



GAYATRI PROJECTS LIMITED

Annual Report 2012–13

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CORPORATE INFORMATION

Board of Directors

Smt. T. Indira Subbarami Reddy	-	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 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
The Federal Bank Ltd.,
IDBI Bank Ltd.
Indian Overseas Bank
Punjab National Bank
Syndicate Bank
Union Bank of India
United Bank of India
State Bank of Bikaner and Jaipur
Bank of Maharashtra

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

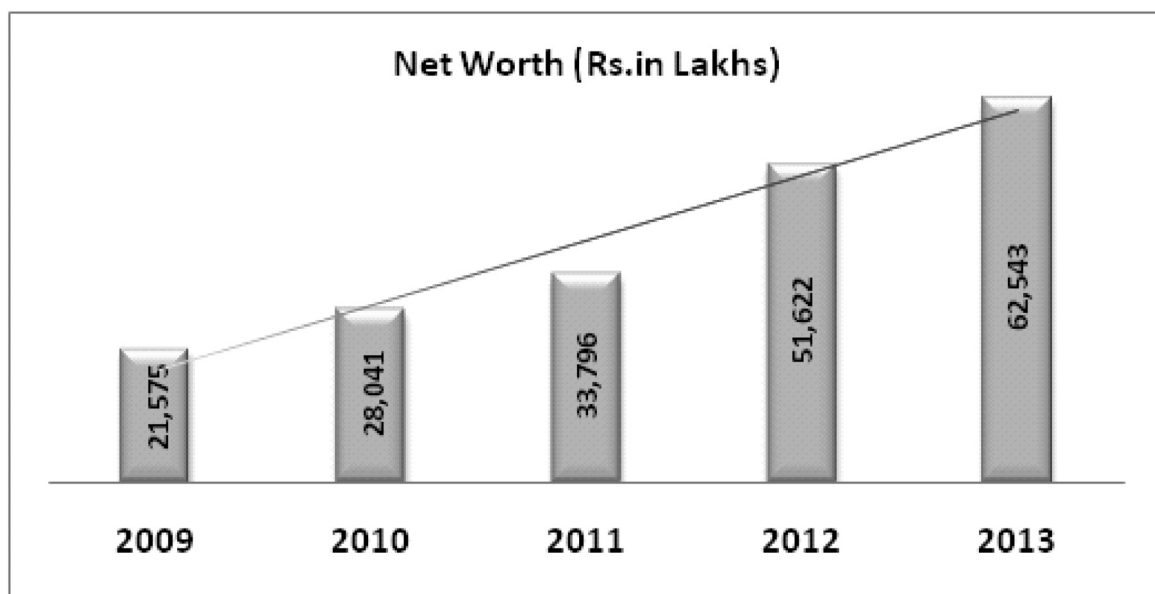
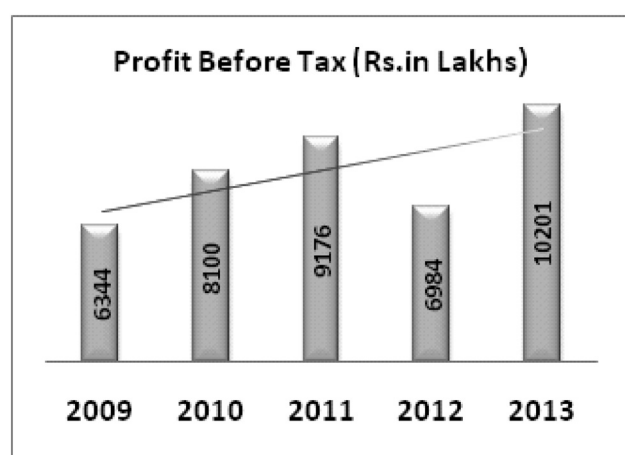
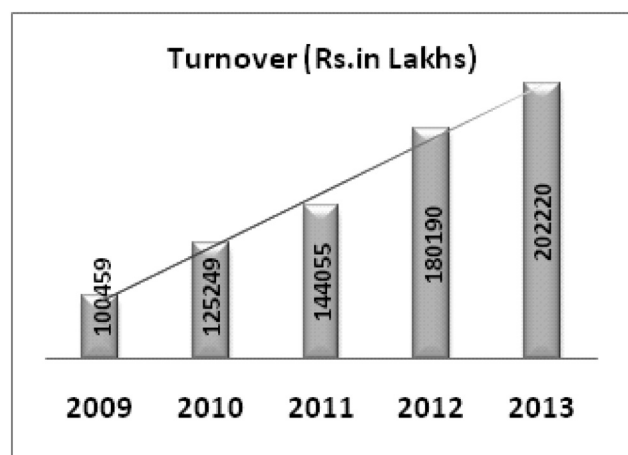
Registrars & Transfer Agents

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	2012-13	2011-12	2010-11	2009-10	2008-09
Turnover	2,02,220.21	1,80,190.39	1,44,055.10	1,25,248.56	1,00,459.47
Profit Before Tax	10,201.08	6,983.99	9,175.54	8,100.20	6,343.62
Profit After Tax	6,308.91	4,597.12	5,000.01	5,334.76	4,161.93
Equity Capital	3,022.70	2,396.82	1,198.90	1,110.48	1,010.48
Reserves & Surplus	59,520.17	49,225.36	32,596.98	26,930.69	20,564.97
Net Worth	62,542.87	51,622.18	33,795.88	28,041.17	21,575.45
Gross Block	45,068.58	44,617.76	37,012.37	30,029.60	27,478.52
Net Block	24,738.09	27,393.87	21,929.13	16,614.62	16,066.86
Book Value (₹) Per Share	206.91	215.38	281.89	252.51	213.52
EPS (₹) Basic	24.53	37.83	43.1	46.02	40.89
Dividend	30%	30%	50%	50%	40%



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fourth ANNUAL GENERAL MEETING of M/s. Gayatri Projects Limited will be held at 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, on Friday the 27th day of September, 2013 at 11.30 a.m to transact the following businesses.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March , 2013 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, 2013.
3. To appoint a Director in place of Mr. J. Brij Mohan Reddy, who retires by rotation, and being eligible, offers himself for re-appointment.
4. 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.

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 subject to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. MOS & Associates, Chartered Accountants (Firm Registration No. 001975S), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting in place of the retiring Auditors, M/s. C.B. Mouli & Associates, Chartered Accountants, to audit the accounts of the Company for the financial year 2013-14 at a remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee of Directors.”

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

Place: Hyderabad
Date : 14th August, 2013.

CS I.V. LAKSHMI
Company Secretary & Compliance Officer

NOTES:

1. 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.
2. The Register of Members and the Share Transfer Books of the Company will be closed from 24th September, 2013 to 27th September, 2013 (both days inclusive).
3. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
4. 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.
5. The dividend for the year ended 31st March, 2013 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 23rd September, 2013.
6. 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. Phone: 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, **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 / reappointment of Directors is given below for information of the Members;

Mr. T. V Sandeep Kumar Reddy, aged about 46 years Son of Dr. T. Subbarami Reddy (Member of Parliament) has over 21 years of experience in the construction industry. 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 72 years Son of Mr. J. Chenna Krishna Reddy, he is an Engineering Graduate from Berkley University in the USA. He has over 47 years of experience in the heavy engineering construction and the harbor engineering industries. 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.

Note on appointment of M/s. MOS & Associates, Chartered Accountants as Statutory Auditors of the Company (Item No. 5)

Since inception, the Company's accounts are being audited by M/s. C.B. Mouli & Associates, Chartered Accountants. The Audit Committee felt that it would be appropriate to change the statutory auditors as a fairly long period had elapsed since their first appointment. Based on the recommendation of the Audit Committee, the Board of Directors, has at its meeting held on 14th August, 2013 recommended the appointment of M/s. MOS & Associates, Chartered Accountants as statutory auditors of the Company for the financial year 2013-14 in place of M/s. C.B. Mouli & Associates.

The Company has received special notice of a resolution from a Member of the Company, in terms of the applicable provisions of the Act, signifying his intention to propose the appointment of M/s. MOS & Associates, Chartered Accountants as the statutory auditors of the Company from the conclusion of this AGM till the conclusion of the next AGM of the Company.

M/s. MOS & Associates, Chartered Accountants has expressed its willingness to act as statutory auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act. The Members' approval is being sought for the appointment of M/s. MOS & Associates, Chartered Accountants as the statutory auditors and to authorise the Board of Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to them.

None of the Directors are concerned or interested in this resolution.

Your Directors recommend the resolution for your approval.

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

Place: Hyderabad
Date : 14th August, 2013.

CS I.V. LAKSHMI
Company Secretary & Compliance Officer

DIRECTORS' REPORT

To
The Members

We have great pleasure in presenting the 24th Annual Report together with the Audited Statements of Accounts for the Financial Year ended 31st March, 2013. In a difficult year, your company has shown significant and consisting performance and achieved new milestones.

FINANCIAL RESULTS

The financial performance of your Company on both a stand-alone and a consolidated basis for the year ended 31st March, 2013 is summarized below:

(₹ in Lakhs)

PARTICULARS	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Gross Income	2,02,467.84	1,80,523.75	1,97,988.28	2,20,593.74
Profit before interest, depreciation and tax	26,852.70	20,327.05	41,369.90	31,822.41
Less : Interest and financial charges	13,522.98	10,437.38	27,045.47	22,072.24
Profit before depreciation	13,329.72	9,889.67	14,324.43	9,749.90
Less : Depreciation	3,128.64	2,905.68	11,173.16	8,208.89
Profit before tax	10,201.08	6,983.99	3,151.27	1,541.01
Provision for tax	3,892.17	2,386.87	3,843.51	2,355.13
Profit after tax	6,308.91	4,597.12	(691.88)	(814.12)
Less : Minority Interest		—	1,646.49	1,371.15
Profit after Minority Interest	6,308.91	4,597.12	954.61	557.03
Profit brought forward	18,921.59	16,060.16	13,187.08	14,400.94
Other Adjustments	—	—	9.72	(34.83)
Profit available for appropriation	25,230.50	20,657.28	14,151.77	14,923.14
Appropriations:				
Dividend & Dividend Tax	1,053.92	835.69	1,053.92	835.69
Transfer to Debenture Redemption Reserve	—	—	—	—
Transfer to General Reserve	1,000.00	900.00	1000.00	900.00
Balance carried forward	23,176.58	18,921.59	12,097.85	13,187.08
Paid-up capital	3,022.70	2,396.82	3,022.70	2,396.82
Reserves and Surplus	59,520.17	49,225.36	63,757.01	57,988.84

OPERATIONS REVIEW:

The Indian economy is going through challenging times with GDP growth slowing down to 5% in FY13. Like all other industries, the infrastructure sector has grown at moderate rate during FY12-13. In these tough times, the company continued to focus on improving performance by enhancing efficiency. Revenue from operations of the Company has increased from ₹ 180190.39 Lakhs in FY 2011-12 to ₹ 202220.21 Lakhs in FY 2012-13. The EBITDA margins have improved to 13.26% during the year as compared to 11.26% in the previous year. The PAT margin increased to 5.04% in the current year as compare to 3.87% in the previous year.

The progress of the various works is satisfactory and wherever delays are there they are attributable to the causes in the scope of employers. In all such cases, your company has got extension of time from the employer.

The order inflow during the year was ₹ 500 crores taking total order to ₹ 8598 crores by the end of financial year 2012-13.

FUTURE OUTLOOK

The economic conditions are expected to remain uncertain in India and across the globe for short/medium term. The Government of India (GOI) is taking several measures to boost the infrastructure sector. Nearly 3,000-km of road projects have been announced in 2013-14 across states including Andhra Pradesh, Uttar Pradesh and Gujarat, Maharashtra, and Rajasthan by the GOI. The GOI will seek funding from Asian Development Bank and World Bank to build roads to connect north eastern India with Myanmar. Further GOI announced two new major ports to be built in eastern India-one at Sagar, Andhra Pradesh and another in West Bengal. GOI announced two towns along the Delhi-Mumbai industrial corridor which are proposed to be developed. The GOI is pushing for two industrial corridors Chennai-Bangalore and Mumbai Bangalore. The recovery of the infrastructure sector is depending on the recovery of the economy. The company order book is at healthy level and the projects are progressing as per schedule. The progress of the projects in which the company has invested its money as promoter are satisfactory. In view of above, the company is confident of future growth and moving cautiously optimistic about its prospects in FY 2014.

DIVIDEND

Directors are pleased to recommend a dividend of ₹3.00 per equity share (30%) of the face value of ₹10/- for the period ended 31st March, 2013.

The dividend, subject to approval at the AGM on 27th day of September, 2013, will be paid to the shareholders whose names appear on the Register of Members on 23rd September, 2013.

RESERVES

It is proposed to transfer ₹ 1,000.00 Lakhs to the General Reserves of the Company from the current year profits.

SUBSIDIARY COMPANIES

Your Company has seven subsidiary companies (including step down subsidiaries) as on 31st March, 2013 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 Venture, 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

Shri. J. Brij Mohan Reddy and Shri. T.V. Sandeep Kumar Reddy, 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 are listed in “BSE”(BOMBAY STOCK EXCHANGE LTD) and “NSE” (NATIONAL STOCK EXCHANGE INDIA LTD) and Non Convertible Debentures issued on Private placement are continued to be listed on Bombay Stock Exchange Ltd .

QUALIFIED INSTITUTIONAL PLACEMENT

Company has raised ₹ 75.21 Crores through Qualified Institutional Placement, by issue of 62,58,752 equity shares of ₹ 10/- each at a premium of ₹ 10.18 to the Qualified Institutional Buyers. The aforesaid shares allotted under Qualified Institutional Placement started trading on the Bombay Stock Exchange and National Stock Exchange w.e.f 24th of December, 2012.

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, 2013 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 Company has received special notice of a resolution from a Member of the Company, in terms of the applicable provisions of the Act, signifying his intention to propose the appointment of M/s. MOS & Associates, Chartered Accountants as the statutory auditors of the Company from the conclusion of this AGM till the conclusion of the next AGM of the Company.

M/s. MOS & Associates, Chartered Accountants has expressed its willingness to act as statutory auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act. The Members approval is being sought for the appointment of M/s. MOS & Associates, Chartered Accountants as the statutory auditors and to authorise the Board of Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to them.

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 particulars of expenditure and earnings in Foreign Currency is furnished in Notes to Accounts.

AUDITORS' REPORT

Management Opinion on Auditors Observations:

Joint Venture Losses:

The Management's opinion on 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 in view of the various claims made by the joint venture on the employer for their contractual failures. The management are of the view that the losses which are primarily attributed to such failures are likely to be decided in favour of the joint venture. The JV has raised claims in excess of ₹ 300 Crores on the National Highways Authority of India and Andhra Pradesh State Government, which are pending for consideration before the appropriate legal forum. So far the joint venture has got favorable awards amounting