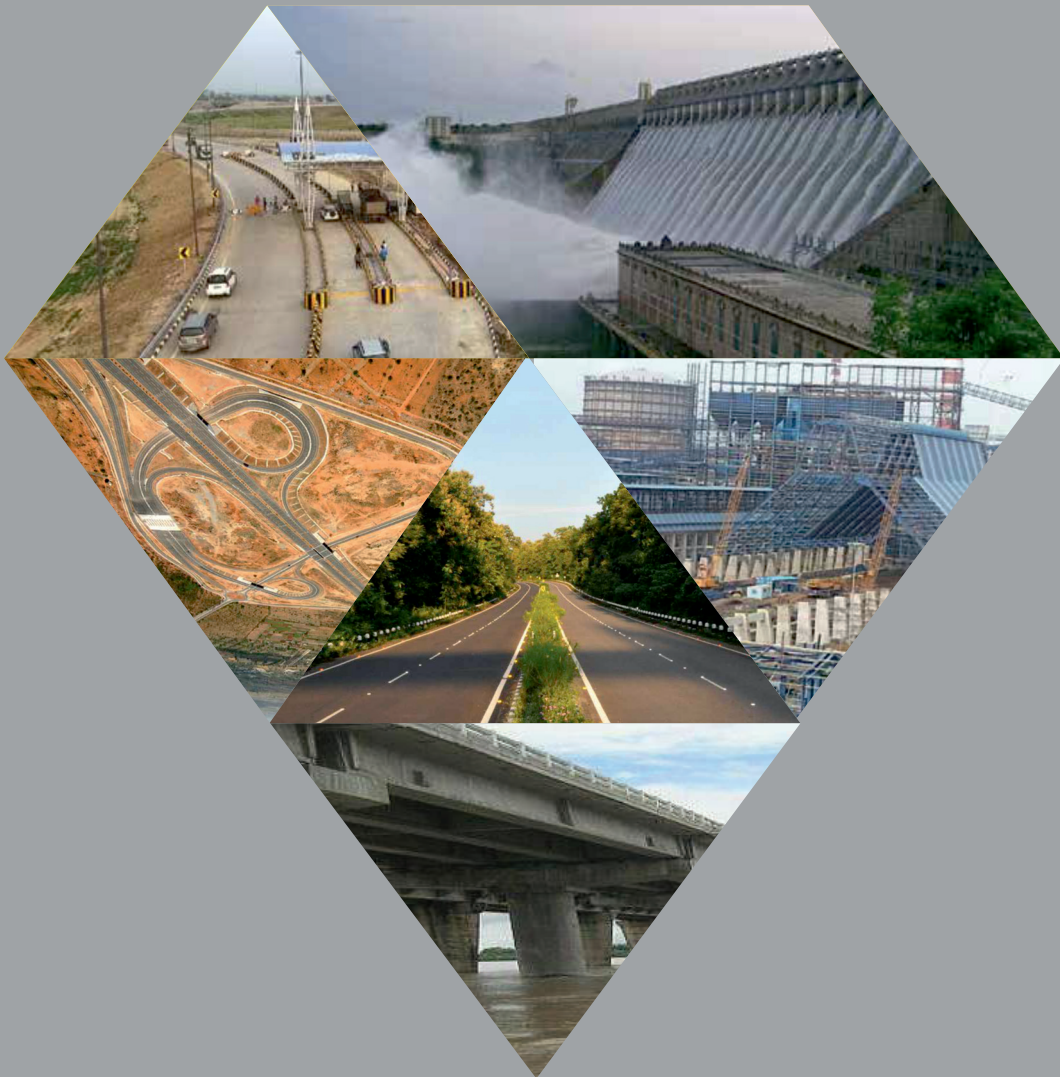




# Gayatri Projects Limited



## Annual Report

2018-2019



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# Corporate Information

## BOARD OF DIRECTORS

Smt. T. Indira Reddy	Chairperson	(DIN: 00009906)	
Sri T.V. Sandeep Kumar Reddy	Managing Director	(DIN: 00005573)	
Sri J. Brij Mohan Reddy	Executive Vice Chairman	(DIN: 00012927)	
Sri G. Siva Kumar Reddy	Independent Director	(DIN: 00439812)	resigned w.e.f 28-05-2019
Sri V. L. Moorthy	Independent Director	(DIN:00013083)	resigned w.e.f 09-05-2019
Sri Ch. Hari Vithal Rao	Independent Director	(DIN: 00012970)	
Sri J N Karamchetti	Independent Director	(DIN: 00940963)	
Sri Birendra Kumar	Nominee Director	(DIN: 08071170)	
Sri K. Jairaj	Independent Director	(DIN: 01875126)	
Ms. Gayathri Ramachandran	Independent Director	(DIN: 02872723)	

**Company Secretary & Compliance Officer**  
CS I.V. Lakshmi

**Chief Financial Officer**  
CA P. Sreedhar Babu

Statutory Auditors  
MOS & Associates LLP  
501, Lahari Benz Apartments,  
Somajiguda, Hyderabad – 500 082

### Bankers

Andhra Bank  
Bank of Baroda  
Bank of Maharashtra  
Canara Bank  
Corporation Bank  
The Federal Bank Ltd.  
IDBI Bank Ltd.  
Indian Overseas Bank  
Punjab National Bank  
State Bank of India  
Syndicate Bank  
Union Bank of India  
United Bank of India  
Dena Bank

### Registered & Corporate Office

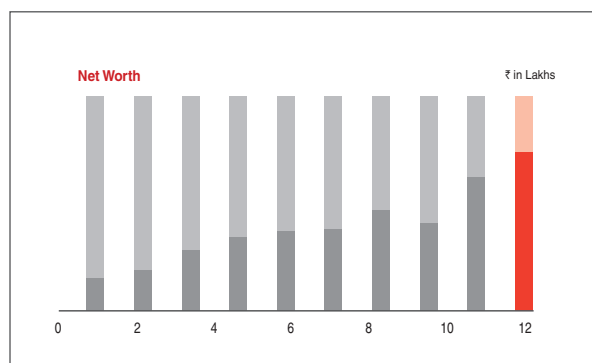
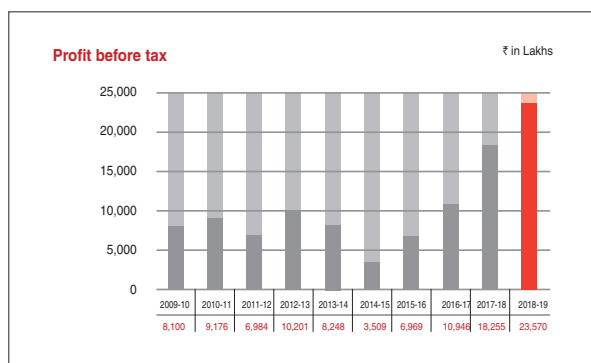
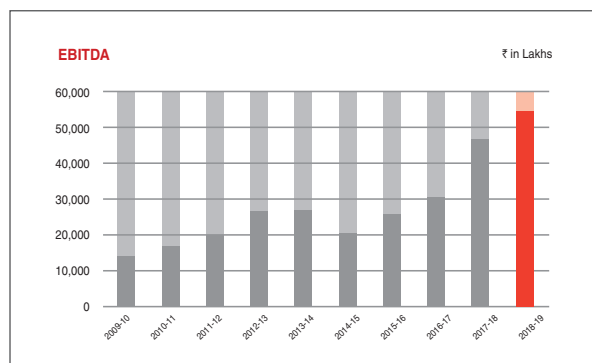
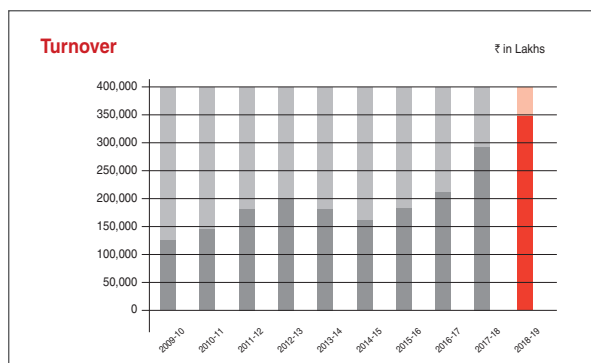
B-1, T.S.R. Towers, 6-3-1090  
Raj Bhavan Road, Somajiguda  
Hyderabad – 500 082  
CIN: L99999TG1989PLC057289  
Tel: 040 – 23314284  
Fax: 040 – 23398435  
Email: gplhyd@gayatri.co.in  
Website: www.gayatri.co.in

### Registrars & Transfer Agents

Karvy Fintech Private Limited  
Karvy Selenium Tower No.B,, Plot No.31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032.  
Tel: 040 – 67162222 Fax: 040 – 23420814  
Email: einward.ris@karvy.com  
Website: www.karvycomputershare.com

# Financial Highlights

DESCRIPTION	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Turnover	346,315	291,231	211,535	181,221	160,114	181,253	202,220	180,190	144,055	125,249
Profit Before Tax	23,570	18,255	10,946	6,969	3,509	8,248	10,201	6,984	9,176	8,100
Profit After Tax	21,077	18,809	7,043	5,801	2,205	4,761	6,309	4,597	5,000	5,335
EBITDA	54,497	46,767	30,503	25,946	20,757	26,969	26,605	19,994	17,063	14,219
Equity Capital	3,744	3,744	3,545	3,545	3,023	3,023	3,023	2,397	1,199	1,110
Reserves & Surplus	129,219	108,560	70,555	81,057	65,231	63,574	59,520	49,225	32,597	26,931
Net Worth	132,963	112,304	74,100	84,602	68,254	66,596	62,543	51,622	33,796	28,041
Gross Block	76,517	65,799	57,937	47,219	46,203	45,432	45,069	44,618	37,012	30,030
Net Block	37,633	33,497	30,925	22,686	20,812	22,936	24,738	27,394	21,929	16,615
Book Value (₹) Per Share of ₹ 2/- each	71.03	59.99	41.81	47.32	45.16	42.06	41.38	43.08	56.38	50.50
EPS (₹) Basic	11.26	10.58	3.97	3.46	1.46	3.15	24.53	37.83	43.10	46.02



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## MD's STATEMENT

### GAYATRI PROJECTS

## Dear Share owners and Friends of Gayatri Projects,

We continue to deliver on our stated strategy and with each passing year we are growing stronger and profitable. FY19 was indeed a remarkable year in our company's history – Our capital allocation discipline and our commitment to an asset-light business model helped us navigate some very tough industry headwinds. Through-out the year, we saw very diverse trends in the Infrastructure sector. While, we saw a strong sector growth at back of government's infrastructure push, we also saw witnessed an immensely tightening liquidity situation. We, thankfully, were able to navigate these headwinds quite well.

Over the last few years, we have relentlessly focused on critical steps towards building a competitive and profitable company, which is trusted and admired, that will withstand the external challenges and capitalize on the opportunities that this growing economy presents. Our performance in FY19 is an outcome of these efforts – During the year, we further strengthened our EPC order book with order inflows of INR 61+ billion, which was ahead of our stated guidance at the beginning of the year. Our book to bill to bill ratio was one of the highest in the Industry at 4.7x. With FY19 revenues at INR 35 bn and PAT at INR 2.1 bn, we have well delivered on our stated financial guidance amidst an uncertain and turbulent industry environment. This year, we also achieved a significant milestone in generating free cash flow for the first time in last 10 years – Rs 1.5 Bn, post interest payment. Our EBITDA to Free Cash Flow generation was 95%, which was way ahead of the last 5-year average of 65%.

Our balance sheet continues to remain strong and gives us an unparalleled advantage in winning and executing new contracts. The Asset-Light strategy, which we started following many years back, has been strictly adhered to and will continue to be our future business model.

The strength of our organisation is in our superior execution capabilities and are our strong project management skills. We continue to improve our competitiveness and have undertaken multiple strategic initiative to further enhance our capabilities. One such initiative has been Digital Project Management. We have extended our digital project management capabilities beyond basic equipment management to the full project management and it now covers key aspects like material tracking, live site monitoring, live tracking of equipment productivity and resource allocation, thereby ensuring smooth project execution and timely project completion. This strategic initiative was rolled out at some of our key sites last year and significantly helped us in our overall project management.

Over the years, we have grown stronger without weakening or stretching our balance sheet. We are committed to further strengthening our balance sheet through monetisation of arbitration awards and claims and sale of investments in power assets. The company has over INR 24 billion outstanding in claims in different arbitral tribunals and is exploring opportunities to monetize the same. We are also pursuing monetisation of our investments in power assets. Together these initiatives would significantly reduce our long-term debt, which currently stands at around INR c.10 billion. Given that our EPC business has zero term debt, any reduction in the investment debt would significantly improve our return ratios and also provide us with additional liquidity to strengthen our EPC business.

Our INR 160+ billion pure EPC order book gives us high revenue visibility for the next 3 years and in FY20, we are confident of delivering 25%+ revenue growth and 30%+ PAT growth. We will persist in practicing balance sheet discipline and ensuring that we give our company the firm foundation which it needs for meeting its long-term growth plans. The types of projects we take advance our economy and subsequently improve the standard of living of our citizens. We are confident that focus on this greater purpose will create a long-term profitability and meaningful shareholder value.

# Board's Report

To the Members,

The Directors have pleasure in presenting before you the Board's Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2019.

## Financial Results (Standalone):

	₹ In Lakhs	
Particulars	2018-19	2017-18
Revenue from Operations	3,46,314.74	2,91,231.24
Profit Before Interest, Depreciation, Exceptional Items and Taxes	54496.92	48713.94
Less: Financial Cost	25127.50	25634.58
<b>Profit before Depreciation, Exceptional Items and Taxes</b>	<b>29369.42</b>	<b>23079.36</b>
Less: Depreciation and Amortisation Expenses	6590.61	5,467.06
Add : Other Income	791.39	642.46
Profit before Exceptional Items and Taxes	23570.20	18,254.76
Less: Exceptional Items (Net)	-	-
Profit Before Tax	23570.20	18,254.76
Provision for Tax	2493.32	(554.59)
<b>Profit After Tax</b>	<b>21076.88</b>	<b>18,809.35</b>
Other Comprehensive income/(losses) for the Year	(417.52)	325.81
<b>Total comprehensive income for the year</b>	<b>20659.36</b>	<b>19,135.16</b>
Paid up Capital	3743.97	3,743.97

## Review of Operations:

The Operational Revenue during the year under review has increased to ₹3,46,314.74 Lakhs as against ₹ in from ₹2,91,231.24 Lakhs in the previous year registering year on year growth of 18.91%. The growth in revenue is driven by the strong order book of ₹16,316.20 crores as on 31st March 2019.

The Company PBT margins during the year have increased marginally to 6.81% as compared to 6.27% in the previous year on the back of EBIDTA margin of around 16% . The Company has shown a significant improvement in the balance sheet leverage (net) which is at 1.16 x and the ROE and ROCE stands at almost 17%. EBITDA margins dropped slightly due to significant on site mobilisation ahead of actual revenue booking. The company expects the margins to normalise around 16% levels from the next year.

The company's order book continues to grow at healthy rate and stood at 16316.2 crores as on 31st March 2019. The composition of works in order book are Roads: 70.97%, Irrigation: 21.90%, Industrial:

3.21% and Mining at 3.92%. The Company book to bill ratio is at 4.7x which shows a high growth visibility for the next 4-5 years .

There are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year 2019 and the date of this report.

## Future Outlook:

The Indian economy continues to view Infrastructure as the key focal point. Several infrastructure reforms are expected to come in over the next 5 years. The last term of the NDA government was characterized by massive allocation of funds to the infrastructure sector, year after year, in the Union Budgets. FY20 is expected to continue on that trajectory, especially as the BJP's manifesto promised to invest 100 trillion in infrastructure across the next five years. The roads & highways segment of Infrastructure has been, historically, the biggest beneficiary of the investment thrust within the entire sector. The Ministry of Infrastructure & Transport, guided by Shri Nitin Gadkari, has made several in-roads into developing the rural landscape & border towns over the past 5 years. One of the key developments was the introduction of the Bharatmala Project, the second largest highways construction project in the country since NHDP, where almost 50,000 km of roads were targeted to be built across the country. The total investment for this ambitious project was estimated at INR 5.35 trillion.

The NHAI has built over 3,000 kms of roads, every year for the last 2 years providing major support to India's road network. In the second phase of the Bharatmala Project, the Government, Ministry of Infrastructure & Transport and the NHAI aim to focus on building expressways, which allow uninterrupted traffic flow. Under the second phase of Bharatmala, the government has proposed to build nearly 3,000 kms of expressways in India. Even still, only 24% of India's national highways are four-lane, leaving immense scope for further development.



Yours Company prefers to work largely with government entities & currently commands the largest share of the NHAI's EPC projects. The company has a strong execution track record, having completed more than 6,850 lane km of road construction over the last 25 years.

The present order book of the company is at Rs 16,316.20 crores as at 31st March 2019 and the company is planning to improve the same to higher level during the year.

### **Dividend:**

As per the conditions stipulated by the lenders in the Master Restructuring Agreement, which is in force, approval of the lender is required for declaration of dividend to the shareholders. The lenders of the Company have not accorded their approval for dividend for the financial year ended March 31, 2019.

### **Share Capital:**

During the period there were no changes in the share capital of the Company. The Authorised share capital of the company is ₹80,00,00,000 divided into 40,00,00,000 equity shares of ₹2/- each and the paid-up share capital of the Company is ₹37,43,97,370 divided in to 18,71,98,685 Equity shares of ₹2/- each.

### **Material Changes and Commitments affecting the Financial Position of the Company:**

There are no material changes and commitments affecting financial position of the company between the end of the Financial year to which these statements relate and the date of this Board's Report. There is no change in the nature of business of the Company during the year under review.

### **Board Meetings:**

The Board of Directors met 5 times in the Financial Year 2018-19 on 30th May 2018, 14th August 2018, 14th November 2018, 14th February 2019 and 29th March, 2019.

### **Directors and Key Managerial Personnel:**

During the period there is no change in the Directors and Key Managerial Personnel of the Company.

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

### **Composition of Audit Committee:**

The Audit Committee of the Board of Directors is as follows:

- |                            |   |          |
|----------------------------|---|----------|
| 1. Mr. Ch. Hari Vithal Rao | — | Chairman |
| 2. Dr. V. L. Moorthy       | — | Member*  |
| 3. Mr. G. Siva Kumar Reddy | — | Member*  |
| 4. Mr. J. N. Karamchetti   | — | Member   |
| 5. Mrs. T. Indira Reddy    | — | Member*  |

\*Dr. V.L.Moorthy and Mr. G.Siva Kumar Reddy were ceased to be members of the committee w.e.f 09.05.2019 and 28.05.2019 respectively and Mrs. T. Indira Reddy was appointed as member of the Committee w.e.f 30.05.2019.

### **Policy laid down by the Nomination and Remuneration Committee for Remuneration of Directors, KMP & Other Employees:**

The Remuneration policy of the Company is performance driven and is structured to motivate Employees. Recognize their merits and achievements and promote excellence in their performance. The Nomination Remuneration and Evaluation Policy of the company is enclosed at **Annexure-I** of this report.

### **Manner in which formal Annual Evaluation has been made by the Board of its Own Performance and that of its Committees and Individual Directors:**

Pursuant to the provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out evaluation of (i) its own performance, (ii) the directors individually and (iii) working of its Committees. The manner in which the evaluation was carried out as detailed below:

#### **(a) Nomination & Remuneration Committee:**

Pursuant to the provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee has formulated the criteria for evaluation of directors and evaluated every director. A structured questionnaire was prepared after taking into consideration various parameters such as attendance and participation in meetings, monitoring corporate governance practices, independence of judgment, safeguarding the interests of the company etc., and accordingly the evaluation was made. The Members of the Committee evaluated the individual directors at its meeting held on 14.02.2019.

The Nomination and Remuneration Committee decided that since the performance of the directors has been excellent, it is decided to continue with the term of the directors, the Managing Director and the Executive Director.

- (b) Separate Meeting of Independent Directors:** The Independent directors of the Company at its meeting held on 14.02.2019 (a) reviewed the performance of the non-independent directors and Board, (b) reviewed the performance of the Chairperson of the Company and (c) assessed the quality, quantity and timeliness of flow of information between the company management and the Board. All the Independent Directors attended the meeting.

A structured questionnaire was prepared after taking into consideration various parameters such as attendance and participation in meetings, monitoring corporate governance practices, independence of judgment, safeguarding the interests of the company etc., and accordingly, the evaluation was made. The independent directors evaluated the non-Independent directors.

The Independent Directors decided that since the performance of the Non-Independent Directors (including Managing Director and Whole time Director) is excellent, the term of their appointment be continued.

The Independent Directors after review of the performance of the Chairman decided that the Chairman has good experience, knowledge and understanding of the Board's functioning and her performance is excellent. The Independent Directors decided that the information flow between the Company's Management and the Board is excellent.

- (c) Evaluation by Board:** The Board has carried out the annual performance evaluation of Independent Directors individually. A structured questionnaire was prepared after taking into consideration various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, effectiveness in developing Corporate governance structure to fulfil its responsibilities, execution and performance of specific duties etc. The Board decided that the performance of Independent directors is excellent.

### **Director's Responsibility Statement:**

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

### **Subsidiaries Associates and Joint Ventures:**

The Company has 3 (Three) subsidiary companies (including step down subsidiaries) as on 31st March, 2019 as per the Companies Act, 2013.

As per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Companies/ Associate Companies/Joint Ventures is prepared in Form AOC-1 are given in **Annexure- II**.

The Company will make available the Annual Accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining the same. The



annual accounts of the subsidiary companies will also be kept open for inspection by any member at the Registered Office of the Company and that of the respective subsidiary companies.

The company has adopted the policy for determining 'material' subsidiaries and the same has been placed on the website of the company at [http://www.gayatri.co.in/Investors/Corporate Governance/Policies](http://www.gayatri.co.in/Investors/Corporate%20Governance/Policies).

### Extract of Annual Return:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** as a part of this Annual Report is annexed as **Annexure-III**.

### Consolidated Financial Statements:

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in compliance with the provisions of Section 129(3) and other applicable provisions of the Companies Act, 2013 and Ind AS-110 and other applicable Accounting Standards, your Directors have pleasure in attaching the consolidated financial statements for the financial year ended March 31, 2019, which forms part of the Annual Report.

### Statutory Auditors and Their Report:

At the 29th AGM held on September 28, 2018 the Members approved appointment of M/s. M O S & Associates LLP, Chartered Accountants, (Firm Registration No. 001975S/S200020) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the 34th AGM. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

The Auditor's Report to the members of the Company for the Financial Year ended March 31, 2019 does not contain any qualification(s).

### Secretarial Audit:

As per the provisions of the Section 204(1) of the Companies Act, 2013, the Company has appointed Mr. Y. Koteswara Rao, Practicing Company Secretary to conduct Secretarial Audit of the records and documents of the Company, The Secretarial Audit Report for the Financial Year ended 31st March, 2019 in Form No. MR-3 is annexed to the Directors Report as **Annexure - IV** and forms part of this Report. The Secretarial Auditors' Report to the Members of the Company for the Financial Year ended March 31,

2019 does not contain any qualification(s) or adverse observations.

### Disclosures:

#### a) Deposits

Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013

#### b) Conservation of energy

The Company's main line of activity is civil construction which is not power intensive. However the Company is taking all efforts to conserve the usage of power.

- (i) Use of alternate sources of energy is not applicable to the Company.
- (ii) Capital investment on energy conservation equipment for its main line of activity is not applicable to the Company.

#### c) R & D Technology absorption

The Company main line of activity is civil construction and hence R & D and technology absorption is not applicable to the Company.

#### d) Foreign Exchange Earnings - NIL

#### e) Foreign Exchange Outgo

Sr. No.	Nature of Payment	Amount in ₹ Lakhs
1	Foreign Travel	14.90
2	Repayment of ECB Loan	5438.00
3	Repayment of ECB Interest	492.46
4	Consultancy & Technical Fees	2713.31
5	Purchase of Plant & Machinery	2876.61
6	Purchase of Spares & Materials	356.74

### Details of Adequacy of Internal Financial Controls:

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies and internal financial controls laid down by the Company.

### Particulars of Loans, Guarantees or Investments:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements. Also, pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 the particulars of Loans/Advances given to Subsidiaries have been disclosed in the notes to the Financial Statements.

### **Management Discussion & Analysis:**

Management Discussion and Analysis Report is annexed which forms part of this Report as **Annexure-V**.

### **Risk Management Policy:**

The Company has been addressing various risks impacting the Company and developed risk policy and procedures to inform Board members about the risk assessment and minimization procedures.

### **Whistle Blower Policy/Vigil Mechanism:**

Pursuant to Section 177 of the Companies Act, 2013 and the Rules framed there under and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has established a mechanism through which all the stakeholders can report the suspected frauds and genuine grievances to the appropriate authority. The Whistle Blower Policy which has been approved by the Board of Directors of the Company has been hosted on the website of the Company at <http://www.gayatri.co.in/Investors/Corporate Governance/Policies>.

### **Disclosure as per Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Pursuant to the requirements of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 read with Rules thereunder, the Company has not received any complaint of sexual harassment during the year under review.

### **Complaints received, disposed and pending during the year:**

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

### **Corporate Social Responsibility Policy:**

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure-VI** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company at <http://www.gayatri.co.in/Investors/Corporate Governance/Policies>.

### **Significant & Material Orders Passed by the Regulators:**

There are no significant and material orders passed against the Company by the regulators impacting the Company's operations in the future.

### **Contracts or Arrangements with Related Parties:**

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Company and were on arm's length basis. There were no materially significant related party transactions entered by the Company during the year with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company. Disclosure in from AOC-2 is annexed as **Annexure -VII**

The policy on dealing with Related Party Transactions is disseminated on the website of the company at <http://www.gayatri.co.in/Investors/Corporate Governance/Policies>.

### **Fixed Deposit:**

Your Company has not accepted or renewed any deposit from public during the year under review.

### **Cost Audit:**

M/s. N.S.V. KRISHNA RAO & Co. Cost Auditors were appointed as cost auditor to audit the cost records of the Company for the F.Y 2018-19 and re-appointed for the F.Y 2019-20.

### **Particulars of Employees:**

Details in respect of remuneration paid to employees as required under Section 197 (12) of the Companies Act, 2013, read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended forms part of this report. In terms of Section 136 of the Companies Act, 2013 the same is open for inspection at the Registered Office of the Company. Copies of this statement may be obtained by the members by writing to the Company Secretary at the Registered Office of the Company.

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are enclosed in **Annexure – VIII** and forms part of this Report.