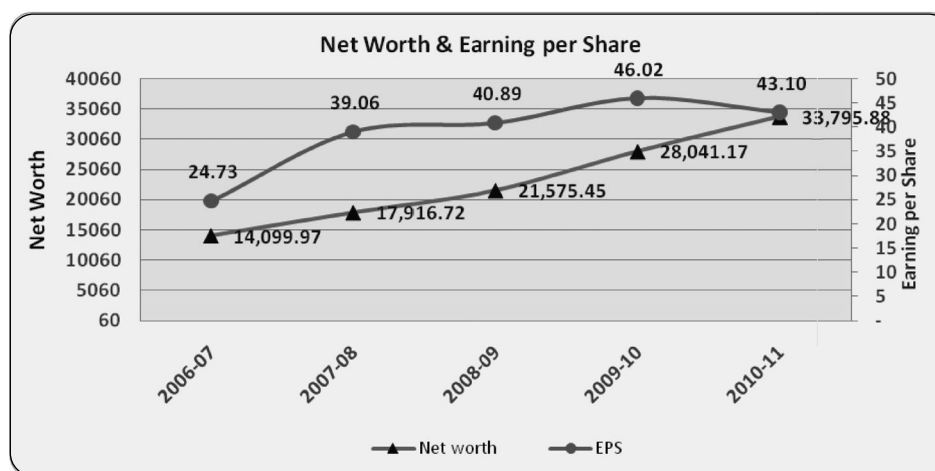
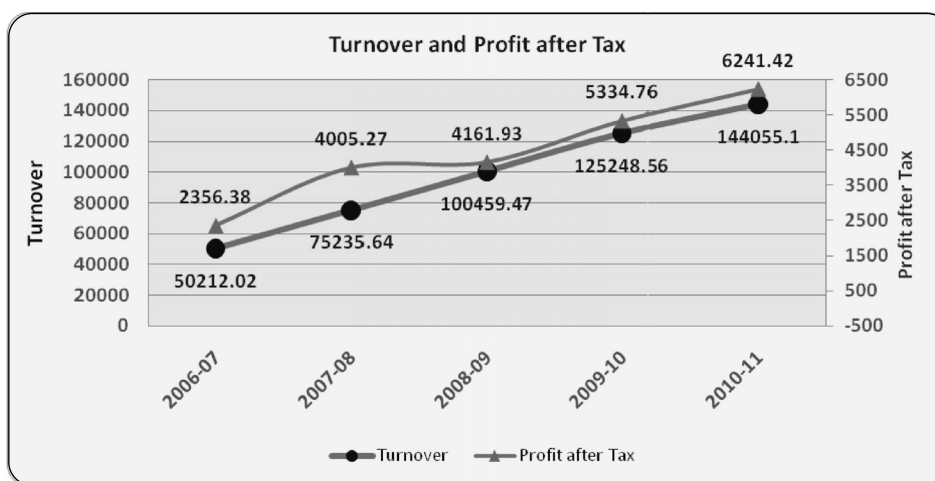
Registrars & Transfer Agents

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.