

GAYATRI PROJECTS LIMITED



Future Positive

Annual Report 2011-12

AGM NOTICE

NOTICE is hereby given that the Twenty Third ANNUAL GENERAL MEETING of M/s. Gayatri Projects Limited will be held at SuranaUdyog 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 Thursday the 20th day of September, 2012 at 3.00 p.m to transact the following businesses.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 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, 2012.
3. To appoint a Director in place of Mrs. T. Indira Subbarami Reddy, who retires by rotation, and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr.Ch. HariVittal Rao, 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 Firm Regn. No. 002140S) 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:

ITEM NO. 6. TO INVEST IN OVERSEAS JOINT VENTURE COMPANIES

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

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/ consent/ratification of such appropriate authorities including that of the Central Government and the Reserve Bank of India, where necessary, the consent of the Company in the form of ratification be and is hereby accorded to the Board of Directors of the Company to invest to the extent of ₹1,00,00,000 (Rupees One Crore only) in overseas Joint Venture companies/Joint Venture Subsidiaries/SPVs in a financial year “.

“RESOLVED FURTHER THAT the Board of Directors or any committee constituted by the board be and is hereby authorised to take such steps as may be necessary for obtaining any approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the company and also to delegate all or any of the above powers to the Board of Directors or the Managing Director or the Principal officer of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution”.

“FURTHER RESOLVED THAT the overall investments made in each Joint Venture companies/Joint Venture Subsidiaries/SPVs shall not exceed ₹1.00 Crore during a financial year”.

ITEM NO. 7: AUTHORIZATION TO INVESTMENT COMMITTEE TO INVEST IN SPECIFIC PROJECTS IN OVERSEAS JOINT VENTURE COMPANIES/JOINT VENTURE SUBSIDIARIES/SPVS.

To consider and if thought fit to pass with or without modifications the following resolutions 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 Joint Venture companies/Joint Venture Subsidiaries/SPVs 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 ₹1,00,00,000 (Rupees One Crore only) in a Financial Year”.

ITEM NO. 8: TO ACQUIRE EQUITY IN GAYATRI TRIDENT AFRICA FZC AN OVERSEAS JOINT VENTURE COMPANY.

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

“RESOLVED THAT pursuant to section 372A and other applicable provisions of the Companies Act, 1956 the consent of the Company be and is hereby accorded to invest to the extent of 97,500 Dhs. i.e. ₹20,00,000/- (Rupees Twenty lakhs) as per the exchange conversion rate prevailing on the date of investment in GAYATRI TRIDENT AFRICA, Overseas Joint Venture company, to undertake engineering, procurement and construction projects, item rate contracts and construction contracts awarded by Government or private sector in the territory of Kenya”.

“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”.

ITEM NO. 9: RE-APPOINTMENT OF SRI. BRIJ MOHAN REDDY, EXECUTIVE VICE CHAIRMAN.

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), as amended or re-enacted from time to time, read with Schedule XIII to the Act, the Company hereby approves the re-appointment of Sri J. Brij Mohan Reddy as Executive Vice Chairman of the Company for a period of three years commencing from October 1, 2012 to September 30, 2015 with the following terms and conditions”.

- 1) **Period:** For a period of 3 years commencing from 1st October 2012 to 30th September 2015.
- 2) **Nature of Duties:** Sri J. Brij Mohan Reddy shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Board and/or subsidiaries or any other executive body or any committee of such a Company.
- 3) **Remuneration:** Salary of ₹11,00,000/- per month and other perquisites as applicable to the senior management of the Company. The remuneration may be reviewed by the board from time to time.
- 4) The terms and conditions of the appointment of the Appointee may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Appointee, subject to such approvals as may be required.

MINIMUM REMUNERATION:

“RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites, benefits, amenities and facilities to **Sri J. Brij Mohan Reddy**, shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made there under or any statutory modification or re-enactment thereof.”

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

Place : Hyderabad
Date : 13th August 2012

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, 7, 8 and 9, 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 14th September, 2012 to 20th September, 2012 (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, 2012 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 13th September, 2012.
7. Members, holding shares in physical form, are requested to notify immediately any changes in their address to the Registrar and Transfer Agents (RTA), M/s. Karvy Computershare Pvt. Ltd., 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081. Phones: 040 44655000 Fax: 23420814. Members, holding shares in electronic form, are requested to notify any such changes to the concerned Depository Participant.

8. Appointment / Re-appointment of Directors

At the ensuing Annual General Meeting, Mrs. T. Indira Subbarami Reddy and Mr.Ch. HariVittal Rao, 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;

Mrs. T. Indira Subbarami Reddy, Wife of Dr. T. Subbarami Reddy, she joined the organization in the year 1995, she began her career in business with the construction of commercial complexes, theatres, etc. She was responsible for the timely completion of the prestigious twin theatres, Maheshwari 70 mm and Parameshwari 35 mm and TSR Towers, a commercial complex in Hyderabad. The vast experience of Mrs. Reddy as a businesswoman has always been an added advantage to the Company.

Mr.Ch. HariVittal Rao, He is a CAIIB with an experience of 43 years as a banker at Bank of Baroda. He also worked as a full time advisor and as the officer responsible for running the Naandi Foundation, an autonomous foundation for the development of Andhra Pradesh. In Bank of Baroda, he was bestowed the Silver Shield Award (for outstanding performance and for deposit mobilization for 10 consecutive years), the Special Silver Award and the Illustrious Banker Award. After retirement in 1999 he has been working on Non-Performing Assets (NPAs) recovery project, reducing sick units in the Banking Industry and trying to revive them, and researching self-help groups.

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

Place : Hyderabad
Date : 13th August 2012

CS I.V. LAKSHMI
Company Secretary & Compliance Officer

ANNEXURE TO NOTICE

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

ITEM NO. 6 ,7&8 :

To Invest in Overseas Joint Venture Companies, Authorization to investment committee to invest in Specific Projects in Overseas Joint Venture Companies/Joint Venture Subsidiaries/SPVS and to Acquire equity in Gayatri Trident Africa (FZC) an Overseas Joint Venture Company

As the company is exploring its business opportunities abroad and take advantage of such opportunities it is proposed to invest in overseas Joint Venture companies/Joint Venture Subsidiaries/SPVs. Company is proposed to invest ₹1 Crore in a financial year. Since the proposed investment exceed the limit prescribed under Section 372A of the Companies Act, 1956 (i.e., 60% of the paid up share capital and free reserves or 100% of the free reserves whichever is more) and to enable the company to achieve the above purpose, the Company will be required to obtain approval of the shareholders of the Company. The above investment shall be made out of the internal accruals of the Company.

It becomes difficult for the Company to seek consent of the members through General Meeting every time to invest in overseas Joint Venture companies/Joint Venture Subsidiaries/SPVs. for the small investments, your directors are requesting the members to empower the Board or investment committee to make such investments.

In view of the above company had entered a Joint Venture with Trident International Investments Limited and to invest to the extent of 65% of the equity in Gayatri Trident Africa (GTA) incorporated under the laws of the Sharjah International Airport Free Zone.

None of the Directors are interested in the above resolution.

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

ITEM NO. 9:

Re-Appointment of Sri. J. Brij Mohan Reddy, Executive Vice Chairman.

Sri J. Brij Mohan Reddy, aged 71 years, is an Engineering Graduate from Berkley University in U.S.A. He has specialized in Harbour Engineering (i.e., construction of break waters, piers, wharf walls, jetties etc.), RCC structures, Steel structures and Highway projects. He joined as Director in the Board of GPL in the year 1994. He is responsible for construction of the entire fisheries harbor at Chennai and major portion of mechanized ORE-handling project for Chennai Port Trust. He is also Director in Board of Western UP Tollways Ltd., Indore Dewas Tollways Limited., Gayatri Jhansi Roadways Ltd., Gayatri Lalitpur Roadways Ltd., Gayatri Infra Ventures Limited., Chamundeswari Builders Pvt. Ltd., NCC Power Projects Limited., Balaji Highway Holdings Pvt. Ltd., SaiMaatarini Tollways Limited and Gayatri Hi-Tech Hotels Limited. Considering his experience, the Board proposes to extend his appointment for further 3 years without any change in remuneration and present designation, i.e from 1st October 2012 to 30th September 2015 subject to the approval of the members in the ensuing Annual General Meeting.

This may be treated as abstract of the terms of contract between the Company and Sri. J. Brij Mohan Reddy pursuant to Section 302 of the Companies Act, 1956.

None of the Directors excepting Mr. T.V. Sandeep Kumar Reddy Mr. J. Brij Mohan Reddy 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 : 13th August 2012

CS I.V. LAKSHMI
Company Secretary & Compliance Officer

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CORPORATE INFORMATION

Board of Directors

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

Chairperson
Managing Director
Executive Vice Chairman
Director
Director
Director

Company Secretary & Compliance Officer

CS I.V. Lakshmi

Chief Financial Officer

CA P. SreedharBabu

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
State Bank of Bikaner and Jaipur
Bank of Maharastra

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

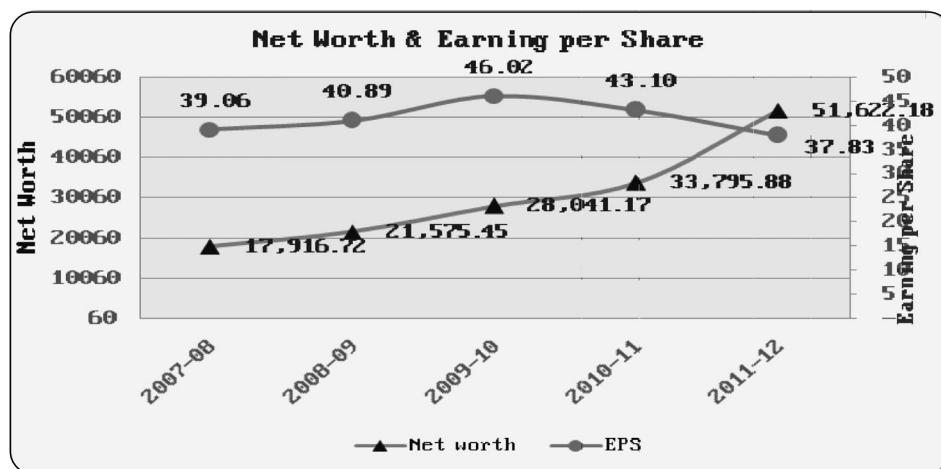
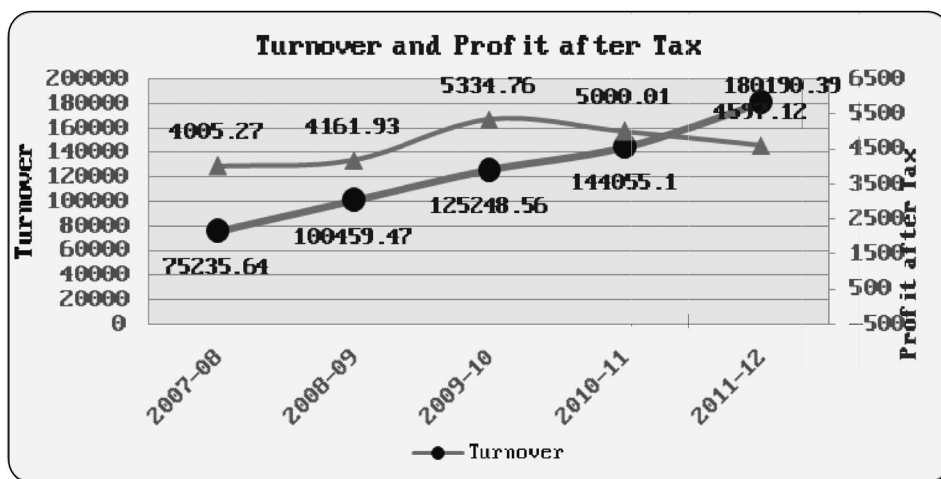
Registrars & Transfer Agents

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

(₹ in Lakhs)

DESCRIPTION	2011-12	2010-11	2009-10	2008-09	2007-08
Turnover	1,80,190.39	1,44,055.10	1,25,248.56	1,00,459.47	75,235.64
Profit Before Tax	6,983.99	9,175.54	8,100.20	6,343.62	6,118.18
Profit After Tax	4,597.12	5,000.01	5,334.76	4,161.93	4,005.27
Equity Capital	2,396.82	1,198.90	1,110.48	1,010.48	1,010.48
Reserves & Surplus	49,225.36	32,596.98	26,930.69	20,564.97	16,906.24
Net Worth	51,622.18	33,795.88	28,041.17	21,575.45	17,916.72
Gross Block	44,617.76	37,012.37	30,029.60	27,478.52	25,729.36
Net Block	27,393.87	21,929.13	16,614.62	16,066.86	16,287.83
Book Value (₹) Per Share	215.38	281.89	252.51	213.52	177.31
EPS (₹) Basic	37.83	43.1	46.02	40.89	39.06
Dividend	30%	50%	50%	40%	25%



DIRECTORS' REPORT

To

The Members, We have great pleasure in presenting the 23rd Annual Report together with the Audited Statements of Accounts for the Financial Year ended March 31, 2012. 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, 2012 is summarized below:

₹ in Lakhs

PARTICULARS	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Gross Income	180523.75	1,44,619.33	2,20,593.74	1,21,606.52
Profit before interest, depreciation and tax	20,327.05	17,626.84	31,822.41	22,804.79
Less : Interest and financial charges	10,437.38	7,418.49	22,072.24	11,730.14
Profit before depreciation	9,889.67	10,208.35	9,749.90	11,074.65
Less : Depreciation	2,905.68	2,273.28	8,208.89	6,232.23
Profit before tax	6,983.99	7,935.07	1,541.01	4,842.42
Provision for tax	2,386.87	2,935.06	2,355.13	3,085.14
Profit after tax	4,597.12	5,000.01	(814.12)	1,757.28
Less : Minority Interest	—	—	1,371.15	1,475.22
Profit after Prior Period Adjustments	4,597.12	5,000.01	557.03	3,232.50
Profit brought forward	16,060.16	13,869.88	14,400.94	13,978.17
Other Adjustments	—	—	(34.83)	—
Profit available for appropriation	20,657.28	18,869.89	14,923.14	17,210.67
Appropriations:				
Dividend & Dividend Tax	835.69	709.73	835.69	709.73
Transfer to Debenture Redemption Reserve	—	1,300.00	—	1,300.00
Transfer to General Reserve	900.00	800.00	900.00	800.00
Balance carried forward	18,921.59	16,060.16	13,187.08	14,400.94
Paid-up capital	2,396.82	1,198.90	2,396.82	1,198.90
Reserves and Surplus	49,225.36	32,596.98	57,988.84	45,435.38

REVIEW OF OPERATIONS:

The financial year 2011-12 was a challenging year and almost all Country's including India are facing the fear of slowdown in the growth. The uncertainty about demand conditions, and increasing in interest rates, slowdown decision making in various crucial areas and weakening of rupee are contributing for subdued growth rate and also less favorable condition for investment. In this challenging year, your Company has performed reasonably well and grew its revenue by 25%. The EBITDA margins have registered at 17.26% as against 13.45% in the previous year. The company has make provision of ₹79.23 crores for the foreign exchange translation loss on the FCCB Bonds and an account of this PAT margins have decreased to 2.55%.

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.

The Order Book position of your company is strong at ₹7,809.99 crores as on 31st March, 2012 with a revenue visibility over next four years. The sector wise breakup is as under:

Sl. No.	Particulars	Orders on Hand ₹ in Crores	%
1	Irrigation Division	3457.29	44.27
2	Roads Division	1978.97	25.34
3	Power Transmission	248.26	3.18
4	Industrial Works	2125.47	27.21
	TOTAL	7809.99	100.00

FUTURE OUTLOOK

Despite the continued unfavourable macroeconomic environment, Construction Sector is expected to show some improvement compared to last year as evidenced by the recent increase in the output of steel and cement. The projected GDP growth of construction industry is 6.5 percent as against 5.3 percent in previous year. 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 ₹ 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 next few years. It can be said that for the next six years (2011-12 to 2016-17) the demand for the construction industry will be quite significant. In value terms, the expected size of this industry by 2016-17 will be quite significant. As an existing leading player and experienced infrastructure developer, your Company will have direct advantage in the challenging scenario.

DIVIDEND

Directors are pleased to recommend a dividend of ₹3/- per equity share of the face value of ₹10/- for the period ended 31st March 2012.

The dividend, subject to approval at the AGM on 20th of September, 2012, will be paid to the shareholders whose names appear on the Register of Members with reference to the book closure from Friday 14th September, 2012 to Thursday 20th September, 2012 (inclusive of both dates).

RESERVES

It is proposed to transfer ₹900 Lakhs to the General Reserves of the Company from the current year's profits.

SUBSIDIARY COMPANIES

During the year under review your company has incorporated M/s. Sai Maatarini Tollways Limited has wholly owned subsidiary of the company.

With effect from 13th of March, 2012, HKR Roadways Limited is not a subsidiary of our Company pursuant to acquisition of shares by other shareholders in HKR Road Ways Limited.

With effect from November 29, 2011, Bhandara Thermal Power Corporation Limited has become a step down subsidiary of your Company pursuant to Gayatri Energy Ventures Private Limited having acquired 98.99% of the equity share capital thereof.

Your Company has seven subsidiary companies (including step down subsidiaries) as on 31st March 2012 as per the Companies Act, 1956.

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.