



GAYATRI PROJECTS LIMITED

(Incorporated as a Private Limited company on September 15, 1989, under the Companies Act, 1956 as Andhra Costal Construction Private Limited in the state of Andhra Pradesh. The name of the company was changed to Gayatri Projects Private Limited with effect from March 31, 1994 and it was converted into a Public limited company with effect from December 2, 1994)

Registered Office: G-2, Mangal Adesh Society, 4th Road, T.P.S III, Santacruz (East), Mumbai – 400 055

(The Registered Office of the Company was shifted from 6-3-249/5/A, Road No. 1, Banjara Hills, Hyderabad to 6-3-1090/C/1/A, Lovely Mansion, 2nd Floor, Rajbhawan Road, Somajiguda, Hyderabad with effect from September 3, 1994, then to B-301, Rimsan Apartments, Kondivita Road, Andheri (East), Mumbai with effect from July 19, 1997 and then to the present address with effect from June 15, 1998)

Tel: +91 22 5600 5785 **Fax:** +91 22 2617 6429

Corporate Office: B-1, T.S.R Towers, 6-3-1090 Rajbhawan Road, Somajiguda, Hyderabad- 500 082, **Tel:** +91 40 23313330, 23314284 **Fax:** +91 40 23398435, **Website:** www.gayatri.co.in

Compliance Officer: Mr. P.Sreedhar Babu **Tel:** +91 40 23310330, **Fax:** +91 40 23398435 **Email:** publicissue@gayatri.co.in

PUBLIC ISSUE OF 29,00,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 295 PER EQUITY SHARE AGGREGATING RS. 8555 LAKHS, CONSISTING OF OFFER FOR SALE OF 19,00,000 EQUITY SHARES BY VIDEOCON APPLIANCES LIMITED & VIDEOCON INDUSTRIES LIMITED (TOGETHER REFERRED AS "THE SELLING SHAREHOLDERS") AND A FRESH ISSUE OF 10,00,000 EQUITY SHARES BY GAYATRI PROJECTS LIMITED ("GAYATRI" OR "COMPANY" OR "ISSUER"). THE OFFER FOR SALE AND THE FRESH ISSUE ARE JOINTLY REFERRED TO HEREIN AS THE OFFER ("THE OFFER").

1,00,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 295 PER EQUITY SHARE AGGREGATING RS. 295 LAKHS WILL BE RESERVED IN THE OFFER FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"), AND THE OFFER OF EQUITY SHARES OTHER THAN THE EMPLOYEE RESERVATION PORTION, IS THE "NET OFFER". THE OFFER SHALL CONSTITUTE 29% OF THE FULLY DILUTED POST OFFER PAID-UP CAPITAL OF THE COMPANY

THE OFFER PRICE IS 29.5 TIMES THE FACE VALUE OF EQUITY SHARES

This Offer is being made through a 100% Book Building Process wherein not more than 50% of the Net Offer to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Net Offer to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Offer to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price.

In case of revision in the Price Band, the Bidding/Offer Period shall be extended for 3 additional working days after such revision, subject to the Bidding / Offer Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Offer Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited, by issuing a press release and by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and the terminals of the member of the Syndicate.

RISK IN RELATION TO THE FIRST OFFER

This being the first Offer of the Equity Shares of Gayatri Projects Limited ("the Company"), there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares of the Company is Rs. 10/- per share and the Offer Price is 29.5 times of the face value. The Offer Price (as determined by the Company in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS



Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Company and the Offer including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page iii of this Prospectus. The Offer is not graded by any Credit Rating Agency.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE). The in-principle approval of BSE for the listing of the Equity Shares of the Company has been received pursuant to letter dated July 3, 2006. BSE shall be the Designated Stock Exchange for the purpose of this Offer.

BOOK RUNNING LEAD MANAGER	REGISTRARS TO THE OFFER
 <p>Allianz Securities Limited 2nd Floor, 3 Scindia House, Janpath, New Delhi – 110 001 Tel: 011-41514666 Fax: 011-41514665 E-mail: gayatri@aslfinancial.com Website: www.aslfinancial.com Contact Person: Mr. Sunit Shangle</p>	 <p>Karvy Computershare Private Limited Karvy House, 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034 Tel: (91 40) 2343 1546 Fax: (91 40) 2331 1551 E-mail: gayatri.ipo@karvy.com Website: www.karvy.com Contact Person: Mr. Murali Krishna</p>

BID / OFFER PROGRAMME

BID / OFFER OPENS ON : September 26, 2006	BID / OFFER CLOSURES ON: September 29, 2006
--	--

TABLE OF CONTENTS

	PAGE NO.
SECTION I: GENERAL	
DEFINITIONS, ABBREVIATIONS & TECHNICAL TERMS.....	b
SECTION II: RISK FACTORS	
PRESENTATION OF FINANCIAL AND MARKET DATA	i
FORWARD LOOKING STATEMENTS.....	ii
RISK FACTORS.....	iii
SECTION III: INTRODUCTION	
SUMMARY.....	1
SUMMARY OF FINANCIAL/OPERATING DATA	4
THE OFFER.....	6
GENERAL INFORMATION.....	7
CAPITAL STRUCTURE OF THE COMPANY.....	16
OBJECTS OF THE OFFER.....	23
TERMS OF OFFER.....	31
BASIS FOR OFFER PRICE.....	33
STATEMENT OF TAX BENEFITS.....	35
SECTION IV: ABOUT THE COMPANY	
INDUSTRY OVERVIEW.....	40
BUSINESS OF THE COMPANY.....	44
REGULATIONS AND POLICIES.....	65
OUR HISTORY AND CERTAIN CORPORATE MATTERS.....	67
OUR MANAGEMENT	70
OUR PROMOTERS	78
INFORMATION OF OUR PROMOTER GROUP COMPANIES/ ENTITIES.....	79
RELATED PARTY TRANSACTIONS.....	116
MATERIAL DEVELOPMENT	118
DIVIDEND POLICY.....	119
SECTION V: FINANCIAL INFORMATION OF THE COMPANY	
FINANCIAL STATEMENTS OF THE COMPANY.....	120
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	137
SECTION VI: LEGAL AND OTHER INFORMATION	
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS	146
GOVERNMENT AND OTHER APPROVALS	163
SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES	166
SECTION VIII: OFFER RELATED INFORMATION	
OFFER STRUCTURE	175
OFFER PROCEDURE.....	177
SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY.....	200
SECTION X: MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION...	226
SECTION XI: DECLARATION.....	228



SECTION I – DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
“GPL” or “Gayatri” or “the Company” or “Our Company” or “Gayatri Projects Limited”	Gayatri Projects Limited, a public limited company incorporated under the Companies Act, 1956
“we” or “us” and “our”	Unless the context otherwise require, refers to Gayatri Projects Limited
“Selling Shareholders”	Videocon Industries Limited and Videocon Appliances Limited

Offer Related Terms

Terms	Description
Allianz	Allianz Securities Limited
Amended and Restated Shareholders Agreement	The amended and restated shareholders agreement dated September 10, 2005 entered into by our Company, Videocon International Limited, Videocon Appliances Limited and Videocon Industries Limited (formerly known as Videocon Leasing and Industrial Finance limited).
Allotment / Allocation / Transfer	Unless the context otherwise requires, the Allotment and transfer of Equity Shares pursuant to this Offer
Allottee	The successful Bidder to whom the Equity Shares are/have been Issued or transferred
Bankers/Escrow Bankers to the Offer	The banks, which are clearing members and registered with SEBI as Banker(s) to the Issue, at which the Escrow Account will be opened and for the purpose of this Offer will be ICICI Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, UTI Bank Limited and Standard Chartered Bank.
Bid	An indication to make an offer during the Bidding / Offer Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Offer.
Bid Closing Date/ Offer Closing date	The date after which the members of the Syndicate will not accept any Bids for the Offer, which shall be notified in a widely circulated English National Newspaper, Hindi National Newspaper and Marathi Newspaper.
Bid- cum- Application Form/ Bid Form	The form in terms of which the bidder shall make an offer to subscribe to / purchase the equity shares of the Company and which will be considered as the application for issue and transfer of the Equity Shares in terms of this Prospectus.
Bid Opening Date/ Offer Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Offer, which shall be the date notified in a widely circulated English National Newspaper, Hindi National Newspaper and Marathi Newspaper.

GAYATRI PROJECTS LIMITED

Terms	Description
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Prospectus and the Bid cum Application Form.
Bidding Period/ Offer Period	The period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Board of Directors / Board	The Board of Directors of Gayatri Projects Limited
Book Building Process	Book Building process as provided under Chapter XI of the SEBI Guidelines, in terms of which the Offer is being made.
BRLM/Book Running LeadManagers	Book Running Lead Managers to the Offer, in this case being Allianz Securities Limited and IL&FS Investsmart Limited
CAN/Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Offer Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which Offer Price will not be finalized and above which no Bids will be accepted.
Companies Act	The Companies Act, 1956, as amended from time to time
Cut-off Price	Any price within the price band finalized by the Company and the Selling Shareholders in consultation with BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which Escrow Collection Banks transfer the funds from the Escrow Account of the Company to the Offer Account, after the Prospectus is filed with the RoC, following which the allotment will be made to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited.
Draft Red Herring Prospectus/ Draft RHP/DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, 1956, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. Upon filing with the RoC at least three days before the Bid / Offer Opening Date, it will be terms as the Red Herring Prospectus. It will be terms as Prospectus upon filing with RoC after the Pricing Date.
Employees	Permanent Employees of Gayatri Projects Limited who are on payroll of the Company as on May 31, 2006.
Employee Reservation portion	The portion of the Offer being a maximum of 1,00,000 Equity Shares available for allocation to employees described above.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid



Terms	Description
Escrow Agreement	Agreement entered into amongst the Company, the Selling Shareholders, Syndicate Members, the Registrar, the Escrow Collection Bank(s) and the BRLMs for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected, to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Offer at which the Escrow Account will be opened.
Financial Year/fiscal/FY	Period of 12 months ended March 31 of that particular year, unless otherwise stated.
First Bidder	The bidder whose name appears first in the Bid cum Application form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Offer Price will not be finalized and below which no Bids will be accepted
Fresh Issue	Issue of 10,00,000 Equity Shares at the Offer Price by the Company
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 as amended.
GIR Number	General Index Registry Number
Indian GAAP	Generally Accepted Accounting principles in India
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may be 10% or 100% of the Bid Amount, as applicable.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Funds Portion	5% of the portion or 70,000 Equity Shares (assuming the QIB Portion is for 50% of the Offer size) available for allocation to Mutual Funds only, out of the QIB Portion
Net Offer	The Offer of Equity Shares other than Equity Shares included in the Employee Reservation Portion, aggregating 28,00,000 Equity Shares.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Offer being 4,20,000 Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders.
Non Residents	All eligible Bidders, including NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, who are not persons resident in India.
NRIs / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin, each such terms as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended
Original Shareholders Agreement	The Memorandum of Understanding dated November 14, 1994, entered into by our Company and Videocon Leasing and Industrial Finance Limited.
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs

GAYATRI PROJECTS LIMITED

Terms	Description
	directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000 and which was in existence on the date of commencement of these regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under these regulations as provided under the Foreign Exchange Management (Withdrawals of General Permission to Overseas Corporate Bodies) Regulations, 2003. OCBs are not allowed to participate in this Offer.
Offer	Collectively, the Fresh Issue of 10,00,000 Equity Shares and Offer for Sale of 19,00,000 Equity Shares - an aggregate of 29,00,000 Equity Shares.
Offer for Sale	The Offer for Sale by the Selling Shareholder of an aggregate of 19,00,000 Equity Shares of Rs. 10 each at the Offer Price.
Offer Price	The final price at which Equity Shares will be allotted in the Offer, as determined by the Company and the Selling Shareholders in consultation with the BRLMs, on the pricing date.
Offer Account	Account opened with the Banker(s) to the Offer to receive monies from the Escrow Account for the Offer on the Designated Date.
Pay-in-Date	Bid / Offer Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid / Offer Opening Date and extending until the Bid / Offer Closing Date, and (ii) With respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Offer Opening Date and extending until the closure of the Pay-in Date.
Price Band	Being the price band of a minimum price of Rs. 275 per Equity Share (Floor Price) and the maximum price of Rs. 295 per Equity Share (Cap Price) (both inclusive).
Pricing Date	The date on which the Company and the Selling Shareholders, in consultation with the BRLMs, finalizes the Offer Price
Promoters	Mr. T.V.Sandeep Kumar Reddy and Mrs T.Indira Subbarami Reddy (Mrs. T.Indira Reddy)
Prospectus	The prospectus, filed with the RoC after pricing containing, inter alia, the Offer Price that is determined at the end of the Book Building process, the size of the Offer and certain other information.
Public Offer Account	Account opened with Banker(s) to the Offer to receive money from the Escrow Account for the Offer on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million and pension funds with a minimum corpus of Rs.250 million
QIB Margin	An amount representing 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of the Offer being 14,00,000 Equity Shares of Rs. 10/- each available for allocation to QIBs.



Terms	Description
Red Herring Prospectus or RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of Offer. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Offer Opening Date and will become a Prospectus after filing with the RoC after pricing date.
Refund Account	Account opened with an Escrow Collection Bank, from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Registrar/Registrar to the Offer	Registrar to the Offer being Karvy Computershare Private Limited.
RoC / Registrar of Companies	Registrar of Companies, Maharashtra located at Mumbai.
Retail Individual Bidder	Individual bidder who apply for the Equity Shares of or for a value of not more than Rs.1, 00,000
Retail Portion	The portion of the Offer being 9,80,000 Equity Shares of Rs. 10/- each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
Selling Shareholders	(1) Videocon Industries Limited offering for sale of 9,50,000 Equity Shares and (2) Videocon Appliances Limited offering for sale of 9,50,000 Equity Shares in the Offer for Sale.
Stock Exchange	Bombay Stock Exchange Limited
Syndicate Agreement	Agreement to be entered into among the Company, the Selling Shareholder and Syndicate Member(s) in relation to the collection of Bids in the Offer
Syndicate or Members of Syndicate	BRLMs and the Syndicate Members in this case being Allianz Securities Limited and Almondz Capital Markets Private Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member to the Bidder as proof of registration of the Bid.
US GAAP	Generally Accepted Accounting principles in the United States of America
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The Agreement between the Underwriters, the Company and the Selling Shareholders to be entered into on or after the Pricing Date.
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996 as amended from time to time.

Glossary of Technical and Industry Terms

Terms	Description
ADB	Asian Development Bank
AP	Andhra Pradesh
BOOT	Build Own Operate Transfer

GAYATRI PROJECTS LIMITED

Terms	Description
BOT	Build Operate Transfer
CAR	Contractor All Risk
CRP	Civil Revision Petition
CII	Confederation of Indian Industry
GQ	Golden Quadrilateral
IDFC	Infrastructure Development Finance Company Limited
IFC	International Finance Corporation
JV	Joint Venture
MIPL	Maytas Infra Private Limited
NCCL	Nagarjuna Construction Company Limited
NH	National Highway
NHAI	National Highway Authority of India Limited
NHDP	National Highway Development Programme
NSEW	North-South East West
OSL	Other Secured Loans
PMGSY	Prime Minister Gramin Sadak Yojna
PPP	Public Private Partnership
SH	State Highway
SISMA	Sugar Mills Association of South India
SMP	Statutory Minimum Price
SOD	Secured Over Draft
SPV	Special Purpose Vehicle
ST	Single Time
SRSP	Shri Ram Sagar Project
UREM	Un Registered Equitable Mortgage
WUPTL	Western UP Tollway Limited

Abbreviations of General Terms

Abbreviation	Full Form
Articles/Articles of Association	Articles of Association of Gayatri Projects Limited
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account

Terms	Description
Auditors	The Statutory Auditors of Gayatri Projects Limited, viz. M/s C.B. Mouli & Associates.
BIFR	Board for Industrial and Financial Reconstruction.
BSE	Bombay Stock Exchange Limited
CDR	Corporate Debt Restructuring
CDSL	Central Depository Services (India) Limited
EPS	Earning Per Share
EGM	Extraordinary General Meeting
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FII's	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
Gol/Government	Government of India
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
IDBI	Industrial Development Bank of India
I.T. Act	Income Tax Act, 1961, as amended from time to time
MOA/Memorandum/ Memorandum of Association	Memorandum of Association of Gayatri Projects Limited
MoF	Ministry of Finance, Gol
MOU	Memorandum of Understanding
MT	Metric Ton
NAV	Net Asset Value
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account

GAYATRI PROJECTS LIMITED

Terms	Description
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OTS	One Time Settlement
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
p.a	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after Tax
RBI	Reserve Bank of India
Registered Office	G-2, Mangal Adesh Society, 4 th Road, T.P.S III, Santacruz (East), Mumbai – 400055
ROC	Registrar of Companies, Maharashtra
ROE	Return on Equity
RONW	Return on Net Worth
Rs.	Rupees
SASF	Stressed Assets Stabilisation Fund
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
US	United States of America
USD/ US\$/ \$	United States Dollar
UTI	Unit Trust of India



PRESENTATION OF FINANCIAL AND MARKET DATA

Unless stated otherwise, the financial data in this Prospectus is derived from the restated financial information as of and for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and 2006 all prepared in accordance with Indian GAAP, the Companies Act and SEBI guidelines and included in this Prospectus. The fiscal year commences on April 1 and ends on March 31 each year, and therefore all references to a particular fiscal year are to the 12 months period ended March 31 of that year. In this Prospectus any discrepancies in any table between the total and the sums listed are due to rounding off.

For definitions, see the section titled 'Definitions and Abbreviations' on page b of this Prospectus.

Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "US\$", "USD", "U.S.\$", "U.S. Dollar(s)" or "U.S. Dollar(s)" are to United States Dollars, the official currency of the United States of America.

Market data

Unless stated otherwise, industry data used throughout this Prospectus has been obtained from data internal to our Company, industrial publication which are believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Prospectus is reliable, it has not been independently verified.

GAYATRI PROJECTS LIMITED

FORWARD-LOOKING STATEMENTS

Statements included in this Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expression or variations of such expressions, that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: -

- General economic and business conditions in India and other countries
- Regulatory changes relating to the construction sector in India and our ability to respond to them
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Change in political condition in India

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” on page iii of this Prospectus. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the Selling Shareholder, the members of the Syndicate and their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, the Selling Shareholders and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



RISK FACTORS

An investment in equity securities involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. Any of the following risks as well as the other risks and uncertainties discussed in this Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the market price of our Equity Shares to decline, which could result in the loss of all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Prospectus, including the restated financial statements beginning on Page no. 120. Unless stated otherwise, the financial data in this section is as per our restated financial statements prepared in accordance with Indian GAAP. In this section, any reference to “we”, “us”, “our” or “the Company” refers to Gayatri Projects Limited”.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

1. There is one criminal case filed against Gayatri Starchkem Limited, one of our Promoter Group Company.

Gayatri Starchkem Limited, one of the promoter group company, has been impleaded in criminal complaint with the High Court of Andhra Pradesh, Hyderabad, filed by Pact Securities and Financial Service Limited, for non-payment of lease rentals of Rs. 6.54 lakhs. For details, please refer the section “Outstanding Litigation” beginning on page no. 146 of this Prospectus.

2. Two of our listed Promoter Group Companies viz. Gayatri Starchkem Limited and Gayatri Tissues and Paper Limited have been suspended from trading in equity shares on account of non-compliance of listing requirements viz. non-payment of listing fee and non-submission of returns.

Gayatri Starchkem Limited, which was declared as a Sick Industrial Company by BIFR was suspended by Bombay Stock Exchange for trading in equity shares on account of non compliance of listing requirements with effect from September 10, 2001. The company paid listing fees to BSE in September, 2005 and complied with Stock Exchange requirement to get revocation of suspension. However, BSE informed the company that they will consider re-listing once the One Time Settlement is completed.

Gayatri Tissues and Paper Limited, which is not undertaking any manufacturing activity, has also been suspended from trading of their Equity Shares by Bombay Stock Exchange Limited on account of non compliance of the listing requirements with effect from December 21, 2004. The company complied with the Stock Exchange requirement to get revocation of suspension, however, BSE informed the company that they will consider re-listing once the company starts commercial operations.

Promoters of our Company have undertaken to abide by all listing requirements of Bombay Stock Exchange in future. For details please refer to section “Information of our Promoter Group Companies” on page 79 of this Prospectus.

3. We are involved in a number of legal proceedings, which may have some financial implications on the business of our Company.

Our company is involved in a number of legal proceedings, which are classified under the various legal heads:

Category of Litigations	Total No. of Cases	Total Financial Implication (here quantifiable) Rs in Lakhs
Filed against the Company		
Civil	23	1145.70
Debt recovery Tribunal	1	1617.26
Sales Tax	9	416.81
Filed by the Company		
Civil	14	2772.60

GAYATRI PROJECTS LIMITED

We are involved 47 legal proceedings incidental to its business and operations and the amount (wherever ascertained) involved is over Rs. 5952.37 lakhs. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Should any new development arise, such as a change in Indian law or rulings against the company by appellate courts or tribunals, it may need to establish reserves in the financial statements, which could increase the expenses and current liabilities of our Company. Furthermore, if a claim is determined against our Company and it is required to pay all or a portion of the disputed amount, it could have a material adverse affect on the results of operations and cash flows of our Company. For further information regarding litigations, please refer section titled "Outstanding Litigation" on page no. 146 of this Prospectus.

4. ***There are certain legal proceedings against the Company's Directors and promoter group companies***

Our directors and promoter group companies are involved in a number of legal proceedings, which are classified under the various legal heads:

Category of Litigations	Total No. of Cases	Total Financial Implication (where quantifiable) Rs in Lakhs
Against Directors of the Company		
Civil	2	Amount not Ascertainable
Against Promoter Group Companies		
Criminal	1	6.54
Civil	19	646.16
Customs	1	Amount not Ascertainable
Labour	1	4.00
Purchase Tax	2	181.69
By Promoter Group Companies		
Customs	1	185.93

The Company's Directors are involved in two civil cases and Promoter Group Companies are parties to 25 legal proceedings initiated by or against such parties. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. For more information regarding legal proceedings against the Directors and Promoter Group Companies, see the section "Outstanding Litigation" beginning on page 146 of this Prospectus.

5. ***Our listed Promoter Group Companies viz. Gayatri Tissues and Paper Limited, Gayatri Sugars Limited and Gayatri Starchkem Limited have received notices from SEBI alleging violations of Takeover Regulations and non-compliance under regulations 6(2), 6(4) & 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.***

a. **Gayatri Tissues & Paper Limited**

SEBI vide their letter dated July 21, 2004 alleged violations to the reporting requirements under regulations 6(2) and 6(4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Regulations") for the year 1997 and regulation 8(3) of the Takeover Regulations for the years 1998, 1999, 2000, 2001 & 2002. This letter of the SEBI also referred to the appointment of an adjudicating officer under provisions of the SEBI Act to adjudicate and enquire into such alleged violations. In the said letter, SEBI also stated that it has decided to consider request for a consent



order under provisions of section 15 T (2) (b) of the SEBI Act if the company was willing to pay an amount of Rs. 175,000/- as penalty for the alleged violations. The company has in its response dated August 4, 2004 denied the alleged violations and also showed its inability to pay the said amount. The company has not received any further communication from SEBI in relation to this matter and the adjudication process is thus still open.

b. Gayatri Sugars Limited

SEBI vide their letter dated November 29, 2004 alleged violations to the reporting requirements under regulations 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Regulations") for the years 1999, 2000, 2001 & 2002. This letter of the SEBI also referred to the appointment of an adjudicating officer under provisions of the SEBI Act to adjudicate and enquire into such alleged violations. In the said letter, SEBI also stated that it has decided to consider request for a consent order under provisions of section 15 T (2) (b) of the SEBI Act if the company was willing to pay an amount of Rs. 1,00,000/- as penalty for the alleged violations. The company has in its response vide its letter dated December 29, 2004 stated that there has not been a per se violation of the regulations as there has been no change in the shareholding from 1999-2002. The company has not received any further communication from SEBI in relation to this matter and the adjudication process is thus still open.

c. Gayatri Starchkem Limited

SEBI vide their letter alleged violations to the reporting requirements under various regulations of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Regulations") for the years 1999, 2000, 2001 & 2002. This letter of the SEBI also referred to the appointment of an adjudicating officer under provisions of the SEBI Act to adjudicate and enquire into such alleged violations. In the said letter, SEBI also stated that it has decided to consider request for a consent order under provisions of section 15 T (2) (b) of the SEBI Act if the company willing to pay the penalty imposed by SEBI for the alleged violations. The company has in its response stated that there has not been a per se violation of the regulations as there has been no change in the shareholding. The company has not received any further communication from SEBI in relation to this matter and the adjudication process is thus still open.

6. *Gayatri Capital Limited, one of our Promoter Group Companies, who is having membership with National Stock Exchange of India Limited received show cause notice from NSE regarding complaints received by them in respect of non payment of dues, non-receipt of funds on sale of securities and non receipt of securities for its clients and for violation of regulation in respect of dealing on behalf of unregistered intermediary for which NSE imposed penalty of Rs. 25,000/- on the company and the same was paid by the company.*

7. *Two of our promoter group companies could not meet their debt obligations.*

Gayatri Sugars Limited is operating under a CDR scheme since August, 2003. Gayatri Starchkem Limited offered an OTS to Financial Institutions/Banks consequent to declaration as Sick Industrial Company by BIFR. The principal amount outstanding for term loan was Rs. 2537.52 lakhs and for working capital was Rs. 447.12 lakhs and as against this, OTS amount offered was Rs. 1268.76 lakhs and Rs. 223.57 lakhs. IDBI (Stressed Assets Stabilisation Fund), GIC and Canara Bank (for Term Loan portion) had given their consent for the OTS and the consent from Canara Bank (Working capital portion), Corporation bank (Working Capital portion), IIBI Ltd., Life Insurance Corporation of India, United India Insurance Company Ltd. and Oriental Insurance Company Ltd. are pending. Gayatri Starchkem Limited had already cleared the dues of IDBI, GIC and Canara Bank (Term Loan portion only). For details please refer to section "Information on our Promoter Group Companies" on page no. 82 & 83 respectively of the Prospectus.

GAYATRI PROJECTS LIMITED

8. *Our Promoter Group Companies have incurred losses in recent period and have delayed in filing annual returns*

Following Promoter Group Companies have incurred losses in the years ended March 31, 2003, 2004, 2005 and 2006 and number of companies are not undertaking any activity. They have delayed filing of annual returns with Registrar of Companies. For more information, please see section "Information of our Promoter Group Companies" beginning on page no. 78 of this Prospectus.

(Rs in Lakhs)

Name of Company	Profit After Tax (PAT)			
	2002-03	2003-04	2004-05	2005-06
Listed Companies				
Gayatri Sugars Limited	(1099.51)	(863.35)	391.24	840.36
Gayatri Starchkem Limited	(1055.36)	(1057.35)	(929.33)	2116.96
Unlisted Companies				
Gayatri Capital Limited	19.41	75.19	(5.63)	Not available
Gayatri Leasefin Private Limited	(11.84)	(6.65)	(28.59)	Not available
Gayatri Telesoft Limited	(38.70)	(154.08)	(82.61)	(91.56)
Aparna Engineering Co. Private Limited	(0.43)	(0.02)	(0.04)	Not available
Gayatri Interactive Limited	(41.97)	(10.50)	0.06	(1.04)
Gayatri Digisoft Technologies Limited	(4.53)	(0.95)	2.99	1.25
Mallikarjuna Constructions Private Limited	(1.02)	(0.02)	(0.06)	Not available
T.Gayatri Engineering Company Private Limited	(0.52)	(0.50)	(0.51)	(0.45)
Sarita Constructions Private Limited	(2.23)	(0.20)	(0.10)	Not available
Parameswari Constructions Private Limited	(0.02)	(0.02)	(0.04)	Not available
Sivadevi Engineering Company Private Limited	(5.48)	(0.03)	(0.08)	Not available
Shankari Engineering Private Limited	(2.54)	(0.03)	(0.04)	Not available
Gayatri Fin – Holdings Private Limited	(0.03)	(0.05)	(0.05)	178.37
TSR Holdings Private Limited	(0.04)	(0.06)	(0.06)	193.58
T.V. Sandeep Kumar Reddy & Others	4.10	4.38	(6.80)	3.99



9. Our Promoter Group Companies have negative net worth

The following promoter group companies have negative net worth for financial year ended March 31, 2005 and 2006:

(Rs. In Lakhs)

Sl.No.	Name of the Company	2004-05	2005-06
1.	Gayatri Starchkem Limited	(7618.97)	(5496.21)
2	Gayatri Leasefin Private Limited	(121.45)	Not available
3	Gayatri Telesoft Limited	(495.75)	(587.31)
4	Gayatri Interactive Limited	(64.84)	(65.88)
5	Gayatri Digisoft Technologies Limited	(118.95)	(117.71)
6	T.Gayatri Engineering Company Private Limited	(26.57)	(27.01)
7	Shankari Engineering Private Limited	(0.27)	Not available
8	Maheswari Film Production Private Limited	(0.35)	0.62
9	Gayatri Digital Images Limited	(0.06)	4.85
10	T S R Power Private Limited	(12.89)	(12.98)
11	T.Rajeev Reddy Real Estate Developers Privated Limited	0.76	(0.55)

10. There were deviations in the performance vis-à-vis projections made by Gayatri Sugars Limited and Gayatri Starchkem Limited, promoter group companies in previous issues.

Gayatri Starchkem Limited and Gayatri Sugars Limited made their public issue in April, 1994 and November, 1997 respectively. There were deviations in the performance vis-à-vis projections made by them.

- a) Gayatri Starchkem Limited (erstwhile Starchkem Limited) came out with a public issue of 54,00,000 equity shares of Rs. 10/- each for cash at par aggregating to Rs. 540 lakhs in April, 1994. The actual performance achieved by the Company against the projections mentioned in the Offer Document are as under :

(Rs.in lakhs)

	1995-96 I Operating Year		1996-97 II Year		1997-98 III year		1998-99 IV year		1999-2000 V Year	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Installed Capacity	8550	-	8550	8550	8550	8550	8550	8550	8550	8550
Capacity Utilisation	60%	70%*	70%	70%	80%	82%	80%	77.5%	80%	78%
Production	5130	807	5985	4382	6840	7081	6840	6630	6840	6635
Sales & Other Income	1247	186	1455	1061	1663	1742	1663	1706	1663	2817
Profit before Interest, Depreciation & Tax	565	80	659	(579)	754	(536)	751	(961)	749	(2197)
Interest	290	52	302	342	292	388	248	479	204	897
Depreciation	200	19	200	122	200	131	200	166	200	267
Profit before Tax	71	9	153	(359)	258	(278)	299	(648)	341	(1482)
Profit After Tax	71	9	153	(359)	258	(278)	299	(648)	333	(1567)
Dividend	-	-	-	203	-	243	-	243	-	-
Equity Share Capital	1350	1350	1350	1350	1350	1450	1350	1450	1350	1450
Reserves & Surplus	71	-	224	-	279	-	335	7.50	425	10
EPS (Rs.)	0.53	-	1.13	-	1.91	-	2.21	-	2.46	-
Book Value(Rs.)	10.53	10	11.66	10	12.07	10	12.48	10	13.15	10

* Only two months of operation.

GAYATRI PROJECTS LIMITED

Main Object of Issue	Promise in respect of implementation	Performance and remarks
To part finance the cost of project for manufacture of 8550 TPA of Sorbitol. The project was appraised by IDBI.	The project was expected to start commercial production from December, 1994.	Commercial production of Sorbitol Unit commenced from February, 1996 after delay of 13 months mainly on account of delayed receipt of imported equipments.

- b) Gayatri Sugars Limited (erstwhile NCS Gayatri Sugars Limited) came out with a public issue of 62,50,000 equity shares of Rs. 10/- each for cash at par aggregating to Rs. 625 lakhs in November, 1997. The actual performance achieved by the Company against the projections mentioned in the Offer Document are as under :

(Rs.in lakhs)

	1997-98		1998-99		1999-2000	
	Projected	Actual	Projected	Actual	Projected	Actual
Cane Crushed (lakh MT)	2.25	1.00	3.40	3.27	4.28	4.64
Total Income	2657	1432	4138	5098	5281	7198
Gross Profit	943	86.32	1432	1434	1869	1724
Interest on Working Capital	53	210	202	1089	254	1364
Interest on Term Loans	355		710		665	
Depreciation	223	68	267	280	267	292
Preliminary expenses written off	7	2	7	7	7	7
Profit before Tax	305	10	246	32	676	12
Tax	32	1	26	3	71	1
Profit after Tax	273	9	220	29	605	11
Equity Share Capital	2500	2500	2500	2500	2500	2500
Free Reserves (net off preliminary expenses not written off)	210	9	437	38	674	49
Net Worth	2710	2371	2937	2353	3174	2419
EPS (Rs.)	1.09	0.05	0.88	0.11	2.42	0.05
Book Value (Rs.)	10.84	9.48	11.75	9.41	12.70	9.68
Dividend and its percentage	0	-	0	-	375(15%)	-

Main Object of Issue	Promise in respect of implementation	Performance and remarks
To part finance the project cost (project for manufacture of White Crystal Sugar with an installed capacity of 2500 TCD) of Rs. 5800 lakhs including margin money for working capital. The project was appraised by IDBI.	The project was expected to start commercial production from November, 1997.	Project completed on time in November, 1997. However, there have been certain teething problems and minor breakdowns of plant during the initial period and the company could overcome these problems. Ultimately, the company could commence the commercial crushing from January 1, 1998.

11. *In the past, we could not pay interest on our debt obligations on schedule.*

We have issued 14% Secured Redeemable Non-Convertible Debentures of Rs. 100/- each of the aggregate value of Rs. 1500 lakhs on private placement basis to the Unit Trust of India in May, 2001. We delayed payment of interest during 2001-02 and 2002-03 due to financial constraints. Consequently, UTI issued recall notice in January, 2003 and enforcement of guarantee notice in February, 2004. We cleared all our over-dues to UTI till September, 2004 in September, 2004 and after that all payments in respect of interest and principal have been paid on due dates. Further we have also paid on due date the instalment of Rs. 500 lakhs, which was due on July 03, 2006. The balance one instalment of Rs.500 lakhs is due on July 3, 2007. However, no assurance can be given for our ability to meet the financial obligations in future.

12. *Claims made by us against our clients for payment have increased over the years and failure by us to recover adequately on such claims could have a material adverse effect on our financial condition, results of operations and cash flows.*

Our project claims have increased in recent years. Project claims are claims brought by us against our clients for additional work and costs incurred in excess of the contract price or amounts not included in the contract price. These claims typically arise from changes in the initial scope of work or from delays caused by the client. These claims are often subject to lengthy arbitration or litigation proceedings. The costs associated with these changes or client caused delays include additional direct costs, such as labour and material costs associated with the performance of the additional work, as well as indirect costs that may arise due to delays in the completion of the project, such as increased labour costs resulting from changes in labour markets. Project claims may continue in the future. We also face a number of counterclaims initiated against us by certain clients in connection with our project claims. If we are found liable for any of these counterclaims, we should have to incur write downs and charges against our earnings to the extent a reserve is not established.

We have made claims for projects executed by us amounting to Rs. 13804.01 lakhs which have not been accounted for in our books of accounts as these claims are accounted for on cash basis. If we receive these claims, our profitability and cash flows will increase to the extent of claim received. However, if the claims are not received, it will not have any affect on our profitability as we have not provided for these claims in our books of accounts. At present we have outstanding claims lodged at our various clients are amounting to Rs. 13804.01 lakhs, out of which claims amounting to Rs. 10904.50 lakhs are pending with our clients for settlement and claims amounting to Rs. 1283.49 lakhs and Rs. 1616.02 lakhs are pending for arbitration and various courts respectively. In the past, we have received an amount of Rs. 558.75 lakhs as against claims lodged by us to the extent of Rs. 921.61 lakhs. The balance claims amounting to Rs. 362.86 lakhs have either been rejected or disallowed by various authorities. The average time frame for settlement of these claims has been 10 years.

13. *Failure to provide for excess expenditure could have affected our financial conditions and results of operations.*

Our Company incurred an excess of expenditure over revenue for Rs. 13414 lakhs in respect of work carried on behalf of IJM-Gayatri JV, for which our Company has raised a debit notes on the JV. If these claims are not realized than we will have to provide for the loss of Rs. 5365.60 lakhs (i.e. 40% of Rs. 13414 lakhs) in our books, being our 40% share in the JV. However, if this loss would have been provided for in our books of accounts for the year ended March, 2006 our profit before tax and extraordinary item would have shown a loss of Rs. 2606.12 lakhs instead of net profit of Rs. 2759.48 lakhs as shown in the recasted figure.

14. *Failure to recover the claims made by us on our JV for the work executed by us on JV's behalf could have a material adverse effect on our financial condition, results of operations and cash flows.*

GAYATRI PROJECTS LIMITED

We have executed work on behalf of our joint venture viz. IJM-Gayatri where our share of profit / loss is 40% and IJM's share is 60%. In 6 projects where we have executed work from March, 1999 till March, 2006 on behalf of IJM-Gayatri, we have incurred excess of expenditure over income for an amount of Rs. 13414 lakhs. We have raised a debit note on IJM-Gayatri Joint Venture for this amount. IJM-Gayatri JV has lodged various claims with NHAI (client of IJM-Gayatri) amounting to more than Rs. 37500 lakhs including the above claims. In view of the claims pending with NHAI, we have not made provisions for our share of 40% in our books. If the entire claims lodged with NHAI by IJM-Gayatri JV are not realized, we may have to provide for loss of Rs. 5365.60 lakhs (i.e. 40% of Rs. 13414 lakhs) in our books, being our 40% share in the JV and in turn our profitability and networth will be reduced by Rs. 5365.60 lakhs.

At present IJM-Gayatri has various outstanding claims lodged with its various clients amounting to Rs. 37556.39 lakhs, out of which claims amounting to Rs. 8180.57 lakhs are pending with their clients for settlement, claims amounting to Rs. 5852.09 lakhs are pending with Dispute Review Board, Rs. 8749.72 lakhs are pending for arbitration and Rs. 14774.01 lakhs are pending at High Court, Delhi. Recently, claim amounting to Rs. 14774.01 lakhs was rejected by arbitration tribunal and the case was filed with High Court, Delhi. In the past IJM-Gayatri has not received any pending claim from its client. For details, please refer to section "Outstanding Litigations and Material Development".

15. *We have entered into transactions with related parties amounting to Rs. 24943.06 lakhs as on March 31, 2006.*

We have entered into various transactions with related parties, including the several Promoter group companies. For detailed information on our related party transactions, refer section "Related Party Transactions" beginning on page 116 of this Prospectus.

16. *Sustained high material or fuel cost may adversely affect our operation.*

Our construction operations require various bulk construction material including cement, steel, bitumen. In addition we are required to procure various equipment including process equipment, construction equipment, mechanical equipment etc. Our ability to pass on the increase in the equipment and material cost may be limited with limited price variation condition. Further any unanticipated increase in the equipment, material and fuel cost not taken into account in our bid, may adversely affect our operations and financial position.

17. *We face significant competition in our business from Indian and international engineering construction companies.*

The Indian infrastructure industry is competitive. Majority of our contracts are obtained through a competitive bidding process. In selecting contractors for major projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and size of previous contracts in similar projects, although price competitiveness of the bid is the most important selection criterion. Our competition varies depending upon the size, nature and the complexity of the project. In the past the prices have been under immense pressure. Further, we are currently qualified to bid for projects upto a certain value and therefore may not be able to compete for larger projects. Our ability to bid for and win major projects is dependent on our ability to show experience of working on any large projects and develop execution capabilities and credentials to execute technically complex projects. Any inability to qualify for and win large construction projects and the risks associated with the execution of such contracts could adversely affect our margins and results of our operations.

18. *We will be executing the first BOT projects in our Company. Our company does not have any prior experience in execution of BOT projects.*

Our Company has not undertaken any BOT / BOOT projects earlier on its own. Any inability to execute or

handle BOT / BOOT project may adversely affect our business operations. Further our investment for executing the BOT or BOOT project would be in SPV should partly be in the form of equity again where no future dividend can be assured.

19. BOT / BOOT projects in India are not successful.

The work relating to Improvement, Operation and Maintenance of Rehabilitation and strengthening of existing 2-lane road and widening to 4 lane divided highway of Km. 52.250 to Km. 131.000 of NH 59 (Meerut-Muzaffarnagar Section) is a toll based BOT project, executed through SPV. The main source of revenue for the SPV will be toll, collected from the users of the highway over the concession period of 20 years and construction period of 3 years. The cost of the above project has to be met by SPV from these toll collections and the grant given by NHAI. However the toll based projects have not been successful in India.

20. As bulk of our business is awarded to us by the Central and state and Central government agencies, our business is dependant on the central and state budget allocations to the infrastructure sector.

A substantial portion of our contracts are with central, state government or their agencies. For making the payments, against our contracts these government department or agencies depend upon budgetary allocation/ grants. If these allocations/ grants are delayed because of various reasons, we would get delayed payments against our bills, which could adversely effect our profitability and financial position.

21. Our business is largely concentrated in southern and western region.

Our projects are largely concentrated in the Southern and Western Regions. In the construction Industry, some of our competitors are larger than we are, and have greater financial resources than we do or greater bidding capability, and may be able to deliver services on more attractive terms or to invest larger amounts of capital into their businesses / JVs. These competitors may limit our opportunity to expand our market share and may compete with us on bidding. Our business could be adversely affected if we are unable to compete with our competitors and bid at competitive rates.

22. Our contracts are awarded following competitive bidding processes as a result, we may be required to lower the prices we charge for our services in response to such competition from major players in our industry, which may materially adversely impact our operating revenue and profitability.

Our contracts are awarded following competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. We face intense competition from big players such as international companies and major domestic construction companies who operate at the national level, to numerous smaller localized contractors /companies. Once the prospective bidders clear the technical requirements of the tender, the contract is usually awarded based on price of the contract quoted by the prospective bidder. The nature of this process may cause us and other prospective bidders to lower prices for award of the contract, so as to maintain our respective market share. As a result of this competition we face margin pressure. Consequently, this could have a material negative effect on our financial condition.

23. The projects sub-contracted by us could get delayed on account of the sub-contractors performance, resulting in delayed payments.

As per normal practice in our industry a part of the work is subcontracted to the various sub-contractors. The completion of the contract depends on the performance of these sub-contractors. Delay on the part of a sub-contractor to complete the project in time, for any reason, could result in delayed payment to us and in turn effect our operations. Sub-contractors may not have adequate financial resources to meet their indemnity obligations to us. Losses may derive from risks not addressed in our indemnity agreements or insurance policies, or it may no longer be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover ourselves against construction industry risks for any of these reasons could expose us to substantial costs and potentially lead to material losses. Additionally,

GAYATRI PROJECTS LIMITED

the occurrence of any of these risks may also adversely affect public perception about our operations and the perception of our suppliers, clients and employees, leading to an adverse effect on our business. These liabilities and costs could have a material adverse effect on our business, results of operations and financial condition.

24. *The funds raised out of this Offer are not utilized for any specific project other than investment in SPV.*

We will not receive any proceeds of the Offer for Sale by the Selling Shareholders. We will receive 34.48% of total Offer proceeds and out of which Rs. 2000 lakhs will be invested in SPV for execution of BOT / BOOT project. The income out of this investment will be in the form of dividends only by SPV and any adverse affect on the SPV will affect us to the extent of non-receipt of dividend from the investments made by us till that time.

25. *We have a high working capital requirement. In case there is insufficient cash flow to meet our requirement of working capital or pay our debts, there may be adverse effect on the results of our operation.*

Our business demands significant amount of working capital. As payments from clients are linked to completion, which are spread out over the execution period of the contract, significant amount of working capital would be required to finance the purchase material and performance of the construction projects before the payment is received from the client. Consequently, there could be situations where the total funds available may not be sufficient to fulfill our commitments which may effect our financial position and ability to pay our debt obligations in time.

26. *Projects included in our backlog or under construction stage may be delayed or cancelled which could materially harm our cash flow position, revenue and earnings.*

Projects under construction comprise anticipated revenues from the uncompleted portion of existing contracts. The amount of our backlog does not necessarily indicate future earnings related to the performance of that work. Projects under construction refer to expected future revenues under awarded contracts and which is considered firm, although cancellations or scope adjustments may occur. Due to changes in project scope and schedule, we cannot predict with certainty when or if project will be completed. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amount owed. Any delay, cancellation or payment default could materially effect our cash flow position, revenues and / or earnings.

27. *Our operations are subject to a degree of risk and could expose us to material liabilities, loss in revenues and increased expenses.*

Our operations are subject to hazards inherent in providing construction and engineering services, such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage.

Actual or claimed defects in equipment procured and / or construction quality could give rise to claims, liabilities, cost and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, inefficient operating processes, loss of production or suspension of operations. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective.

28. *We depend on forming successful joint ventures to qualify for the bidding process.*

To bid for certain infrastructure projects, which require higher capital adequacy or technical expertise, we have to meet certain pre-qualifications pertaining to capital adequacy and technical requirements. In order to

meet these pre-qualifications, we enter into joint ventures / memorandum of understanding with other companies. In case we are unable to forge an alliance with other companies to meet the prequalification requirements we may lose out on the opportunity to bid.

Where we have formed the joint venture and being awarded the project the credit for the project will be that of joint venture. Our Company can claim credit to the extent of its share in the joint venture as is agreed to upfront in the Joint Venture Agreement. However, since the liability of the joint venture partners is joint and several, implying thereby that in case the joint venture partner fails to discharge his obligation under the contract, our Company is liable to get the entire contract performed to the satisfaction of the client.

29. *Our operations may be affected by adverse weather conditions.*

The timely completion of the projects we undertake is also dependent upon the weather conditions. Any adverse weather condition could delay implementation of the projects resulting in a delay in the execution of our contractual obligations thereby affecting our business.

30. *Our exposure to interest rates may adversely affect our financial performance.*

We are availing term loan & working capital facilities to the extent of Rs. 16426.78 lakhs as on August 22, 2006 and our borrowings are linked to prime lending rate of banks / institutions. Any adverse movements in interest rates may adversely affect our results of operations and financial condition.

31. *Our inability to retain and attract key managerial personals could adversely affect our business.*

Our ability to meet future business challenges depends on our ability to attract and recruit talented and skilled personnel. A numbers of our employees are skilled, qualified and experienced in our line of business, and we may face competition to recruit and retain these manpower. Our future performance will depend upon the continued services of these personnel. The loss of any of the members of our senior management, our directors or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations.

32. *Our results of operations could be adversely affected by any disputes with our employees.*

We also employ contract labour and the number of contract labourers may vary from time to time based on the nature and extent of work contracted to independent contractors. We enter into contracts with independent contractors to complete specified assignments. Any non-compliance by the contractors in respect of applicable labour laws may hamper the business of our Company. All contract labourers engaged at our facilities are assured minimum wages that are fixed by local government authorities. Any upward revision of wages required by such governments to be paid to such contract labourers, or offer of permanent employment or the unavailability of the required number of contract labourers, may adversely affect our business and results of our operations.

33. *Promoter group will continue to retain majority control in the company after the Offer, which will enable them to influence the outcome of matters submitted to shareholders for approval. We may continue to enter into transactions with related parties.*

Upon completion of the Offer, Promoter / Promoter Group will own 55.80% of our post-Offer equity share capital. As a result, the Promoter Group will have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. In addition, for so long as the Promoter Group continues to exercise significant control over the Company, they may influence the material policies of the Company in a manner that could conflict with the interest of our other shareholders. The Promoter group may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

GAYATRI PROJECTS LIMITED

34. *Some of our projects are not insured.*

Under our contracts/ sub- contracts, we are required to take insurance for each project undertaken by us. We may not have taken adequate insurance cover for some of our projects. Consequently, loss if any arising out of uncovered risks would have to be borne by us.

35. *Our Company has delayed in deposit of Provident Fund and TDS amount.*

We could not deposit in time provident fund for our employees and tax deducted at source with the appropriate authorities which could expose us and our officers for criminal prosecution or penalties.

36. *Our inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business could have a material adverse affect on our business.*

We require certain statutory and regulatory permits and approvals for our business. There can be no assurance that the relevant authorities will issue such permits or approvals in the time frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruptions of our operations and may have a material adverse affect on our business, financial conditions and results of our operations. We have yet to renew our Certificate of Registration issued by the District Labour Officer under the Motor Transport Workers Act, 1861 which has expired on December 12, 2005. For further information, please refer to the section "Government and Other Approvals" on page no. 163 of this Prospectus. If we are unable to obtain the requisite Licenses in a timely manner, or at all our operations may be affected.

37. *Our clients have the right to unilaterally terminate our contracts for convenience and contracts are exposed to penal clauses.*

One of the standard conditions in contracts awarded by the Government (Client) is that the Client has the right to terminate the contract for convenience, without any reason, at any time after providing us with notice. In the event that a contract is so terminated for convenience, our revenues may be adversely affected. Further, the contracts executed by us contain penal clauses which gets attracted in case of any delay in execution of contracts.

38. *The Unsecured loans taken by our company can be recalled at any time.*

Our Company has taken unsecured loans from the promoter group companies amounting to Rs. 9.47 lakhs as on March 31, 2006, which can be recalled at any time and in the event, may affect the financial operations of our company to that extent.

39. *No annual maintenance contract for equipments.*

Our Company does not have any annual maintenance contract for maintenance of its equipments. If our company is unable to maintain its plant, machinery and equipment properly, it may adversely affect the operations of our company.

40. *The purposes for which the proceeds of the Issue are to be utilized have not been appraised by an independent entity.*

The purposes for which the proceeds of the Fresh Issue are to be utilized have not been appraised by any independent entity and are based on our own estimates.

41. *We do not currently own nor have leased the premises at which our registered office and other offices are located.*

We do not currently own or have a lease for the premises at which our registered office and other offices are located. The registered office is owned by Gayatri Capital Limited, one of our promoter group companies,



however, we are not paying any rent for using the registered office. Further, we have taken our Corporate office from Deep Corporation Private Limited, one of our Promoter Group Company, for which there has been no formal leave and license agreement entered into between us. Gayatri Capital Limited or Deep Enterprises Private Limited or any other lessor who has leased to us any of our offices may require us to vacate the premises with or without sufficient notice, which may adversely affect our business.

42. Trade name "Gayatri" is not registered in name of our Company.

The name 'Gayatri' has been adopted by our Company as well as our Group Companies as part of our corporate name/tradename. However the name 'Gayatri' has not been registered either by our Company or our Group Companies with the Register of Trade Marks under the Trade Marks Act, 1956 (as modified by Trade Marks Act, 1999) and in the event of any infringement claims by a third party against the Company (or group companies), it shall be necessary for the Company (or group companies) to establish its/their entitlement to the exclusive use of the mark 'Gayatri' and consequently it may adversely affect the operations of the Company.

43. We have Contingent liabilities, which may affect our financial position

The details of contingent liabilities as on March 31, 2006 are as under:

	Particulars	March 31, 2006 Amount (Rs. in lacs)
1.	Guarantees given by Banks towards performance & contractual commitments: a) To the company in the normal course of Business. b) Guarantees given to related parties	15633.06 23365.44
2.	Corporate guarantees given to Group companies	12909.00
3.	Letter of Credits taken	1345.68
4.	Disputed Sales/Entry Tax Liability	416.82

In the event such contingent liability materializes it may have an adverse affect on our financial performance.

44. We are subject to restrictive covenants in certain long- term debt facilities provided to us by our lenders and Debenture holders

The covenants in borrowings from banks and debenture holder among other things, require us to obtain the approval of these institutions, namely for, issuing new securities (debt or equity), change in management, change in the capital structure at any time while the loans or any debt facility is still subsisting.

45. Some of the companies in the Promoter Group Companies are in the same line of activity and consequently the interest of these companies, may conflict with our interest.

The objects clause of memorandum of association of promoter group companies viz. Indira Construction Private Ltd., Aparna Engineering Co. Private Ltd., Mallikarjuna Constructions Private Ltd., T.Gayatri Engineering Company Private Ltd., Sandeep Builders Private Ltd., Sarita Constructions Private Ltd., Parameswari Constructions Private Ltd., Sivaganga Engineering Company Private Ltd., Sivadevi Engineering Company Private Ltd., T.Anirudh Reddy Builders and Developers Private Ltd., T.Rajeev Reddy Real Estate Developers Private Ltd., Shankari Engineering Private Ltd. and Deep Corporation Private Ltd., authorizes them to carry on the activities relating to construction business. However, potential conflict of interest in future may not be ruled out which may affect business operations of our Company.

GAYATRI PROJECTS LIMITED

EXTERNAL RISK FACTORS

A slowdown in economic growth in India could cause our business to suffer

The Indian economy has shown sustained growth over the last few years with real GDP growing at 6.9% in the Fiscal 2005, 8.5% in the Fiscal 2004 and 4.0% in Fiscal 2003. During the first quarter of Fiscal 2006, real GDP grew at 8.1% compared to 7.5% during the first quarter of Fiscal 2005. With the importance of the agricultural sector to our business, any slowdown in the growth of the agricultural sector could also adversely impact our performance. Growth in agricultural production in India has been variable. Agricultural GDP grew by 2.0% in the first quarter of Fiscal 2006 compared to 3.8% in the first quarter of Fiscal 2005. Agricultural GDP grew at 1.1% in Fiscal 2005 and 9.6% in Fiscal 2004 while it declined by 7.2% in Fiscal 2003 due in part to a poor monsoon in 2002 which had an impact in Fiscal 2003 (Source: Central Statistical Organisation Ministry of Statistics and Programme Implementation). Any slowdown in the Indian Economy or future volatility in global commodity prices, in particular steel, cement and prices of other construction material, could adversely affect our business.

Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalization. The role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed a number of times since 1996. The current central government, which came to power in May 2004, is led by the Indian National Congress in coalition with several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization has been affected by the coalition nature of the government. If there was to be any slowdown in the economic liberalization, or a reversal of steps already taken, it could have an adverse affect on our business.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and may also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the market price of our Equity Shares. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of our Equity Shares.

Natural calamities could have a negative impact on the Indian economy, particularly the agriculture sector, and cause our business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Any negative impact of natural disasters on the Indian Economy could adversely affect our business and the market price of our Equity Shares.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse affect on our business and financial performance, our ability to raise financing for onward lending and the price of our Equity Shares.



After this Offer, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

Prior to this Offer, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Offer due to a variety of factors, including results of our operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, trends in general business and contraction industry, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Offer, or that the price at which our Equity Shares are initially issued will correspond to the prices at which they will trade in the market subsequent to this Offer.

Notes to Risk Factors:

1. The Networth of our Company as per the financial statements of the Company before the Offer (as on March 31, 2006) is Rs. 9269.21 Lakhs and the size of this Offer is Rs. 8,555 Lakhs.
2. The average cost of acquisition of Equity shares of the Promoters is as per the details given below (including issue of bonus shares). The Book value per share as on March 31, 2006 is Rs. 102.99 per equity share.

Name of Promoter	No of Shares	Average Cost (Rs.)*
Shri T.V.Sandeep Kumar Reddy	1079190	4.44
Smt.T.Indira	4500055	4.44

*Due to Bonus Issues the average cost has reduced to below the face value of Rs.10 each.

3. Public Issue of 29,00,000 Equity Shares of face value Rs. 10 each for cash at a Price of Rs. 295 per Equity Share aggregating Rs. 8,555 Lakhs, consisting of a Fresh Issue of 10,00,000 Equity Shares and an Offer For Sale of 19,00,000 Equity Shares. 1,00,000 Equity Shares are reserved in the issue for subscription by permanent employees of GPL
4. The Offer is being made through a 100% Book Building Process wherein not more than 50 % of the Net Offer will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") out of which 5% shall be allocated proportionately for mutual funds. Further, at least 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price.
5. For interest of our Promoters/Directors/Key Managerial Personnel and other ventures promoted by Promoters, please refer to section titled "Risk Factors", "Our Promoters", "Information of our Promoter Group Companies", "Our Management", "Related Party Transactions" and "Financial Statements of the Company" beginning on page no iii, 78, 79, 70, 116 and 120 of this Prospectus.
6. We have entered into various related party transactions with related parties including various Promoter group companies amounting to Rs. 24943.06 lakhs during the year ended March 31, 2006. For related party transection refer to section titled "Related Party Transactions" beginning on page no. 116 of this Prospectus.
7. No loans and advances have been made to any person(s) / Companies in which the Director(s) of the Company are interested except as stated in the auditors certificate. For the details refer to section titled "Financial Statement of the Company" on page no. 120 of this Prospectus.
8. Any clarification or information relating to the offer shall be made available by thr BRLMs, our company and our Compliance Officer to the investors at large and no selective or additional information would be available

GAYATRI PROJECTS LIMITED

for a section of investors in any matter whatsoever. Investor may contact the BRLMs for any complaint pertaining to the offer.

9. Investors are advised to refer to the paragraph entitled "Basis for Offer Price" on page 33 of this Prospectus.
10. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
11. Our Company was incorporated on September 15, 1989 as Andhra Coastal Construction Private Limited, under the Companies Act, 1956. Our Company's name was changed from Andhra Coastal Private Limited to Gayatri Projects Private Limited with effect from March 31, 1994. Our company was converted into a Public Limited company with effect from December 2, 1994.
12. No part of the Offer proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Companies.



INTRODUCTION

SUMMARY

The following summary is qualified in its entirety by the more detailed information and the financial statements of the Company that appear elsewhere in this Prospectus. Unless otherwise stated, all financial and other data regarding our business and operations presented in this Prospectus are presented on a consolidated basis.

Industry Overview

Construction industry is an integral part of a country's infrastructure and industrial development. Construction becomes the basic input for socio-economic development. Besides, the construction industry generates substantial employment and provides a growth to other sectors through backward and forward linkages. With the present emphasis on creating physical infrastructure, massive investment is planned during the Tenth Plan. Key reforms have been initiated in several sectors with the objective of augmenting country's infrastructure. The construction industry has played a crucial role in this regard.

The tenth plan envisages balanced development of the total road network in the country. This includes phased removal of deficiencies in the existing network, widening, improvement, strengthening, rehabilitation and reconstruction of weak / dilapidated bridges, adequate maintenance of roads, road safety measures and providing wayside amenities to cater to the growing demands for road services. Apart from this, the Plan also lays emphasis on improving the riding quality of existing National Highways. Yet another priority objective is improvement in rural connectivity with all-weather roads and development of roads in the North-Eastern region. Inter-modal issues like road connectivity with airports, railways, ports, etc. is another issue that is highlighted.

The government is also undertaking the North-South and East-West Corridor projects. These projects comprise about 7,000 kms of highways connecting Srinagar (North) with Kanyakumari (South) and Silchar (East) with Porbandar (West).

(Source : <http://meaindia.nic.in> – Website of Ministry of External Affairs)

The four-laning of 10,000 km of National Highways by March 2010 under NHDP III would be done entirely through the BOT route. A Special Accelerated Road Development Programme for the North Eastern Region (also called NHDP-NE) is envisaged for improving connectivity in the north-eastern states. This would include a road length of 7639 km comprising 3251 km of NH and 4388 km of other roads. The network is expected to act as catalyst for the development of the region.

(Source : <http://planningcommission.nic.in>)

The aggregate capacity in major ports as on March 31, 2004 was 389.50 MT per annum. During 2004-05, the aggregate capacity increased by 8 MTPA to 397.50 MTPA. The aggregate capacity is expected to go upto 405.50 MTPA by March, 2006. By the end of Tenth Plan Period, the capacity of major ports is projected to be 470 MT per annum. The overall investment required in the ports sector in the Tenth Plan is estimated to be Rs. 80,000 crores of which nearly 70% is proposed to be attracted from the private sector. Initially, 51% FDI was allowed in the Sector. In 1999, FDI limit was increased to 100%.

The investment requirement in the irrigation sector includes substantial investments in water infrastructure such as multipurpose dams, barrages, irrigation canals, check dams, rain water harvesting structures, tubewells and rural electrification. To harness river waters and to irrigate the parched lands the State governments have since agreed for river linking projects.

Several State Governments have announced various irrigation projects like dams, canals, reservoirs, etc. The State Government of Andhra Pradesh has announced a total of Rs.50000.00 crores irrigation projects, which will be executed in the span of 7 years in three phases.

Overview of our Company

Our Company has executed several construction projects during the last 16 years. In the course of our business, we have constructed about 644.00 Km of the Highways and 1113.00 Km of Irrigation Canals. We have executed 21 irrigation projects amounting to Rs. 58,399 lakhs. We have completed irrigation projects such as Construction of five packages of Narmada Main Canal comprising of the 50.60 Km, Upper Krishna Project comprising of 44.00 Km, Sriram Sagar Project comprising of 954.00 Km and KC Canal comprising of 64.00 Km. The total cost of these four Narmada Canal projects amounting to Rs. 15,990 lakhs. We have also executed Indi Branch Canal of Upper Krishna Project amounting to Rs. 13084 lakhs. We have executed 7 projects for construction of dams and reservoir amounting to Rs. 7533 lakhs, in which major ones include construction of Kaniti Balancing Reservoir for Vishakhapatnam Steel Plant, construction of raw water pond for Jindal Vijaynagar

GAYATRI PROJECTS LIMITED

Steel Ltd., construction & raising of ash pond dykes to ancillary works for NALCO Ltd. Etc. We have executed 9 highway and runway projects, 8 site leveling projects and 3 industrial projects amounting to Rs. 57562 lakhs, Rs. 9433 lakhs and Rs. 3478 lakhs respectively.

We are currently executing projects amounting to Rs. 1,04,654 lakhs of Public works /Irrigation Departments of various State Governments namely Andhra Pradesh, Madhya Pradesh, Chattisgarh and Gujarat and for other clients. Out of the projects in hand, the highways constitutes projects amounting to Rs. 40,386 lakhs, irrigation projects Rs. 63,068 lakhs and other works constitutes Rs. 1,200 lakhs. In addition, we are also executing projects in our various joint ventures/ in SPV in which our share of contract value to be executed, works out to around Rs. 1,35,335 lakhs which includes our share of contracts amounting to Rs. 15600 lakhs on BOT basis and Rs. 63115 lakhs on annuity basis. In addition our Company has been awarded a contract on July 7, 2006 for Rs 6517.85 lakhs for Rehabilitation and upgrading of Ambikapur (km 4) to Semersot (km 65) Section in Chhattisgarh by Director, PIU, ADB Project, Raipur. Most of these projects would be completed within period of 36-42 months.

Our Company is an ISO 9001 – 2000 engaged in execution of major Civil Works including Concrete/Masonry Dams, Earth Filling Dams, National Highways, Bridges, Canals, Aqueducts, Ports, etc.

Our Strengths

Experience and track record

Our Company has executed several construction projects during the last 16 years. In the course of our business, we have constructed about 644.00 Km of the Highways and 1113.00 Km of Irrigation Canals. We have executed 21 irrigation projects amounting to Rs. 58399 lakhs. We have completed irrigation projects such as Construction of five packages of Narmada Main Canal comprising of the 50.60 Km, Upper Krishna Project comprising of 44.00 Km, Sriram Sagar Project comprising of 954.00 Km and KC Canal comprising of 64.00 Km. The total cost of these four Narmada Canal projects amounting to Rs. 15990 lakhs. We have also executed Indi Branch Canal of Upper Krishna Project amounting to Rs. 13084 lakhs.

We have executed 7 projects for construction of dams and reservoir amounting to Rs. 7533 lakhs, in which major ones include construction of Kaniti Balancing Reservoir for Vishakhapatnam Steel Plant, construction of raw water pond for Jindal Vijaynagar Steel Ltd., construction & raising of ash pond dykes to ancillary works for NALCO Ltd. Etc. We have executed 9 highway and runway projects, 8 site leveling projects and 3 industrial projects amounting to Rs. 57562 lakhs, Rs. 9433 lakhs and Rs. 3478 lakhs respectively.

Operations spread across various sectors of infrastructure development

Our Company has executed various projects in different sectors of infrastructure like highway, irrigation projects, mass excavation, ports, airports and industrial civil works. Such diversification in different sectors enables us to reduce dependence on any one sector or nature of the project.

Large fleet of Construction Equipment

Our Company owns a fleet of construction equipments comprising of heavy earth moving machines such as hydraulic excavators, loaders, dozers, earth compacters, concreting plants such as batching plants, concrete mixers, transit mixers, concrete pavers, road equipment such as vibratory tandem rollers, electric paver finishers, mechanical paver finishers, hot mix plants, static rollers, truck mounted pressure bitumen sprayer, integrated stone crushing plants, quarry equipments like wagon drills, jack hammers, air compressors, transportation equipments such as cars and jeeps, tippers, tractors, water tankers, trailers, fabrication and erection plant such as welding generators, gas cuttings sets, work shop equipments, cranes, generators and other miscellaneous equipments.

Projects under Construction/to be completed

We are currently executing projects amounting to Rs. 104,654 lakhs of Public works /Irrigation Departments of various State Governments namely Andhra Pradesh, Madhya Pradesh, Chattisgarh and Gujarat and for other clients. Out of the projects in hand, the highways constitutes projects amounting to Rs. 40,386 lakhs, irrigation projects Rs. 63,068 lakhs and other works constitutes Rs. 1,200 lakhs. In addition, we are also executing/allotted projects in our various joint ventures (including BOT projects for which SPV have been formed or are in the process of being formed) in which our share of contract value to be executed, works out to around Rs. 1,35,335 lakhs. In addition our Company has been awarded a contract on July 7, 2006 for Rs 6517.85 lakhs for Rehabilitation and upgrading of Ambikapur (km 4) to Semersot (km 65) Section in Chhattisgarh by Director, PIU, ADB Project, Raipur. Most of these projects would be completed within period of 36-42 months.



Qualified Employees and Management team

We have a qualified and experienced skilled manpower including Engineers and Engineering Diploma Holders. In addition, we have casual and temporary contract labour in the project sites. The skills and diversity of the employees gives the flexibility to adapt to the needs of various projects. Our Company's management team is qualified and experienced in the industry and has been responsible for execution of diverse projects.

Business Strategy

We recognize the importance of the construction industry in India – especially the importance given by the Government of India to make up deficits in infrastructure rapidly. At the same time, we recognize that the “Construction” industry is very broad in its scope covering construction of various sub-types of infrastructure – including, road, ports, water utilities buildings, industrial structures etc., and there is a need for specialization in order to develop real depth of expertise in any of these sub-areas.

Our strategic objective is to continue to improve and consolidate our position as a leading Construction Company and we aim to achieve this by implementing the following strategies:

Experience in Road Projects

We have experience of around 16 years in road construction and we will continue to bid for the road related infrastructure projects, leveraging and expanding our operations in pre-qualification and there by participating in more States and Regions and gaining access to more complex projects.

We have setup a base of operation capitalizing on our local experience, established contracts with local clients and suppliers and also familiarity with local working conditions. In pursuing our strategies, we seek to identify markets where we believe we can provide cost and operational advantages to our clients. In order to expand our operation we also identify and associate with Joint Venture partners whose resources, capabilities and strategies are complementary to and are likely to increase our business operations.

Focus on Irrigation Projects

Irrigation is one of the main focus areas of various State Governments. We have experience in execution of various irrigation projects in the State of Andhra Pradesh. We have tied-up with JV Partner in handling irrigation project. We intend to utilize our experience in the irrigation projects and our large equipment base to benefit from the increasing demand for irrigation projects in India. We intend to extend our operations to other Irrigation Projects of various State Governments such as Orissa, Madhya Pradesh, Gujarat and Maharashtra.

Expand our operations to industrial construction projects

We have knowledge and experience of handling various industrial projects. We have executed various site preparation and grading, construction of roads, drains, ponds, reservoirs and industrial structures for reputed companies like NFCL, Reliance Petroleum, Jindal Vijayanagar Steel, Visakhapatnam Steel Plant, HPCL, etc. We have also executed specialized works for Indian railways, Ports and Airport Authority. We have executed “Construction of Railway line in 3 sections i.e. KR-51, KR-55 & KR-57 for Koraput-Rayagada Lane, Construction of approach Berths and Back-up area at Kakinada Port for Kakinada Sea Ports Ltd., Andhra Pradesh. We have executed extension and strengthening of Runway at 28th end of Calicut Airport, Calicut. We intend to expand our existing execution capabilities in industrial construction projects.

Focus on BOT Contracts

We are at present executing a BOT project namely “Meerut-Muzaffarnagar Road Project” jointly along with other partners. We intend to focus on executing different BOT projects on annuity basis as such these contracts have relatively low risk compared to tolling contracts. Most of BOT contracts are obtained through a competitive bidding process. In selecting contractors for major project, clients generally limit the tenders to the contractors who are pre-qualified based on several criteria including experience, technological capacity and performance, reputation of quality, financial strength, net worth, bonding capacity and size of previous contracts executed and competitive price.

Improve our engineering capabilities

We aim to improve our capabilities to focus on pursuing EPC contracts as such contracts enable us to become the main contractor on our projects and provide us with the opportunity to Bid on higher number of critical projects. With this view, we are continuing to strengthen our engineering capabilities to enable us to provide engineering services so as to win different EPC projects and also to provide engineering and designed consultancy services to clients.

GAYATRI PROJECTS LIMITED

SUMMARY OF FINANCIAL / OPERATING DATA

STATEMENT OF RESTATED ASSETS AND LIABILITIES

(Rs. In Lakhs)

PARTICULARS	As at 31.03.2006	As at 31.03.2005	As at 31.3.2004	As at 31.3.2003	As at 31.3.2002
A. Fixed Assets:					
Gross Block	16,430.72	13,815.66	12,159.84	11,409.88	10,736.75
Less : Depreciation	(6,600.30)	(5,648.65)	(4,663.40)	(3,806.14)	(2,979.12)
Net Block	9,830.42	8,167.01	7,496.44	7,603.74	7,757.63
Less: Revaluation Reserve	-	-	-	-	-
Capital Work in Progress	-	-	29.53	-	279.02
Total	9,830.42	8,167.01	7,525.97	7,603.74	8,036.65
B. Investments	323.96	293.10	293.10	318.91	318.91
C. Current Assets, Loans & Advances					
Inventories	2,184.49	2,028.33	1,563.17	3,705.65	3,884.43
Sundry Debtors	10,463.02	9,692.09	7,921.67	6,328.91	6,028.25
Cash and Bank Balances	4,613.87	3,565.84	2,798.85	2,669.28	2,636.31
Loans and Advances	14,297.27	13,487.07	11,969.68	6,481.84	4,611.40
Other Current Assets	-	-	-	-	-
Total	31,558.65	28,773.33	24,253.37	19,185.68	17,160.39
D. Liabilities & Provisions					
Secured Loans	19,133.01	16,581.44	16,638.24	13,823.75	8,020.71
Unsecured Loans	6,285.76	7,278.07	3,456.24	3,017.38	7,740.67
Current Liabilities and Provisions	5,195.12	4,305.55	3,631.81	2,583.83	2,777.52
Deferred Tax Provisions	1,829.93	1,414.08	1,425.77	1,344.35	1,212.68
Total	32,443.82	29,579.14	25,152.06	20,769.31	19,751.58
E. Net worth (A+B+C-D)	9,269.21	7,654.30	6,920.38	6,339.02	5,764.37
F. Represented by					
Share Capital	900.00	500.00	500.00	500.00	500.00
Reserves and Surplus	8,369.21	7,154.30	6,420.38	5,839.02	5,264.37
Less: Revaluation Reserves	-	-	-	-	-
Reserves (Net of Revaluation Reserves)	8,369.21	7,154.30	6,420.38	5,839.02	5,264.37
Net Worth	9,269.21	7,654.30	6,920.38	6,339.02	5,764.37

Balance Sheet and Profit and Loss account are recasted to give effect for the Deferred Tax Liability of Financial Year 2001-02.



STATEMENT OF RESTATED PROFIT AND LOSSES ACCOUNT

(Rs. In Lakhs)

PARTICULARS	As at 31.03.2006	As at 31.03.2005	As at 31.3.2004	As at 31.3.2003	As at 31.3.2002
INCOME					
Gross Contract Receipts	37,117.74	30,125.79	31,356.67	34,066.34	30,143.16
Other Income	105.49	205.37	555.28	128.76	301.17
Increase / (Decrease) in Work in Progress	417.54	25.36	(1,508.99)	380.16	544.27
TOTAL INCOME:	37,640.77	30,356.52	30,402.96	34,575.26	30,988.60
EXPENDITURES					
Work Expenditure	29,637.44	24,200.99	25,450.25	29,467.06	26,513.77
Staff Cost	615.65	530.14	552.18	550.64	522.83
Administration Expenses	733.45	725.26	642.04	564.17	616.37
Financial charges	447.27	322.71	287.05	420.13	352.80
TOTAL EXPENDITURE:	31,433.81	25,779.10	26,931.52	31,002.00	28,005.77
Profit Before Interest, Depreciation and I.Tax	6,206.96	4,577.42	3,471.44	3,573.26	2,982.83
Interest	2,407.69	2,267.04	1,699.84	1,672.40	947.38
Depreciation	1,039.79	985.25	857.26	827.02	761.78
Net Profit before tax and Extra- Ordinary items	2,759.48	1,325.13	914.34	1,073.84	1,273.67
Taxation					
Current tax and FBT	535.66	402.48	251.56	218.88	395.74
Deferred tax	415.85	(11.69)	81.42	131.67	58.01
Net Profit before Extra-ordinary items (net of tax)	1,807.97	934.34	581.36	723.29	819.92
Extra-ordinary items (net of tax)	-	-	-	-	-
Net Profit after Extra-ordinary items					
Adjustment on account of prior period expenses #	-	(39.13)	(57.89)	-	(148.64)
Adjusted Profit	1,807.97	895.21	523.47	723.29	671.28

Prior period expenses are restated and shown in the respective years to which it pertains to.

GAYATRI PROJECTS LIMITED

THE OFFER

PARTICULARS	
Equity Shares offered by:	
Fresh Issue by the Company	10,00,000 Equity Shares
Offer for sale by the Selling Shareholders	19,00,000 Equity Shares
Total	29,00,000 Equity Shares
Out of Fresh Issue	
Employees Reservation Portion	1,00,000 Equity Shares
Net Offer to Public	28,00,000 Equity Shares
QIB Portion including Mutual Funds*	Not more than 14,00,000 Equity Shares constituting 50% of the Net Offer to the Public (Allocation on proportionate basis) out of which 5% will be available for allocation to Mutual Funds and the remaining QIB portion will be available for allocation to QIBs, including Mutual Funds.
Non Institutional Portion	At least 4,20,000 Equity Shares constituting 15% of the Net Offer to the Public (Allocation on proportionate basis)
Retail Portion	At least 9,80,000 Equity Shares constituting 35% of the Net Offer to the Public (Allocation on proportionate basis)
Equity Shares outstanding prior to the Offer	90,00,000 Equity Shares
Equity shares outstanding after the Offer	1,00,00,000 Equity Shares
Objects to the Offer	Please see the section entitled "Objects of the Offer" on page no. 23 of this Prospectus.

Under subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories including from over subscription at the sole discretion of our company and Selling Shareholder, in consultation with the BRLMs.

The unsubscribed portion in the employee reservation portin, if any, shall be added back to the net offer to the public.

In case of undersubscription in the net offer to the public portion, spillover to the extent of undersubscription shall be permitted from the reserved category to the net public offer portion.



GENERAL INFORMATION

Registered Office of our Company

The registered office of our Company is at G-2, Mangal Adesh Society, 4th Road, T.P.S III, Santacruz (East), Mumbai – 400 055, India. The registration number of the Company is 11- 112579.

(The Registered Office of our Company was shifted from 6-3-249/5/A, Road No. 1, Banjara Hills, Hyderabad to 6-3-1090/C/1/A, Lovely Mansion, 2nd Floor, Rajbhawan Road, Somajiguda, Hyderabad with effect from September 3, 1994, then to B-301, Rimsan Apartments, Kondivita Road, Andheri (East), Mumbai with effect from July 19, 1997 and then to the present address with effect from June 15, 1998)

Our Corporate Office is situated at B-1, T.S.R Towers, 6-3-1090 Rajbhawan Road, Somajiguda, Hyderabad- 500 082.

Oue Company is registered with Registrar of Companies, Maharashtra situated at 100, Everst Building, Marine Drive, Mumbai, Maharashtra.

Board of Directors

Name of the Director	Designation
Mrs. Indira T Subbarami Reddy	Chairperson
Mr. T V Sandeep Kumar Reddy	Managing Director
Mr. Ch Hari Vittal Rao	Independent Director
Dr. V.L.Moorthy	Independent Director
Mr. J Brij Mohan Reddy	Non Independent Director
Mr. G Siva Kumar Reddy	Non Independent Director
Mr. S.M.A.A Jinnah	Independent Director
Mr. Ravindra K Katariya	Non Independent Director
Dr Archana Niranjana Hingorani	Non Independent Director

Brief Details of Chairperson and Managing Director

Mrs. T. Indira Reddy (Chairperson)

Mrs T. Indira Reddy, aged about 55 years is wife of Dr. T. Subbarami Reddy. She began her business career by overseeing the construction of commercial complexes and theaters since 1996. She has been appointed as the Chairperson of our Company.

Mr. T. V. Sandeep Kumar Reddy (Managing Director)

Mr. T. V. Sandeep Kumar Reddy, aged about 39 years is associated with the company since its incorporation in the year 1989. Mr. T.V.Sandeep Kumar Reddy has done Masters in Construction Engineering and Management from University of Michigan at Ann Arbor, USA and also holds a Bachelor Degree in Civil Engineering from Purdue University. He is looking after the day to day affairs of our company and is designated as Managing Director of our Company.

GAYATRI PROJECTS LIMITED

For further details regarding the Board of Directors see “Our Management” on page no. 70 of this Prospectus.

Compliance Officer

Mr. P.Sreedhar Babu,
6-3-1090, TSR Towers,
Rajbhawan Road, Somajiguda,
Hyderabad- 500082
Tel: +91 40 23310330,
Fax: +91 40 23398435
Email: publicissue@gayatri.co.in
Website: www.gayatri.co.in

Company Secretary

Ms. K.Anupama
6-3-1090, TSR Towers,
Rajbhawan Road, Somajiguda,
Hyderabad- 500082
Tel: +91 40 23314284,
Fax: +91 40 23398435
Email: publicissue@gayatri.co.in
Website: www.gayatri.co.in

Investors can contact the Compliance Officer in case of any Pre-Offer or Post-Offer related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc.

BOOK RUNNING LEAD MANAGERS

ALLIANZ SECURITIES LIMITED

2nd Floor, 3 Scindia House,
Janpath,
New Delhi – 110 001
Tel: +91 11 41514666
Fax: +91 11 41514665
E-mail: gayatri@aslfinancial.com
Website: www.aslfinancial.com
Contact Person: Mr. Sunit Shangle

IL&FS INVESTSMART LIMITED

The IL&FS Financial Centre
8th Floor, Plot C-22, G-Block,
Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Tel.: +91 22 2653 3333
Fax: +91 22 5693 1862
E-mail: gpl.ipo@investsmartindia.com
Website: www.investsmart.in
Contact Person: Mr. Rohan Saraf

Statement of *Inter-se* Allocation of Responsibilities for the Issue

The following table sets forth, the distribution of the responsibilities and co-ordination for various activities amongst Book Running Lead Managers, Allianz Securities Limited (“Allianz”) and IL&FS Investsmart Limited (IIL)

Activities	Responsibility	Coordinator
Capital structuring with the relative components and formalities such as type of instruments, etc.	Allianz	Allianz
Due diligence of the Company’s operations / management / business plans/legal etc.	Allianz	Allianz
Drafting & Design of Prospectus, Statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with SEBI, Stock Exchange and Registrar of Companies	Allianz	Allianz
Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	Allianz	Allianz
Appointment of Registrar and Bankers	Allianz	Allianz
Selection of various other agencies connected with the issue, such as Printers, Ad agency etc.	Allianz / IIL	Allianz
Company Positioning and pre-marketing exercise	Allianz / IIL	Allianz
Marketing of the Issue, which will cover <i>inter-alia</i> 1. Formulating marketing strategies, preparation of publicity budget 2. Finalize Media & PR strategy 3. Finalizing centers for holding conferences for brokers, press etc. 4. Finalize collection centers 5. Selection of Underwriters and finalization of underwriting agreement 6. Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material	Allianz / IIL	Allianz
Running of the book and deciding pricing in consultation of the Company	Allianz / IIL	Allianz
Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders etc.	Allianz	Allianz
The post Issue activities of the Issue will involve essential follow up steps, which includes finalization of basis of allotment, weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Even if many of these activities will be handled by other intermediaries, the designated BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	Allianz	Allianz

GAYATRI PROJECTS LIMITED

SYNDICATE MEMBERS

ALLIANZ SECURITIES LIMITED

33, Vaswani Mansion, 6th Floor,
Dinsha Vachha Road,
Churchgate, Mumbai-400020

Tel: +91 22 22870580

Fax: +91 22 22870581

Email: gayatri@aslfinancial.com

Website: www.aslfinancial.com

Contact Person: Mr. S.N. Tare

ALMONDZ CAPITAL MARKETS PRIVATE LIMITED

33, Vaswani Mansion, 6th Floor,
Dinsha Vachha Road,
Churchgate, Mumbai-400020

Tel: +91 22 22870580

Fax: +91 22 22870581

Email: gayatri@almondz.com

Contact Person: Mr. Ashish Tapuriah

IL&FS INVESTSMART LIMITED

The IL&FS Financial Centre
8th Floor, Plot C-22, G-Block,
Bandra Kurla Complex
Bandra (East), Mumbai - 400 051

Tel.: +91 22 2653 3333

Fax: +91 22 5693 1862

E-mail: gpl.ipo@investsmartindia.com

Website: www.investsmart.in

Contact Person: Mr. Devang Bhatt

REGISTRARS TO THE OFFER

Karvy Computershare Private Limited

Karvy House, 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad – 500 034

Tel: +91 40 2343 1546

Fax: +91 40 2331 1551

E-mail: gayatri.ipo@karvy.com

Website: www.karvy.com

Contact Person: Mr. M Murali Krishna

LEGAL ADVISORS

J. Sagar Associates

Advocates and Solicitors
Vakils House, 18 Sprott Road
Ballard Estate
Mumbai 400 001

Tel : +91-22-56561500

Fax : +91-22-56561515

E-mail : mumbai@jsalaw.com



AUDITORS TO THE COMPANY

C B Mouli & Associates

Chartered Accountants
125, M G Road
Secunderabad – 500 003
Tel: +91 40 27840777
Fax: +91 40 27848545
E-mail: manioommen@yahoo.co.uk

BANKERS TO THE COMPANY

Bank of Baroda

Khairtabad Branch,
Secretariat Road,
Hyderabad
Tel: +91 40 23232901
Fax: +91 40 23232909
E-mail: khaira@bob.com

Canara Bank

Somajiguda Branch
Rajbhavan Road,
Hyderabad
Tel: +91 40 23436958
Fax: +91 40 23436960
E-mail: hyd1787@canbank.co.in

Corporation Bank

Main Branch,
Market Street,
Visakhapatnam
Tel: +91 891 2563406
Fax: +91 891 2567558
E-mail: cv158@corbank.co.in

Syndicate Bank

NS Road Branch, NS Road,
Hyderabad
Tel: +91 40 24600245
Fax: +91 40 24600245
E-mail: bm3000@netlins.com

BANKERS TO THE OFFER AND ESCROW COLLECTION BANKS

ICICI Bank Limited

Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel: +91 22 22655207
Fax: +91 22 22611138
Email: sidhartha.routray@icicibank.com
Contact Person: Mr. Sidhartha Sankar Routray

GAYATRI PROJECTS LIMITED

The Hongkong and Shanghai Banking Corporation Limited (HSBC)

52/60, Mahatama Gandhi Road,

Mumbai – 400 001

Tel: +91 22 22681673

Fax: +91 22 22734388

Email: dhirajbajaj@hsbc.co.in

Contact Person: Mr. Dhiraj Bajaj

Standard Chartered Bank

270, D.N. Road,

Fort, Mumbai – 400 001

Tel: +91 22 22092213

Fax: +91 22 22096067

Email: Banhid.Bhattacharya@in.standardchartered.com

Contact Person: Mr. Banhid Bhattacharya

UTI Bank Limited

Business Banking Group

E-Wing, 3rd Floor,

Maker Tower, Cuffe Parade

Mumbai – 400 005

Tel: +91 22 22189106

Fax: +91 22 22155157

Email: Prashant.fernandes@utibank.co.in

Contact Person: Mr. Prashant Fernandes

MONITORING AGENCY

Bank of Baroda

6-1-84, Secretariat Road,

P.B. No. 49, Khairatabad,

Hyderabad – 500 004

Tel: +91 40 23232902

Fax: +91 40 23232909

E-mail: khaira@bankofbaroda.com

Offer Grading

We have not opted for grading of this Offer from any credit rating Agency.

Credit Rating

This being an Offer of Equity Shares, Credit rating is not required.

Trustee

This being an Offer of Equity Shares, the appointment of trustees is not required.

Book Building Process

Book building, with reference to the Offer refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Offer Price is fixed after the Bid Closing Date / Offer Closing Date.

The principal parties involved in the Book Building Process are:

- The Company;
- The Selling Shareholder;



- Book Running Lead Manager;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE / BSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLMs;
- Escrow Collection Bank(s); and
- Registrar to the Offer.

The Offer is being made through the 100% Book Building Process wherein not more than 50% of the Offer shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Offer Price. Further, not less than 15% of the Offer would be allocated to Non-Institutional Bidders and not less than 35% of the Offer would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Offer Price. We will comply with the SEBI Guidelines for this Offer. In this regard, the Company and the Selling Shareholder have appointed the BRLMs to manage the Offer and to procure subscriptions to the Offer.

The process of Book Building under SEBI Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Offer.

The Company shall comply with guidelines issued by SEBI for this Offer. In this regard, the Company and the Selling Shareholders have appointed Allianz Securities Limited as the Book Running Lead Manager to manage the Offer and to procure subscription to the Offer

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid Closing Date / Offer Closing Date and for further details see the section titled “Terms of the Offer” on page 31 of this Prospectus.

Steps to be taken by the Bidder for bidding:

- Check eligibility for bidding, see the section titled “Offer Procedure-Who Can Bid?” on page no. 177 of this Prospectus;
- Ensure that the Bidder has a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Prospectus and in the Bid cum Application Form and
- Ensure that the Bid – Cum – Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For details please refer to the section titled “Offer Procedure” beginning on page 177 of this Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of Permanent Account Number as the Bid is liable to be rejected on those ground.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to this Offer)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

GAYATRI PROJECTS LIMITED

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the book running lead managers, will finalize the issue price at or below such cut off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Withdrawal of the Offer

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserves the right not to proceed with the Offer at anytime after the Bid Opening Date/ Offer Opening Date but before Allotment, without assigning any reason thereof.

Underwriting Agreement

After the determination of the Offer Price and allocation of our Equity Shares but prior to filing of the Prospectus with the Registrar of Companies, Maharashtra, our Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lakhs)
Allianz Securities Limited 33, Vaswani Mansion, 6 th Floor, Dinsha Vachha Road, Churchgate, Mumbai-400020 Tel: 022-22870580, Fax: 022-22870581 Email: gayatri@aslfinancial.com Website: www.aslfinancial.com Contact Person: Mr. S.N. Tare	15,75,000	4,646.25
Almondz Capital Markets Private Limited Dinsha Vachha Road, Churchgate, Mumbai-400020 Tel: 022-22870580 Fax: 022-22870581 Email: gayatri@almondz.com Contact Person: Mr. Ashish Tapuriah	6,00,000	1,770.00
IL&FS INVESTSMART LIMITED The IL&FS Financial Centre 8th Floor, Plot C-22, G-Block, Bandra Kurla Complex Bandra (East), Mumbai - 400 051 Tel.: 022-2653 3333 Fax: 022-5693 1862 E-mail: gpl.ipo@investsmartindia.com Website: www.investsmart.in	7,25,000	2,138.75
TOTAL	29,00,000	8,555.55

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated October 3, 2006.



In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure / subscribe to the extent of the defaulted amount.

DISCLAIMER BY THE SELLING SHAREHOLDERS

Notwithstanding anything stated in this Prospectus, all information disclosed and statements made by Selling Shareholder in this Prospectus are only contained in sections titled 'Terms of the Offer', 'Offer Structure', and 'Offer Procedure' and the Selling Shareholder's responsibility under this Prospectus, is limited to the statements made in its capacity as a Selling Shareholder in the aforementioned sections. The Selling Shareholder disclaims all responsibility for all disclosures and statements made in other sections of this Prospectus. Without prejudice to the foregoing, the Selling Shareholder neither expresses any opinion with respect to nor assumes any responsibility for the statements and disclosures made by the Company or any other person, whether or not relating to the Company, their respective businesses, the promoters, the financial information or any other disclosures and statements. The Selling Shareholder has neither assumed any obligation to conduct, nor conducted, any inspection or independent verification of the statements and disclosures made by the Company.

GAYATRI PROJECTS LIMITED

CAPITAL STRUCTURE OF THE COMPANY

(Rs. in Lakhs)

		Aggregate Nominal Value	Aggregate value at Offer Price
(A) Authorized Share Capital			
1,20,00,000	Equity shares of Rs.10/- each	1,200.00	
(B) Issued, Subscribed and Paid-up Equity Capital			
90,00,000	Equity shares of Rs.10/- each fully paid up	900.00	
(C) Present Offer in terms of this Prospectus			
29,00,000	Equity Shares of Rs.10/- each fully paid up	290.00	8,555.00
Out of Above			
19,00,000	Offer for Sale of Equity Shares of Rs 10/- each fully paid up	190.00	5,605.00
10,00,000	Fresh Issue of Equity Shares of Rs. 10/- each fully paid up	100.00	2,950.00
(D) Employees Reservation Portion			
1,00,000	Equity shares of Rs.10/- each fully paid up	10.00	295.00
(E) Net Offer to the Public			
28,00,000	Equity shares of Rs.10/- each fully paid up	280.00	8,260.00
(F) Paid up capital after the Offer			
1,00,00,000	Equity shares of Rs.10/- each fully paid up	1,000.00	
(G) Share Premium Account			
	Before the Offer	1374.40	
	After the Offer	4,224.40	

Offer for Sale by Selling Shareholders:

The details of the Equity Shares being offered in the Offer for Sale by each of the Selling Shareholders are as follows:

Name of the Shareholder	Number of Equity Shares Offered	% of post-Offer equity capital
Videocon Appliances Ltd.	9,50,000	9.50%
Videocon Industries Ltd.	9,50,000	9.50%
TOTAL	19,00,000	19.00%

These Equity Shares being offered by the Selling Shareholders as a part of the Offer for Sale have been held by the Selling Shareholders for a minimum period of one year prior to the date of filing the Prospectus with SEBI.

Details of Increase in Authorised Capital

Particulars	Date	No Of Shares	Details
Incorporation	15.09.1989	2,50,000 Equity Shares of Rs 10/- each	Initial Authorized Capital
Increase	26.04.1993	50,00,000 Equity Shares of Rs 10/- each	Authorized Capital increased from Rs 25.00 Lakhs to Rs 500.00 Lakhs
Increase	27.10.2005	1,20,00,000 Equity Shares of Rs 10/- each	Authorized Capital increased from Rs 500.00 Lakhs to Rs 1200.00 Lakhs



NOTES FORMING PART OF TO THE CAPITAL STRUCTURE:

1. Equity Share Capital History of the Company (Capital Build up)

Date of allotment	Date Fully Paid Up	No. of shares allotted	Face Value (Rs.)	Cumulative no. of shares	Issue Price (Rs.)	Consideration	Nature of Allotment	Securities Premium Account (Rs.)
15.09.1989	15.09.1989	100	10	100	10	Cash	Subscription to the MOA	0
01.10.1993	01.10.1993	24,79,900	10	24,80,000	10	Cash	Allotment to the then Promoters, Friends and Relatives	0
21.11.1994	30.08.1995	15,20,000	10	40,00,000	107	Cash	Allotment to Videocon Appliances Ltd. and Videocon International Ltd.	97.00
29.12.1995	29.12.1995	10,00,000	10	50,00,000	10	-	Bonus in ratio of 1:4	0
07.11.2005	07.11.2005	40,00,000	10	90,00,000	10	-	Bonus in ratio of 4:5	0

2. Promoters' Contribution and lock-in.

(a) Details of Promoters Contribution and Lock-in

Shareholding of Promoters

Date of acquisition	Date when fully paid up	Reason for allotment	Consideration	No. o shares	Face value	Issue/transfer Price
Mrs. T. Indira Reddy						
15-09-1989	15-09-1989	Allotment	Cash	25	10	10
25-06.1994	25-06-1994	Transfer	Cash	20,00,000	10	10
29-12-1995	29-12-1995	Bonus	-	5,00,006	10	10
07-11-2005	07-11-2005	Bonus	-	20,00,024	10	10
Total				45,00,055		
Mr. T.V.Sandeep Kumar Reddy						
15-09-1989	15-09-1989	Allotment	Cash	40	10	10
01-10-1993	01-10-1993	Allotment	Cash	4,79,600	10	10
29-12-1995	29-12-1995	Bonus	-	1,19,910	10	10
07-11-2005	07-11-2005	Bonus	-	4,79,640	10	10
Total				10,79,190		
Grand Total				55,79,245		

Lock-in of Minimum Promoters Contribution

Pursuant to the SEBI Guidelines, an aggregate of 20% of the shareholding of the Company's Promoters shall be locked in for a period of three years from the date of allotment in the Offer. The lock-in details are as under:

GAYATRI PROJECTS LIMITED

Date of Acquisition	No. of Shares	Face Value (Rs.)	% of post Offer Paid-up Equity Capital	Lock-in period
Mrs. T. Indira Reddy				
07-11-2005	20,00,000	10	20%	3 years
Total	20,00,000			

Other than as stated above and Equity Shares being offered for sale in the Offer for Sale, our entire pre-Issue equity share capital will be locked-in for the period of one year from the date of Allotment of Equity Shares in this Offer.

In terms of Clause 4.14.2 of the SEBI (DIP) Guidelines, the requirements of Clause 4.14.1 of the SEBI (DIP) Guidelines shall not be applicable to Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI. Consequently, 9,20,000 equity shares representing 10.22% and 9.20% of the pre-Offer and post-Offer equity share capital held by IL&FS Private Equity Trust through its scheme "Leverage India Fund", a Venture Capital Fund, is exempt from lock-in provisions of SEBI (DIP) Guidelines. Further, 6,00,000 Equity Shares representing 6.67% and 6.00% of the pre-Offer and post-Offer equity share capital held by 2i Capital pcc, a Foreign Venture Capital Investor, is also exempt from lock-in provisions of SEBI (DIP) Guidelines. The Selling Shareholders sold these 15,20,000 Equity Shares to Leverage India Fund and 2i Capital pcc at a price of Rs. 275/- per Equity share on January 30, 2006 and March 27, 2006 respectively.

The total number of equity shares which are locked-in for one year is 35,80,000 Equity Shares. The promoters of our Company viz. Mrs. T.Indira Reddy has vide their letter dated June 12, 2006 given their consent for lock in as stated above. The shares acquired last have been locked in first and the lock in period shall commence from the date of allotment of shares in the Public Offer.

Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institution. The equity shares to be held by the promoters under lock-in period shall not be sold/ hypothecated/ transferred during the lock-in period. However, in terms of Clause 4.16.1 (b) of the SEBI Guidelines, the Equity Shares held by promoters may be transferred to and among the Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Further in terms of clause 4.16.1(a) of the SEBI Guidelines, Equity Shares held by the shareholders other than the Promoters may be transferred to any other person holding shares which are lock-in as per Clause 4.14 of the SEBI Guidelines subject to continuation of the Lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

3. Shareholding pattern of our Company

Category	Pre Offer		Post Offer	
	No. of Equity Shares	%	No. of Equity Shares	%
A. Promoter's Holding				
<i>Promoters & Promoter Group</i>				
➤ Indian Promoters	55,79,245	61.99	55,79,245	55.79
➤ Relatives and Friends	755	Negligible	755	Negligible
Total Promoter's Holding (A)	55,80,000	62.00	55,80,000	55.80
B. Non-Promoter Holding				
<i>Other Investors</i>				
➤ Videocon Appliances Ltd	9,50,000	10.56		
➤ Videocon Industries Ltd	9,50,000	10.56		
➤ Leverage India Fund	9,20,000	10.22	9,20,000	9.20
➤ 2i Capital PCC	6,00,000	6.67	6,00,000	6.00
Total Non-Promoter Holding (B)	34,20,000	38.00	15,20,000	15.20
Total Pre Offer Capital (A) + (B)	90,00,000	100.00	-	-
Fresh Issue (C)	-	-	10,00,000	10.00
Offer For Sale (D)	-	-	19,00,000	19.00
Offer (E)=(C) + (D)	-	-	29,00,000	29.00
Total Post Offer Share Capital (A)+(B)+(E)			1,00,00,000	100.00

The Shareholding of the Promoter, Directors of the Promoter Group Companies in the Company as on May 31, 2006 is as follows:

Name of the Shareholder	No. Of Shares	% of Pre-Offer paid-up capital
(a) Promoters		
Mr. T.V.Sandeep Kumar Reddy	10,79,190	11.98%
Mrs. T. Indira Reddy	45,00,055	50.01%
Sub-total (a)	55,79,245	61.99%
(b) Relatives and Directors of Promoter Group Companies		
Mr. J. Brij Mohan Reddy	225	Negligible
Mr. G.Shiv Kumar Reddy	225	Negligible
Mrs. T. Sarita Reddy	80	Negligible
Mrs. G.Sulochanamma	225	Negligible
Sub-total (b)	755	Negligible
Total(a) + (b)	55,80,000	62.00%

GAYATRI PROJECTS LIMITED

4. There have been no transactions in the securities of the company during preceding 6 months, which were financed/undertaken directly or indirectly by the promoters, promoter group and directors of the promoter group companies.
5. The list of shareholders of our Company and the number of Equity Shares held by them is as under:

(a) The top 10 shareholders of our Company as on the date of filing of the Prospectus are as follows:

Sr. No.	Name of Shareholders	No. Of Equity shares held	% age of holding
1.	Mrs. T. Indira Reddy	45,00,055	50.00
2.	Videocon Appliances Ltd.	9,50,000	10.55
3.	Videocon Industries Ltd.	9,50,000	10.55
4.	Mr.T.V. Sandeep Kumar Reddy	10,79,190	12.00
5.	Leverage India Fund	9,20,000	10.22
6.	2i Capital PCC	6,00,000	6.67
7.	Mr. J.Brij Mohan Reddy	225	Negligible
8.	Mr. G. Shiv Kumar Reddy	225	Negligible
9.	Mrs. G.Sulochanamma	225	Negligible
10.	Mrs. T.Sarita Reddy	80	Negligible

(b) The top ten shareholders as on ten days prior to filing this Prospectus, were as follows:

Sr. No.	Name of Shareholders	No. Of Equity shares held	% age of holding
1.	Mrs. T. Indira Reddy	45,00,055	50.00
2.	Videocon Appliances Ltd.	9,50,000	10.55
3.	Videocon Industries Ltd.	9,50,000	10.55
4.	Mr.T.V. Sandeep Kumar Reddy	10,79,190	12.00
5.	Leverage India Fund	9,20,000	10.22
6.	2i Capital PCC	6,00,000	6.67
7.	Mr. J.Brij Mohan Reddy	225	Negligible
8.	Mr. G. Shiv Kumar Reddy	225	Negligible
9.	Mrs. G.Sulochanamma	225	Negligible
10	Mrs. T.Sarita Reddy	80	Negligible

(c) The top ten shareholders of the Company as of two years prior to filing this Prospectus were as follows:

Sr. No.	Name of Shareholders	No. Of Equity shares held	%age of holding
1.	Mrs. T. Indira Reddy	25,00,031	50.00
2.	Videocon Appliances Ltd.	9,50,000	19.00
3.	Videocon International Ltd.	9,50,000	19.00
4.	Mr.T.V. Sandeep Kumar Reddy	5,99,550	12.00
5.	Mr. J.Brij Mohan Reddy	125	Negligible
6.	Mr. G. Shiv Kumar Reddy	125	Negligible
7.	Mrs. G.Sulochanamma	125	Negligible
8.	Mrs. T.Sarita Reddy	44	Negligible



6. There has been no sale or purchase of Equity Shares of the Company by the Directors / Promoters and Promoter Group, during the period of six months preceding the date on which the Prospectus is filed with SEBI.
7. There are no partly paid up Equity Shares as on the date of Prospectus.
8. On the date of filing the Prospectus with SEBI, there are no outstanding financial instruments or any other rights, which would entitle the existing Promoters or shareholders, or any other person any option to receive Equity Shares after the Offer.
9. No further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner will be made by the Company during the period commencing from submission of the Prospectus with SEBI till the equity shares referred to in this Prospectus have been fully paid up and shares are listed or application money is refunded in case of failure of the Offer.
10. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from date of opening of the Offer, by way of split/consolidation of the denomination of Equity shares or further issue of Equity shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares pursuant to the plan or issue Equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of the Company.
11. The Promoters and Directors of the Company and Book Running Lead Managers of the Offer have not entered into any "Buyback" or "Standby" or similar arrangement for the purchase of Equity Shares offered through the Prospectus.
12. The Company has not raised any bridge loans against the proceeds of this Offer. For details on use of proceeds, see the section titled "Objects of the Offer" on page no. 23 of this Prospectus.
13. The Company has not issued any shares for consideration other than cash except for bonus issue as detailed at note no. 1 above under the equity share capital history of the company.
14. At any given point of time there shall be only one denomination for a class of Equity Shares of the Company, unless otherwise permitted by law and the Company shall comply with disclosures and accounting norms as may be specified by SEBI from time to time.
15. The Equity Shares offered through this public offer shall be made fully paid up and the unpaid Equity Shares may be forfeited within 12 months from the date of allotment of shares in the manner specified as per clause 8.6.2 of the SEBI (Disclosure of Investor Protection) Guidelines.
16. The Company has not issued any bonus shares out of revaluation reserves or reserves without accrual of cash resources.
17. The Company has not offered any Employees Stock Option Scheme or Employees Stock Purchase Scheme for its employees.
18. The company has 10 shareholders as on the date of filing of this Prospectus with the SEBI.
19. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Offer, subject to the maximum limit of investment prescribed under the relevant laws applicable to each category of investor.
20. Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion on competitive basis. Bid/ Application by Eligible Employees can be made also in the "Net Offer to the Public" and such Bids shall not be treated as multiple Bids.
21. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Retail Portion. In case of under subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

GAYATRI PROJECTS LIMITED

22. Not more than 50% of the Net Offer shall be allocated to QIBs on a proportionate basis out of which 5% is reserved for Mutual Funds. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining 35% of the Net Offer will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Offer Price. Under-subscription, if any, in the QIBs, Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the discretion of the Company, the Selling Shareholder, the BRLMs.
23. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on "Basis of Allocation" on page no. 194 of this Prospectus.
24. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
25. An over-subscription to the extent of 10% of the Net Offer to the Public can be retained for the purpose of rounding off to the nearest multiple, while finalizing the allotment.
26. Restrictive conditions and negative lien about capital structure

The covenants in borrowings from banks and subscription agreement with the Debenture holders, among other things, require us to obtain the approval of these banks, namely for, to undertake new project scheme unless expenditure of such expansion is covered by company's net cash accruals after providing for dividends, investments, etc. or for long term uses for financing such new projects or expansion, invest by way of share capital in or lend or advance funds to or place deposits with any other bank, change in management, change in the capital structure at any time while the loans or any debt facility is still subsisting.



OBJECTS OF THE OFFER

The objects of the offer are to achieve the benefits of listing on the Stock Exchanges and to raise capital. We believe that listing will provide liquidity to our existing shareholders. Further the listing will also provide a public market for our equity shares.

The net proceeds of the Fresh Issue after deducting all Offer related expenses are estimated to approximately Rs. 2,717.13 lakhs. The Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders. The Company intends to use the net proceeds for project related investment, repayment of debt and for meeting Offer expenses.

The main object clause and the objects incidental or ancillary to the main objects clause of the Memorandum of Association, enable the Company to undertake the existing activity and the activities for which the funds are being raised by the Company in the Fresh Issue.

The proceeds of the Issue would be utilized to finance the fund requirements as under

Particulars	Amount (Rs. In Lakh)
Investment in Special Purpose Vehicle (SPV) company for execution BOT/BOOT Project	2000.00
Repayment of Debt	717.13
Issue Expenses	232.87
Total	2950.00

The means of finance to meet the estimated funds requirement for the above stated objects is set forth in the table below:

Means of Finance	Amount (Rs. In Lakhs)
Proceeds of the Issue	2,950.00

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. In the event of any shortfall in using the net proceeds of the Offer as described in the object of the Offer, we will reduce the amount of repayment of debt. In the event of any surplus, the management, in accordance with the policies established by the Board, will have flexibility in repaying more Debt.

Details of use of Funds of the Fresh Issue

1. Investment in SPV for execution of BOT/BOOT project

The Government of India has framed policies and ways to canalized private investment in infrastructure development projects. To make this possible the government has started floating tenders inviting Public Private Partnership ("PPP"), which is typically an arrangement between the government and private sector entities for the purpose of providing public infrastructure facilities and related services. Among these National Highways Authority of India is proposing participation in road projects involving widening of existing two lane to four lane highways /laying of new roads on BOT/BOOT basis. These projects aim at private sector investment in the form of capital infusion with the autonomy to operate and generate revenue. Most of the construction companies are bidding for such projects. Entry into BOT/BOOT projects would help us augment pre-qualification in this area. Typically BOT/BOOT projects are high value contracts having tenure of 20-30 years. To be able to undertake such projects, the Company is required to form special purpose vehicles ("SPV") to facilitate the execution of such projects.

The Company has identified one BOT project for which the company has entered into a Shareholders agreement with Nagarjuna Construction Company Limited (NCCL), Maytas Infra Private Limited (MIPL) and Western UP Tollway Limited. Western UP Tollway Limited (WUPTL) is a Special Purpose Vehicle (SPV) incorporated on April 20, 2005 to execute the Project of Improvement, Operation and Maintenance of Rehabilitation and Strengthening of existing 2-lane and widening to 4-lane divided highway of Km 52.250 to Km 131.00 of NH-59 (Meerut- Muzaffarnagar Section) in the state of Uttar Pradesh on BOT basis. The project was awarded by NHAI to the consortium "NCCL-MIPL Consortium" through the SPV viz. Western UP Tollway Limited.

The Concession Agreement was signed on September 9, 2005 between NHAI and consortium members viz. Nagarjuna Construction Company Limited and Maytas Infra Private Limited wherein Nagarjuna Construction Company

GAYATRI PROJECTS LIMITED

Limited will act as Lead Technical Member and Maytas Infra Private Limited will act as Lead Financial Member. The concession period is 20 years and construction period defined as 36 months. As per Concession Agreement, the aggregate equity share holding of the Consortium Members and their associate shall not be less than (a) 51% during the construction period and for three years following commercial operation date of project and (b) 26% during the balance remaining operations period. The key provisions of the Concession agreement are as follows:

Name of the Project	Western UP Tollway Limited (Concessionaire)
Scope of the Project	The Scope of the Project shall include performance and execution by the Concessionaire of all design, engineering, financing, procurement, construction, completion, operation and maintenance of the Project Highway including Improvement, Operation, Maintenance, Rehabilitation and Strengthening of the existing 2-lane road and widening it to a 4-line divided highway of Meerut to Muzaffarnagar Section of National Highway 58 (NH-58) from KM 52.250 to KM 131 in the State of Uttar Pradesh on Build, Operate and Transfer (BOT) basis.
Concession Period	20 Years commencing from the Appointed Date [i.e. 180 days from signing of the Concession Agreement].
Conditions Precedent	<p>There are conditions precedents to be fulfilled on or before the Financial Closure unless waived of. Some of the important conditions are as under:</p> <ol style="list-style-type: none"> 1. Concessionaire to obtain following applicable permits <ul style="list-style-type: none"> ● Applicable permits from Ministry of Finance/ RBI for foreign Investment/ Loan, Import of equipment and exemption of excise duty if required ● Department of Telecommunication for setting of wireless or use of Optical fibre cable if required ● Following State Government permits if required <ul style="list-style-type: none"> ■ Permits for extraction from quarry from ADM mines ■ For installation of crusher from panchayat and Pollution Control Board ■ For Explosives and storing Diesel from Explosives Controller ■ From State Electricity Board for DG set or permission for electrical installation ■ From Irrigation department if water is to be taken from river/ reservoir ■ From Inspector of Factories for Batching Plant ■ NOC from Pollution Department ■ Various permission from the village panchayat and local municipalities and development authorities ■ Permission fro Forest Department for cutting Trees 2. Concessionaire shall be granted way leaves required for project including existing rights free from all encumbrances, rights from public road to site and permission/ license to utilize the site for construction. 3. Concessionaire to obtain all Central Government clearances and permits relating to environment protection and conservation from Ministry of Environment and Forests. 4. Performance security to be paid in full.

Performance Security	<p>1. The concessionaire has to provide to NHAI Bank Guarantee aggregating to Rs.10.77 crores being 3% of the total project cost for due and faithful performance of its obligations during construction period. The concessionaire has submitted the Bank Guarantee.</p> <p>The above shall be released by NHAI to the Concessionaire upon contribution to the Equity (excluding Equity Support, if any) by the shareholders of the Concessionaire to the extent of 100% and upon having expended on the project and paid out an aggregate sum of not less than 20% of the project cost as certified by the Statutory Auditors.</p>																						
Operation and Maintenance	<p>Concessionaire shall operate and maintain the Project Highway by itself or through O&M contractors and if required modify, repair or make improvement so as to require with the various specifications and standards and important are as follows:</p> <ol style="list-style-type: none"> 1. Permit safe, smooth and uninterrupted traffic flow during normal operating conditions. 2. Charge, collect and retaining the Fees in accordance with the agreement. 3. Minimizing disruption to traffic in the event of accidents or other incidents and providing a rapid and effective response. 4. Undertaking routine maintenance 5. Undertaking major maintenance such as resurfacing of pavements, repairs to structures, repairs and refurbishment of tolling system and hardware. 6. Adherence to safety standards 																						
Financing Arrangements	<p>Financial Closure to be achieved within 180 days of signing of the agreement. However concessionaire is entitled to further period of 180 days subject to advance weekly payment of Rs 1.00 Lakhs to NHAI per week or part thereof as damages. However if the Financial Closure is not completed within 360 days of signing of the Agreement than the agreement shall be deemed to be terminated by mutual agreement.</p>																						
Grant	<p>Following grants amounting to Rs. 12780.23 lakhs will be paid by NHAI to the Concessionaire:</p> <p>During Construction period: Rs. 5638.00 Lakhs</p> <table border="1" data-bbox="611 1402 1476 1485"> <thead> <tr> <th>Year</th> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Amount (Rs. in lakhs)</td> <td>554.00</td> <td>2647.00</td> <td>2437.00</td> </tr> </tbody> </table> <p>During Operations Period: Rs 7142.23 Lakhs</p> <table border="1" data-bbox="611 1525 1476 1641"> <thead> <tr> <th>Year</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8</th> <th>9</th> </tr> </thead> <tbody> <tr> <td>Amount (Rs. in lakhs)</td> <td>1268</td> <td>1268</td> <td>1268</td> <td>1268</td> <td>1268</td> <td>802.23</td> </tr> </tbody> </table> <p>The grant shall be applied by the Concessionaire for meeting the capital cost of the project and expenditure during the Operation period and shall be treated as part of the shareholders fund (Equity Support). This Equity support shall:</p> <ol style="list-style-type: none"> 1. Not exceed 25% (considered at NPV @ 10%) and 2. During construction period in no case shall be greater than total equity capita actually subscribed and paid in cash by the shareholders for meeting the total Project Cost 	Year	1	2	3	Amount (Rs. in lakhs)	554.00	2647.00	2437.00	Year	4	5	6	7	8	9	Amount (Rs. in lakhs)	1268	1268	1268	1268	1268	802.23
Year	1	2	3																				
Amount (Rs. in lakhs)	554.00	2647.00	2437.00																				
Year	4	5	6	7	8	9																	
Amount (Rs. in lakhs)	1268	1268	1268	1268	1268	802.23																	
Construction Period	<p>3 Years period from beginning from the Appointed date.</p>																						

GAYATRI PROJECTS LIMITED

Other Important Conditions

1. The aggregate Equity share holding of the Consortium Members and their Associates as the case may be in the issued and paid up equity share capital of the Concessionaire shall not be less than [a] 51% [fifty one percent] during the Construction Period and for 3 [three] years following COD, and [b] 26% [twenty six per cent] during the balance remaining Operations Period.
2. The Concessionaire shall be entitled during the Operations Period and/or during Construction Period only after completing at least 50 KMs of continuous stretch of the Project Highway, as certified by the Independent Consultant, to levy and collect the Fees from the users of the Project Highway pursuant to and in accordance with the Schedule of User Fee set forth in Schedule "G" and this Agreement.
3. All rights and interests of the Concessionaire in and to the Project Highway shall pass to and vest in NHAI on the Termination Date free and clear of all liens, claims, and Encumbrances without any further act or deed on the part of the Concessionaire or NHAI and that none of Project Assets including materials, supplies or equipment forming part thereof shall be acquired by the Concessionaire subject to any agreement under which a security interest or other lien or Encumbrance is retained by any person save and except as expressly provided in this agreement.

The Company was admitted as one of the participant to the project through Shareholders agreement entered into between the consortium and Gayatri Projects Limited.

The major features of Shareholders Agreement are as under:

Date of Agreement	September 29, 2005
Parties to the Agreement	Nagarjuna Construction Company Limited, Maytas Infra Private Limited, Gayatri Projects Limited and Western UP Tollway Limited
Project	Execution of work relating to Improvement, Operation and Maintenance of Rehabilitation and Strengthening of existing 2-Lane road and widening to 4-lane divided highway of Km 52.250 to Km 131.00 of NH-59 (Meerut-Muzaffarnagar Section) in the State of Uttar Pradesh on BOT basis
Authorised Capital	Rs. 25,00,000 consisting of 2,50,000 equity shares having a par value of Rs. 10 each, which authorized share capital may be increased with the prior consent of the Parties in accordance with the provisions of this Agreement, the Organisational Documents and Applicable laws.
Percentage Interest	(i) Nagarjuna Construction Company Limited together with its affiliates - 30% (ii) Maytas Infra Private Limited together with its affiliates - 30% (iii) Gayatri Projects Limited together with its affiliates - 40%
Equity Contributions	As and when required to fund the development, financing, construction and operation and maintenance of the Project, but subject to the overall limitation of the company's authorized share capital, the Board of WUPTL, shall cause the Company to issue such Shares at par value as may be required to raise funds for such activities. Each party hereby agrees to subscribe for and acquire such shares as are issued to it, provided however that no party shall be obligated to make any payment hereunder which together with any advance made, in the aggregate, exceed such party's percentage interest.
Shareholders Advance	If all the parties mutually but unanimously agree to contribute funding to the Company prior to the issuance of shares, the shareholders can make non interest bearing capital contribution (Shareholders Advance) in proportion to the percentage interest in the Company. Against this Shareholders Advance the relevant shares will be issued and allotted accordingly

Failure to contribute	If any Shareholder fails to make its share of contribution as and when required, Equity contribution or shareholders advance as and when required in addition to their other rights and remedies, the other Shareholders shall have the right, but not the obligation, to make all, of the non-contributing Shareholder's share of such contribution or Shareholders' Advance.
Limitation on Obligations	Nothing in this Agreement shall require the Shareholders to make any capital contribution or otherwise to make any financial commitments to or in connection with the Company or the Project, including without limitation guarantees or other forms of financial support except as set forth in this Agreement or as otherwise may be agreed to by the Parties.
Financing	<p>Each Shareholder in pursuant to and in accordance with the Finance Document when required shall:</p> <ol style="list-style-type: none"> 1. Pledge all shares owned by it as security for financing 2. Subordinate all of its interest under this agreement and any claim against the Company to the rights of the lenders 3. Take any other suitable action requested by the lender that are customary and which do not require such shareholder to grant any recourse to any of its assets other than its equity ownership of the Company.
Transfer of Shares	<ol style="list-style-type: none"> 1. The Shareholders are free to transfer the shares to their affiliates provided the transferor gives written notice to all other shareholders specifying the number of shares and the name of the affiliate. Further before transfer of the shares the affiliate should accede to this agreement by executing and delivering to each shareholder a deed of accession. 2. If a shareholder wants to sell the share to some third party he will have to give right of first refusal to the existing shareholders who can acquire the shares within 60 days of receiving of the option at the price, terms and condition at which the transfer was proposed. However if the right is not exercised the transferor shall offer the shares to third party at the same or higher price and on no less favorable terms than the option terms. Further this third party should acquire atleast 20% equity stake in the Company and he should not be a competitor in any of the business of any of the existing Shareholders of the Company unless otherwise mutually agreed by all the parties.
Constitution of Board of Directors and their appointment	The Board will comprise of not less than 3 Directors and not more than 12 directors. Till such time it otherwise decided, NCC, MIPL and GPL shall have the right to nominate three directors each on the Board of the Company.
Payment of Fees to Lead Member	Nagarjuna Constructions Co. Ltd. will be the Lead member and shall be entitled to payment fees of 1% of the total project cost as determined by the Financial Institution. The fees shall be paid in 30 equal installments through the project commencing from the end of the month in which the Financial closure is achieved.

GAYATRI PROJECTS LIMITED

Dividends	If the Company has distributable profits then on the recommendation of the Board of the Company, net profits of the Company shall be distributed to the Shareholders as dividend subject to compliance of all applicable laws in proportion of their respective shareholding.
Termination	The Agreement will automatically terminate without further action on the part of any party on the earliest to occur of (i) the dissolution or liquidation of the Company; (ii) any party acquiring ownership of 100% of the shares, or (iii) the unanimous agreement of parties. Upon such termination, no party shall have any further obligations under this agreement except such obligations as have accrued as of the date of such termination or by their express terms survive the expiration or earlier termination of this Agreement.

The details of the project cost and means of finance of the SPV (as estimated by IDFC) are as under:

Project Cost	Rs. in lakhs	
EPC Cost		46000
Design & Supervision costs		500
Insurance during construction		200
Contingencies		1400
IDC and financing costs		4600
Other prelim / pre-op costs		800
Total Projects cost		53500
Means of Finance		
Equity		9400
Debt		
IDFC	7500	
Punjab National Bank*	12500	
Bank of Baroda	5000	
India Infrastructure Finance Company Limited	10500	
		35500
Subordinated Debt – Sanctioned by IDFC		3000
NHAI Grant		5600
Total Means of Finance		53500

* Though sanction from Punjab National Bank is for Rs 15000 lakhs however financial closure has been done at Rs. 12500 lakhs only.

The SPV has declared financial closure on August 30, 2006. Out of total Equity capital for the SPV our share at 40% comes to Rs. 3760 Lakhs, out of which we have already contributed Rs. 3000 lakhs which were met out of internal accruals at different intervals.

As per our estimate we intend to use Rs. 2000.00 Lakhs from the proceeds of this Offer, which will form part of the share capital for the SPV. Out of Rs. 2000 lakhs, Rs. 1227.63 lakhs have already been invested in the SPV. Future dividend proposed by the SPV is not assured to us.



2. Repayment of Debt

We have entered into various financing arrangements with number of banks and financial institutions. These arrangements include fund-based facilities (in the form of term loans and working capital facilities) aggregating to Rs. 19,564 lakhs as on August 22, 2006. As on August 22, 2006, the amount outstanding from the Company under these facilities was Rs. 16,426.78 lakhs. Details of the amount outstandings have been provided in the table below:

(Rs. In Lakhs)

Sr. No.	Bank/ Financial Institution/ Lender	Amount sanctioned	Amount Outstanding As on Aug 22, 2006
A.	Term Loans		
1.	Bank of Baroda	1,585.00	1,009.18
2.	Canara Bank	1,500.00	1,515.00
3.	Syndicate Bank	2,800.00	2,681.52
4.	Corporation Bank	750.00	306.30
	Total Term Loans	6,635.00	5512.00
B.	Working Capital Limits		
1.	Bank of Baroda, Khairatabad	7,355.00	7,234.42
2.	Canara Bank, Somajiguda	2,550.00	2,579.00
3.	Syndicate Bank, NS Road	500.00	507.73
4.	Corporation Bank, Vizag	355.00	358.30
6.	Indian Overseas Bank	2,169.00	235.33
	Total Working Capital Limits	12,929	10,914.78
	Aggregate (A+B)	19,564	16,426.78

The Company intends to utilize the proceeds of the Fresh Issue towards repayment of its fund-based facilities. The Company will expect to repay approximately Rs. 500 lakhs to Rs. 1000 lakhs and give preference to repaying its high cost debt first. We might have to pay prepayment penalties at the time of prepayment of these debts. We will take these provisions into consideration in prepaying these debts from the proceeds of the fresh Issue. In the event of any shortfall in using the net proceeds of the Fresh Issue as described in the objects of the Offer, the Company will reduce the amount of prepayment of debt. In the event of any surplus, the management, in accordance with the policies established by the Board, will have flexibility in applying such surplus towards prepayment of debt.

3. Offer Expenses

The Company intends to use Rs. 232.87 lakhs from the proceeds of the Fresh Issue for Offer Expenses. The Offer related expenses includes issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses, depository fees and listing fees payable to the Stock Exchanges, among others. The total expenses for this Offer are estimated at approximately Rs. 684.92 Lakhs, details of which are as under:

(Rs. In Lakhs)

Activity	% of Total Offer Size
Lead Management, underwriting & selling commission	3.00%
Registrars fees	0.04%
Printing & Distribution of Offer Stationery	2.00%
Advertising and Marketing expenses	1.79%
Other expenses include legal fees, depository, etc.	1.18%
Total	8.01%

GAYATRI PROJECTS LIMITED

Pursuant to Share Purchase Agreement dated March 27, 2006 the offer expenses shall be shared between the Company and the Selling Shareholder in the ratio of 34.48% and 65.52% respectively.

SCHEDULE OF IMPLEMENTATION/PROPOSED DEPLOYMENT OF FUNDS

We will not receive any proceeds of the Offer for Sale by the Selling Shareholders. We intend to use the net proceeds for project related investment, repayment of debt and for meeting Offer expenses.

Activity	Funds Deployed till date (Rs. in lakhs)	Proposed Deployment of Fund	Total (Rs. in lakhs)
		July-Oct., 2006 (Rs. in lakhs)	
Investment in SPV	1227.63	772.37	2,000.00
Repayment of Debt	Nil	717.13	717.13
Offer Expenses	31.38	201.49	232.87
Total	1259.01	1690.99	2950.00

Funds Deployed till date and the sources of its deployment

The expenditure incurred in respect of public offer upto August 31, 2006 as certified by the Company's Statutory Auditor, M/s C.B. Mouli & Associates, pursuant to their certificate dated September 01, 2006 was Rs. 1259.01 lakhs, as given in the table below:

Deployment of Funds	Amount (Rs. In lakhs)
Public Issue Expenses	31.38
Investment in Special Purpose Vehicle (SPV) company for execution BOT/BOOT Project	1227.63
Total	1259.01
Sources of Funds	
Internal Accruals	1259.01
Total	1259.01

Interim Use of Proceeds

The Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Fresh Issue. Pending utilization of the proceeds out of the Fresh Issue for the purposes described above, we intend to temporarily deposit the amount in a Scheduled Commercial Bank as Fixed Deposit or temporarily deploy the funds in working capital loan accounts. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Monitoring of Utilisation of Funds

The appointment of monitoring agency was not required in accordance with Clause 8.17 of SEBI (DIP) Guidelines 2000. However, we have appointed Bank of Baroda as monitoring agency for the purpose of monitoring the utilization of Issue proceeds. We will disclose the utilization of proceeds of the fresh issue under a separate head in our Company's balance sheet for fiscal 2007 clearly specifying the purpose for which such proceeds have been utilized. We, in our balance sheet for fiscal 2007, provide details, if any, in relation to all such proceeds of the fresh issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the fresh issue.

No part of the fresh Issue proceeds, will be paid by the Company, as consideration to Promoters, Directors, Company's Key managerial personals or companies promoted by the promoters except in usual course of business.



TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the Offer of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, FIPB, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Offer and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment/ allocation. See the section titled "Main Provisions of the Articles of Association of the Company" beginning on page 200 of this Prospectus.

Mode of Payment of Dividend

Payment of dividend by our Company, if recommended by our Board and declared at our general meeting, would be in any of the modes specified or permitted by the Act from time to time.

Face Value and Offer Price

The Equity Shares with a face value of Rs. 10/- each are being offered in terms of this Prospectus at a price of Rs. 295 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For further details on the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the Section on "Main Provisions of Articles of Association of the Company" on page 200 of this Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is compulsorily in dematerialized mode, the tradable lot is one Equity Share. Allotment through this Offer will be done only in electronic form in multiples of 1 Equity Shares subject to a minimum Allotment of 20 Equity Shares.

GAYATRI PROJECTS LIMITED

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If an investor needs to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the net fresh offer to the public to the extent of including devolvement on Underwriters within 60 days from the date of closure of the bid, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of undersubscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with competent courts/authorities in Mumbai, India.

Subscription by Non-Residents, NRI, FIIS

There is no reservation for any Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on same basis with the other categories for the purpose of allocation.

As per RBI regulations, OCBs cannot participate in the Offer. Equity Shares acquired by NRIs can only be sold to Indian Residents and other NRIs.

Withdrawal of the Offer

The Company and the Selling Shareholder, in consultation with the BRLMs, reserves the right not to proceed with the Offer at anytime including after the Bid Closing Date, without assigning any reason thereof.

Arrangements for Disposal of Odd Lots

Since the market lot of our Equity Shares will be one, no arrangements for disposal of odd lots is required.

Restriction on Transfer of Shares and Alteration of Capital Structure

The restriction if any, on the transfer of our Equity Shares are contained in the section titled "Main Provisions of the Articles of Association of the Company beginning at Page 200 of this Prospectus.



BASIS FOR OFFER PRICE

The Offer Price will be determined by the Company and Selling Shareholder in consultation with the BRLMs, on the basis of Assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Offer Price is 29.5 times the face value.

Investors should read the following summary with the risk factors beginning from page nos. iii and the details about the company and its financial statements included in this Prospectus. The trading price of the Equity shares of the Company could decline due to these risk factors and you may lose all or part of your investments

Qualitative Factors

- We have over 16 years of experience in the existing line of business.
- We have been carrying on business of civil works for road, irrigation, ports, industrial and other projects and have completed projects amounting to over Rs. 1,36,405 lakhs.
- We have been accredited with ISO 9001-2000 and Q9001-2000 for quality management system which is valid till May 2008
- We undertake contracts in different sectors of infrastructure development viz. roads, site leveling, irrigation and ports.
- We are currently executing projects amounting to more than Rs. 1,04,654 lakhs relating to highways, irrigation and industrial projects. In addition, we are also having/executing projects in our various joint ventures/ SPV in which our share of contract value to be executed, works out to around Rs. 1,35,335 lakhs.
- We have our own fleet of Construction Equipments

Quantitative Factors

1. Adjusted Earning Per Equity Share

Period	Earning per Equity Share (Rs.)	Weight
FY 2005-06	19.65*	3
FY 2004-05	17.90	2
FY 2003-04	10.47	1
Weighted Average	17.54	

*Diluted Earning Per Equity Share after considering bonus issue made in November, 2005.

2. Price / Earning (P/E) ratio in relation to the Offer Price of Rs. 295.

Based on the Adjusted EPS for the year ended March 31, 2006: Rs. 15.01

Based on the weighted average EPS: Rs. 16.82

Industry P/E*

- | | |
|--------------|--------|
| i) Highest | 100.40 |
| ii) Lowest | 3.50 |
| iii) Average | 25.90 |

*(Source: Capital Market July 17 - July 30, 2006. Category – Construction Sector)

GAYATRI PROJECTS LIMITED

3. Return on Net Worth (RoNW)

Year	RoNW %	Weight
2005-06	21.00	3
2004-05	12.00	2
2003-04	8.00	1
Weighted Average	15.83%	

4. **Minimum Return on Increased Net Worth** required to maintain Pre-Offer EPS of Rs. 19.65 is 16.08%

5. Net Asset Value per share (NAV)

	Adjusted NAV
As of March 31, 2006	Rs. 102.99*
After the Offer	Rs. 122.19

* On diluted share capital after considering bonus issue made in November, 2005.

6. Comparison with Industry Peers*

Based on the nature of activities of Company, the comparison of its accounting ratios with its closest comparable listed competitor in India is given below:

Name of the Company	Face Value (Rs.)	EPS (Rs.)	P/E (times)	NAV (Rs.)	RoNW (%)
Simplex Infrastructure	10.00	47.90	27.80	268.20	26.30
Madhucon Projects	2.00	7.90	26.90	109.9	18.40
IVRCL Ltd.	2.00	8.50	26.60	48.70	29.30
Gayatri Projects Ltd.	10.00	19.65	15.01	102.99	21.00

*(Source: Capital Market July 17 – July 30, 2006. Category – Construction)

7. The face value of Equity Shares of Gayatri Projects Limited is Rs. 10 and the Offer Price is Rs. 295 i.e. 29.5 times of the face value.

The BRLMs believe that the Offer Price of Rs. 295 is justified in view of the above qualitative and quantitative parameters. See the Section entitled “Risk Factors” and “Financial Statements” beginning on page iii and 120 of this Prospectus, including important profitability and return ratios, as set out in the Auditors Report beginning on page no. 120 for further information.



STATEMENT OF TAX BENEFITS

To

GAYATRI PROJECTS LIMITED,

6-3-1090, BLOCK 1,
T S R TOWERS,
RAJ BHAVAN ROAD,
HYDERABAD 500082
INDIA

Dear Sirs,

Statement of Possible Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders, of the Company under the Income tax Act, 1961 (provisions of Finance Act, 2006), Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the Selling Shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- i. Company or its shareholders will continue to obtain these benefits in future; or
- ii. The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

**FOR C.B. MOULI & ASSOCIATES
CHARTERED ACCOUNTANTS**

**(MANI OOMMEN)
PARTNER**

Membership No.: 24046

Place: Secunderabad

Date : 10.06.2006

GAYATRI PROJECTS LIMITED

TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax.

1. To the Company - Under the Income-tax Act, 1961 (the Act)

There is no additional benefit arising to the Company under The Income Tax Act, 1961, by proposed Initial Public Offer of Equity Shares to the public and institution in India.

2. To the Members of the Company - Under the Income Tax Act – Under the Income Tax Act, 1961 including the provisions of Finance Act, 2006

2.1 Resident Members

- a) Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.
- b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.
- c) In terms of Section 88 E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities' transactions.
- d) As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.
- e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt U/Sec 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued on or after the 1st day of April 2006 -
 1. National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988, and notified by Central Government in the Official Gazette for purpose of this section; or
 2. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; and notified by Central Government in the Official Gazette for purpose of this section.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

- f) Under Section 54ED of the Act, capital gain arising from the transfer before the 1st day of April 2006, of long term capital assets, being listed securities or units (other than those exempt U/S 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issue of equity shares issue by of an Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition.

- g) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets (other than a residential house and those exempt U/S 10(38)) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- h) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented mutual fund, which is subject to securities transaction tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).
- i) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders..

2.2 Non Resident Indians / Members other than Foreign Institutional Investors and Foreign Venture Capital Investors

- a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.
- b) Taxation of Income from investment and Long Term Capital Gains on its transfer
 - (1) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special Provisions Relating to certain incomes of Non-Residents".
 - (2) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Section 10(38) of the Act) be concessionaly taxed at a flat rate of 10% (plus applicable surcharge and educational cess on Income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.
 - (3) Under provisions of section 115F of the Act, long term capital gains (not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months from the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

2.3 Return of Income not to be filed in certain cases

Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

2.4 Other Provisions of the Act

- a) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long-term capital gains would be computed as per normal provisions of the Act.
- b) **Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange**

GAYATRI PROJECTS LIMITED

control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

- c) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt U/Sec 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued on or after the 1st day of April 2006 -
- a) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988, and notified by Central Government in the Official Gazette for purpose of this section; or
 - b) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; and notified by Central Government in the Official Gazette for purpose of this section.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

- d) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets (other than a residential house and those exempt U/Sec. 10(38)), then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- e) Under Section 111 A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented mutual fund, which is subject to securities transaction tax will be taxable under the Act @10% (plus applicable surcharge and educational cess).
- f) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders..

2.5 Foreign Institutional Investors (FIIs)

- a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.
- b) Under section 115AD capital gain arising on transfer of short capital assets, being shares and debentures in a company, are taxed as follows:
- (i) Short term capital gain on transfer of shares / debentures entered in a recognized stock exchange which is subject to securities transaction tax shall be taxed @ 10% (plus applicable surcharge and educational cess); and
 - (ii) Short term capital gains on transfer of shares / debentures other than those mentioned above would be taxable @ 30% (plus applicable surcharge and educational cess).
- c) Under section 115AD capital gain arising on transfer of long term capital assets, being shares and debentures in a company, are taxed @ 10% (plus applicable surcharge and educational cess). Such capital gains would be computed without giving effect to the first and second proviso to section 48. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.
- d) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt U/Sec 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable

after three years and issued on or after the 1st day of April 2006 -

- (i) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988, and notified by Central Government in the Official Gazette for purpose of this section; or
- (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; and notified by Central Government in the Official Gazette for purpose of this section.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

2.6 Venture Capital Companies / Funds

As per the provisions of section 10(23FB) of the Act, income of the following mentioned Venture Capital Companies / Funds are exempt from tax.

- a) Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- b) Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking.

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

4. The Gift Tax Act, 1957

Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

Notes:

- 1) All the above benefits are as per the current tax law and will be available only to the sole / first named holder in case the shares are held by joint holders.
- 2) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- 3) In view of the individual nature of tax consequence, each investor is advised to consult his / her own tax adviser with respect to specific tax consequences of his / her participation in the scheme.

INDUSTRY OVERVIEW

Overview

Construction industry is an integral part of a country's infrastructure and industrial development. Construction becomes the basic input for socio-economic development. Besides, the construction industry generates substantial employment and provides a growth to other sectors through backward and forward linkages. With the present emphasis on creating physical infrastructure, massive investment is planned during the Tenth Plan. Key reforms have been initiated in several sectors with the objective of augmenting country's infrastructure. The construction industry has played a crucial role in this regard.

The Government of India's focus and sustained increased budgetary allocation and increased funding by international and multilateral development finance institutions for infrastructure development in India has resulted in or is expected to result in several large infrastructure projects in this region. The Government has developed various alternate sources of raising funding for infrastructure projects, including the levy of cess on petrol and diesel, which is being used to fund the road projects such as the Golden Quadrilateral and the North –South – East – West corridors.

With a total length of approximately 3.3 million kilometers, India has the second largest road network in the world. Roads have played a vital role in transportation and also enhancing trade. The government has taken initiatives to improve and strengthen the network of National Highways, State Highways and roads in major districts and rural areas.

The Indian road network is divided into three main categories:

- National Highways (interstate) covering over 58,000 kilometers
- State Highways covering approximately 200,000 kilometers
- Rural and urban roads covering nearly 3 million kilometers

The National Highways cater to about 45% of the road transport demand in the country. The government has embarked upon an integrated National Highways Development Programme (NHDP). A major part of NHDP is the Golden Quadrilateral project. It entails upgrading and widening of 6,000 km of highways connecting the four major metropolitan cities of Delhi, Mumbai, Chennai and Kolkatta.

The government is also undertaking the North-South and East-West Corridor projects. These projects comprise about 7,000 kms of highways connecting Srinagar (North) with Kanyakumari (South) and Silchar (East) with Porbandar (West).
(Source : <http://meaindia.nic.in> – Website of Minsitry of External Affairs)

The tenth plan envisages balanced development of the total road network in the country. This includes phased removal of deficiencies in the existing network, widening, improvement, strengthening, rehabilitation and reconstruction of weak / dilapidated bridges, adequate maintenance of roads, road safety measures and providing wayside amenities to cater to the growing demands for road services. Apart from this, the Plan also lays emphasis on improving the riding quality of existing National Highways. Yet another priority objective is improvement in rural connectivity with all-weather roads and development of roads in the North-Eastern region. Inter-modal issues like road connectivity with airports, railways, ports, etc. is another issue that is highlighted.

The Tenth Plan has stressed the need for improving mobility and accessibility. While the NHDP is expected to improve mobility, the Pradhan Mantri Gram Sadak Yojana (PMGSY) is aimed at providing accessibility, especially to villages. The PMGSY which was launched in December 2000, seeks to provide road connectivity to about 1.60 lakhs rural unconnected habitations with a population of 500 persons or more (250 in case of hilly, desert and tribal areas) by the end of tenth plan period. It is being executed in all States and six Union Territories. Although, initial estimates required a total requirement of Rs. 60,000 crores for this programme, however, the amount may increase to Rs. 1,32,000 crores. (<http://indiabudget.nic.in/es2003-04>). In 2005-06 total projects amounting to Rs. 7,66,214 lakhs for 33,932.49 kms of pavements covering 13,161 habitations under this scheme were sanctioned. (<http://pmsgsonline.nic.in>)

An outlay of Rs. 59,490 crore (Gross Budgetary Support – Rs. 34,790 crore) has been provided for the development of roads in the Tenth Plan. The bulk of this outlay is meant for the development of National Highways and related programmes. An expenditure of Rs. 20,505 crore is likely to be incurred in the first three years of the Plan Period.

Keeping in view the need for nationwide connectivity and mobility, the Committee on Infrastructure chaired by the Prime Minister proposed an expanded programme for highway development on the 13 January 2005. The proposed programme for the next seven years (2005-12) includes completion of:

- GQ and NSEW corridors (NHDP I & II)

The NHDP Phase I and Phase II comprise of the Golden Quadrilateral (GQ) linking the four metropolitan cities in India i.e. Delhi-Mumbai-Chennai-Kolkata, the North-South corridor connecting Srinagar to Kanyakumari including the Kochi-Salem spur and the East-West Corridor connecting Silchar to Porbandar besides port connectivity and some other projects on National Highways. Four-laning of the Golden Quadrilateral is nearing completion. The contracts for projects forming part of NS-EW corridors are being awarded rapidly for completion by December 2009.

The Golden Quadrilateral and NSEW projects



(Source: <http://infrastructure.gov.in/highways.htm>)

GAYATRI PROJECTS LIMITED

- Four-laning of 10,000 km under NHDP Phase III

The Union Cabinet has approved the four-laning of 10,000 km of high density national highways, through the Build, Operation & Transfer (BOT) mode. The programme consists of stretches of National Highways carrying high volume of traffic, connecting state capitals with the NHDP Phases I and II network and providing connectivity to places of economic, commercial and tourist importance.

- Two-laning of 20,000 km of national highways under NHDP IV

With a view to providing balanced and equitable distribution of the improved/widened highways network throughout the country, NHDP-IV envisages upgradation of 20,000 kms of such highways into two-lane highways, at an indicative cost of Rs.25,000 crore. This will ensure that their capacity, speed and safety match minimum benchmarks for national highways.

- Augmenting highways in the North East

The Accelerated North-East Road Development Project is under consideration, which will mainly provide connectivity to all the State capitals and district headquarters in the north-east. The proposal would include upgrading other stretches on NH and state highways considered critical for economic development of the north-east region.

- Six-laning of selected stretches (NHDP- V)

Under NHDP-V, the Committee on Infrastructure has approved the six-laning of the four-lane highways comprising the Golden Quadrilateral and certain other high density stretches, through PPPs on BOT basis. These corridors have been four-laned under the first phase of NHDP, and the programme for their six-laning will commence in 2006, to be completed by 2012. Of the 6,500 kms proposed under NHDP-V, about 5,700 kms shall be taken up in the GQ and the balance 800 kms would be selected on the basis of approved eligibility criteria.

- Development of 1,000 km of expressways (NHDP- VI).

With the growing importance of certain urban centres of India, particularly those located within a few hundred kilometers of each other, expressways would be both viable and beneficial. The Committee on Infrastructure has approved 1000 k.m. of expressways to be developed on a BOT basis, at an indicative cost of Rs.15,000 crore. These expressways would be constructed on new alignments.

- Other Highway Projects (NHDP – VII)

The development of ring roads, bypasses, grade separators and service roads is considered necessary for full utilization of highway capacity as well as for enhanced safety and efficiency. For this, a programme for development of such features at an indicative cost of Rs.15,000 crore, has been mandated.

(Source: <http://infrastructure.gov.in/highways.htm>)

Targets are to be achieved through restructuring and strengthening of National Highway Authority of India (NHAI), the main implementing agency for the expanded programme; developing Modal Concession Agreements for BOT projects and for operation, maintenance and tolling of completed NHDP stretches; addressing bottlenecks in ongoing projects arising from State level constraints, delays in environmental clearance, problems in land acquisition; focus on traffic management and safety related issues etc.

The four-laning of 10,000 km of National Highways by March 2010 under NHDP III would be done entirely through the BOT route. A Special Accelerated Road Development Programme for the North Eastern Region (also called NHDP-NE) is envisaged for improving connectivity in the north-eastern states. This would include a road length of 7639 km comprising 3251 km of NH and 4388 km of other roads. The network is expected to act as catalyst for the development of the region.

(Source : <http://planningcommission.nic.in>)

Ports Sector

Privatization in the sector includes building and operating new ports, managing existing ports and/or services in existing ports, and construction contracts for upgradation of capacity at major ports. Several Indian and international players have invested either in privatization or in green-field projects.

The Government has also decided to empower and enable 12 major ports to attain world-class standards. To this end, each port is preparing a perspective plan for 20 years and an action plan for seven years. International experts have been engaged for assisting the ports in this exercise, which is likely to be completed by November, 2006. Recognising that the shipping industry is moving towards large vessels, a plan for capital dredging of channels in major ports has also been formulated. The National Maritime Development Programme is expected to bring a total investment of over Rs. 50,000 crore in the port infrastructure. Such improvement in the scale and quality of Indian port infrastructure will significantly improve India's competitive advantage in an increasingly globalized world. (Source: <http://infrastructure.gov.in/port.htm>).

The aggregate capacity in major ports as on March 31, 2004 was 389.50 MT per annum. During 2004-05, the aggregate capacity increased by 8 MTPA to 397.50 MTPA. The aggregate capacity is expected to go upto 405.50 MTPA by March, 2006. By the end of Tenth Plan Period, the capacity of major ports is projected to be 470 MT per annum. The overall investment required in the ports sector in the Tenth Plan is estimated to be Rs. 80,000 crores of which nearly 70% is proposed to be attracted from the private sector. Initially, 51% FDI was allowed in the Sector. In 1999, FDI limit was increased to 100%. (Source: www.pidb.nic.in)

Cargo handling at the major ports is projected to grow at 7.7% p.a. (CAGR) till 2011-12. Traffic is also estimated to reach 877 million tonnes by 2011-12. Further the containerised cargo is also expected to grow at 15.5% (CAGR) over the next 7 years. The New Foreign Trade Policy envisages doubling of India's share in global exports in next five years to \$150 billion (Rs.675000 crores). A large portion of the foreign trade to be through the maritime route: 95% by volume and 70% by value. Further growth in merchandise exports projected at over 13% p.a. underlines the need for large investments in port infrastructure. There is an investment need of \$13.5 billion (Rs.60,750 crores) in the major ports under National Maritime Development Program (NMDP) to boost infrastructure at these ports in the next 7 years. Under NMDP, 276 projects have been identified for the development of major ports. Public-Private partnership is seen by the government as the key to improve major and minor ports and 64% of the proposed investment in major ports envisaged from private players. The plan proposes an additional port handling capacity of 530 MMTA in major ports through:

- Projects related to port development (construction of jetties, berths etc.)
- Procurement, replacement and/or up-gradation of port equipment
- Deepening of channels to improve draft
- Projects related to port connectivity

(Source: <http://infrastructure.gov.in/port.htm>)

Irrigation Sector

The FY 05-06 budget has outlined the Accelerated Irrigation Benefit Programme for promotion micro irrigation technology, comprising drip and sprinkler irrigation, on a large scale.

The investment requirement in the irrigation sector includes substantial investments in water infrastructure such as multipurpose dams, barrages, irrigation canals, check dams, rain water harvesting structures, tubewells and rural electrification. To harness river waters and to irrigate the parched lands the State governments have since agreed for river linking projects. The agreement between Madhya Pradesh and Uttar Pradesh Governments in August 2005 is set to trigger similar projects amongst various other states.

Several State Governments have announced various irrigation projects like dams, canals, reservoirs, etc. The State Government of Andhra Pradesh has announced a total of Rs.50000.00 crores irrigation projects, which will be executed in the span of 7 years in three phases. Phase I works are already commenced. In the same way other State Governments such as Orissa, Madhya Pradesh, Gujarat, and Maharashtra have announced ambitious plans in irrigation sector. GPL having executed many irrigation projects in the past and having experience in construction of dams and canals is going to benefit from this special emphasis in improving the irrigation facilities across the length and breadth of the country.

GAYATRI PROJECTS LIMITED

BUSINESS OF THE COMPANY

Overview

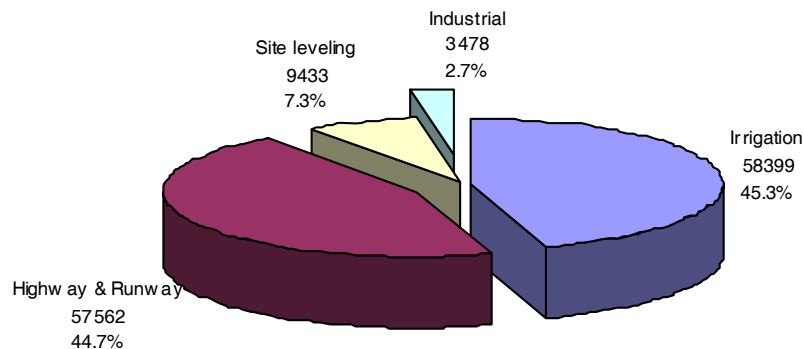
Our Company was originally incorporated in the year 1989 in the name of Andhra Coastal Construction Private Limited. Subsequently the name of the company was changed to Gayatri Projects Private Limited with effect from March 31, 1994 and it was converted into a Public limited Company with effect from December 2, 1994.

Our Company is an ISO 9001 – 2000 engaged in execution of major Civil Works including Concrete/Masonry Dams, Earth Filling Dams, National Highways, Bridges, Canals, Aqueducts, Ports, etc.

Our Strengths

Experience and track record

Projects executed by us (Amount Rs. in lakhs) & %age of total



Our Company has executed several construction projects during the last 16 years. In the course of our business, we have constructed about 644.00 Km of the Highways and 1113.00 Km of Irrigation Canals. We have executed 21 irrigation projects amounting to Rs. 58399 lakhs. We have completed irrigation projects such as Construction of five packages of Narmada Main Canal comprising of the 50.60 Km, Upper Krishna Project comprising of 44.00 Km, Sriram Sagar Project comprising of 954.00 Km and KC Canal comprising of 64.00 Km. The total cost of these four Narmada Canal projects amounting to Rs. 15990 lakhs. We have also executed Indi Branch Canal of Upper Krishna Project amounting to Rs. 13084 lakhs.

We have executed 7 projects for construction of dams and reservoir amounting to Rs. 7533 lakhs, in which major ones include construction of Kaniti Balancing Reservoir for Vishakhapatnam Steel Plant, construction of raw water pond for Jindal Vijaynagar Steel Ltd., construction & raising of ash pond dykes to ancillary works for NALCO Ltd. Etc. We have executed 9 highway and runway projects, 8 site leveling projects and 3 industrial projects amounting to Rs. 57562 lakhs, Rs. 9433 lakhs and Rs. 3478 lakhs respectively.

Operations spread across various sectors of infrastructure development

Our Company has executed various projects in different sectors of infrastructure like highway, irrigation projects, mass excavation, ports, airports and industrial civil works. Such diversification in different sectors enables us to reduce dependence on any one sector or nature of the project.

Large fleet of Construction Equipment

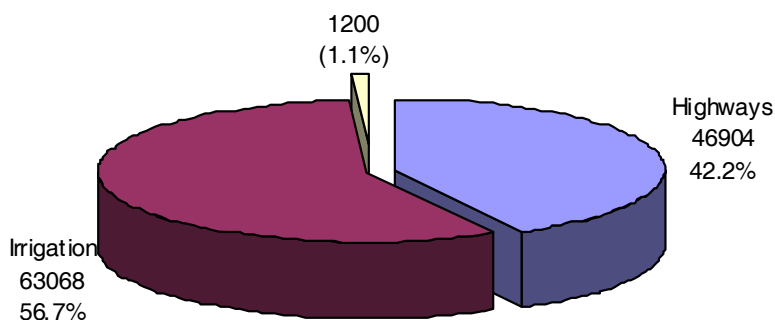
Our Company owns a fleet of construction equipments comprising of heavy earth moving machines such as hydraulic excavators, loaders, dozers, earth compacters, concreting plants such as batching plants, concrete mixers, transit mixers, concrete pavers, road equipment such as vibratory tandem rollers, electric paver finishers, mechanical paver finishers, hot mix plants, static rollers, truck mounted pressure bitumen sprayer, integrated stone crushing plants, quarry equipments like



wagon drills, jack hammers, air compressors, transportation equipments such as cars and jeeps, tippers, tractors, water tankers, trailers, fabrication and erection plant such as welding generators, gas cuttings sets, work shop equipments, cranes, generators and other miscellaneous equipments.

Projects under Construction/to be completed

Projects under execution (Amount Rs. in lakhs) & %age of total



We are currently executing projects amounting to Rs. 1,04,654 lakhs of Public works /Irrigation Departments of various State Governments namely Andhra Pradesh, Madhya Pradesh, Chattisgarh and Gujarat and for other clients. Out of the projects in hand, the highways constitutes projects amounting to Rs. 40,386 lakhs, irrigation projects Rs. 63,068 lakhs and other works constitutes Rs. 1,200 lakhs. In addition, we are also executing/ allotted projects in our various joint ventures (including BOT projects for which SPV have been formed or are in the process of being formed) in which our share of contract value to be executed, works out to around Rs. 1,35,335 lakhs which includes our share of contracts amounting to Rs. 15600 lakhs on BOT basis and Rs. 63115 lakhs on annuity basis. In addition our Company has been awarded a contract on July 7, 2006 for Rs 6517.85 lakhs for Rehabilitation and upgrading of Ambikapur (km 4) to Semersot (km 65) Section in Chhattisgarh by Director, PIU, ADB Project, Raipur. Most of these projects would be completed within period of 36-42 months.

Qualified Employees and Management team

We have a qualified and experienced skilled manpower including Engineers and Engineering Diploma Holders. In addition, we have casual and temporary contract labour in the project sites. The skills and diversity of the employees gives the flexibility to adapt to the needs of various projects. Our Company's management team is qualified and experienced in the industry and has been responsible for execution of diverse projects.

Business Strategy

We recognize the importance of the construction industry in India – especially the importance given by the Government of India to make up deficits in infrastructure rapidly. At the same time, we recognize that the “Construction” industry is very broad in its scope covering construction of various sub-types of infrastructure – including, road, ports, water utilities buildings, industrial structures etc., and there is a need for specialization in order to develop real depth of expertise in any of these sub-areas.

Our strategic objective is to continue to improve and consolidate our position as a leading Construction Company and we aim to achieve this by implementing the following strategies:

Experience in Road Projects

We have experience of around 16 years in road construction and we will continue to bid for the road related infrastructure projects, leveraging and expanding our operations in pre-qualification and there by participating in more States and Regions and gaining access to more complex projects.

We have setup a base of operation capitalizing on our local experience, established contracts with local clients and suppliers and also familiarity with local working conditions. In pursuing our strategies, we seek to identify markets where we believe we can provide cost and operational advantages to our clients. In order to expand our operation we also identify and associate

GAYATRI PROJECTS LIMITED

with Joint Venture partners whose resources, capabilities and strategies are complementary to and are likely to increase our business operations.

Focus on Irrigation Projects

Irrigation is one of the main focus areas of various State Governments. We have experience in execution of various irrigation projects in the State of Andhra Pradesh. We have tied-up with JV Partner in handling irrigation project. We intend to utilize our experience in the irrigation projects and our large equipment base to benefit from the increasing demand for irrigation projects in India. We intend to extend our operations to other Irrigation Projects of various State Governments such as Orissa, Madhya Pradesh, Gujarat and Maharashtra.

Expand our operations to industrial construction projects

We have knowledge and experience of handling various industrial projects. We have executed various site preparation and grading, construction of roads, drains, ponds, reservoirs and industrial structures for reputed companies like NFCL, Reliance Petroleum, Jindal Vijayanagar Steel, Visakhapatnam Steel Plant, HPCL, etc. We have also executed specialized works for Indian railways, Ports and Airport Authority. We have executed "Construction of Railway line in 3 sections i.e. KR-51, KR-55 & KR-57 for Koraput-Rayagada Lane, Construction of approach Berths and Back-up area at Kakinada Port for Kakinada Sea Ports Ltd., Andhra Pradesh. We have executed extension and strengthening of Runway at 28th end of Calicut Airport, Calicut. We intend to expand our existing execution capabilities in industrial construction projects.

Focus on BOT Contracts

We are at present executing a BOT project namely "Meerut-Muzaffarnagar Road Project" jointly along with other partners. We intend to focus on executing different BOT projects on annuity basis as such these contracts have relatively low risk compared to tolling contracts. Most of BOT contracts are obtained through a competitive bidding process. In selecting contractors for major project, clients generally limit the tenders to the contractors who are pre-qualified based on several criteria including experience, technological capacity and performance, reputation of quality, financial strength, net worth, bonding capacity and size of previous contracts executed and competitive price.

Improve our engineering capabilities

We aim to improve our capabilities to focus on pursuing EPC contracts as such contracts enable us to become the main contractor on our projects and provide us with the opportunity to Bid on higher number of critical projects. With this view, we are continuing to strengthen our engineering capabilities to enable us to provide engineering services so as to win different EPC projects and also to provide engineering and designed consultancy services to clients.

Our services

We provide design, engineering, procurement, construction and project management services for various infrastructure projects like construction of concrete, masonry dams, earthen dams, national highways, bridges, canals, aqueducts, airports, ports etc.

Road Projects

Developments in the road construction sector will play a key role in pushing the construction industry. The increased momentum in road construction and upgradation under various national programs like National Highways Development Programme (NHDP), Pradhan Mantri Gram Sadak Yojana (PMGSY) and increased momentum in State Highway Developments and District Road Projects has created ample scope for road projects. Over the years, we have completed more than 644 kms of roads / highway projects.

Top 5 major assignments completed under road sector are as under:

National/State Highways and Runways:

Sr.No.	Name of the Work	Contract Value (Rs. in lakhs)
1	Widening and Strengthening of Warangal – Khammam Road and Khammam – Tallada Road	12,264.00
2	Widening and Strengthening of Tallada – Devarapalli Road	10,354.00
3	Extension and strengthening of Runway at 28th end of Calicut Airport.	8,644.00
4	Improvements to Existing Highway from Ahmednagar – Aurangabad – Jalna – Jintur Road.	6,180.00
5	Widening to 4 lanes&strengthening of existing 2 lane Road from KM. 355.00-Km.380.00 in Chilakaluripeta-Vijayawada Sec. NH-5.	6,016.00

Site Leveling Projects:

Some of the sites leveling projects under road sector executed by us are as under:

Sr.No.	Name of the Work	Contract Value (Rs. in lakhs)
1	Development of Garment Complex at Thane, Land Develop.&Allied works	3,896.00
2	Leveling and Grading work in Group-I for Simhadri Thermal Power Project.	1,636.00
3	Site grading and construction of roads drains and ponds at Reliance Petroleum Ltd. Project site, Jamnagar	1,365.00
4	Area Grading Roads drains for NFCL phase-II, Kakinada	779.00
5	Area grading roads and drains for NFCL phase-I, Kakinada	669.00

Irrigation Projects

Irrigation sector is one of the priority sectors of the National and various State Governments in India. The Government of India and various State Governments announce several irrigation projects like dams, canals, and reservoirs etc.. Increased investment in irrigation sector has led to a surge in the activities of the construction industry. We have experience in completing various irrigation projects namely Construction of Upper Krishna Project, Indi Branch Canal, Construction of Left Bank Canal at Samal Barriage, Construction of 19 Kms of Narmada Main Canal, Gujarat, Rehabilitation and Modernization of Distributory System of 50 Kms of Sriram Sagar Projects and 40 Kms of Earthwork Excavation and Cement Concrete Lining including Construction of Structures of KC Canal.

Top 5 major assignments completed under irrigation sector are as under:

Sr.No.	Name of the Work	Contract Value (Rs. in lakhs)
1	Construction of Upper Krishna Project, Indi Branch Canal	13,084.00
2	Const. Of Narmada Main Canal Reach KM 168 to KM 177	9,389.00
3	Construction of Narmada Main Canal Reach KM 188 to KM 198	3,947.00
4	Earthwork Excavation and Cement Concrete Lining including Construction of Structures from Km170.000-Km.190.000 of KC. Canal	3,088.00
5	Earthwork Excavation and Cement Concrete Lining including Construction of Structures from Km.150.650 to Km.170.000 of K.C. Canal	3,281.00

GAYATRI PROJECTS LIMITED

In addition, top 5 projects completed for Dams and reservoir:

Sr.No.	Name of the Work	Contract Value (Rs. in lakhs)
1	Construction Kaniti Balancing Reservoir for VSP	2,795.00
2	Construction of Raw Water Pond for Jindal Vijayanagaram Steel Ltd	1,750.00
3	Construction & Raising of Ash Pond dykes to ancillary works for NALCO	926.00
4	Construction of Red Mud Pond and Ash Pond for NALCO	645.00
5	Construction of Dam 2&3-expansion project for NALCO at Damanjodi,	588.00

Industrial Projects

We provide engineering construction services to various industrial projects for land preparation and grading, piling, construction of internal roads, construction of buildings, fabrication of steel structures, etc., we have completed various industrial projects namely Area Grading and construction of roads and drains for Nagarjuna Fertilizer & Chemicals Limited Phase-II, Kakinada, Site grading and construction of roads drains and ponds at Reliance Petroleum Ltd. Jamnagar, Leveling and Grading work in Group-I for Simhadri Thermal Power Project, Development of Garment Complex at Thane, Land Develop. & Allied works, Civil Engineering Works, structural mills and balancing reservoir for Visakhapatnam Steel Plant, Construction of Red Mud Pond and Ash Pond works, Damanjodi, Construction of Railways line in 3 sections i.e. KR-51, KR-55 & KR-57 for Koraput-Rayagada Lane for Indian Railways, Construction of approach Berths and Back-up area at Kakinada Port, Kakinada Sea Ports Ltd., Extension and strengthening of Runway at 28th end of Calicut Airport, Calicut.

Projects completed by us for industrial, railways and ports are as under:

Industrial Projects:

Sr.No.	Name of the Work	Contract Value (Rs. In lakhs)
1	Civil Engineering works in Medium Merchant and Structural Mills of Visakhapatnam Steel Plant	1,489.00
2	Civil, Structural and Architectural work at HPCL terminal, Vijayawada	1,380.00
3	Civil Engineering Works in Auxiliary Shops Zone-M of Visakhapatnam Steel Plant	609.00

Railway Projects:

Sr.No.	Name of the Work	Contract Value (Rs. In lakhs)
1	Construction of New BG Railway line in 3 sections i.e. KR-51, KR-55 & KR-57 for Koraput-Rayagada Lane.	1,421.00

Ports (Harbours):

1	Construction of approach Berths and Back-up area at Kakinada Port Cont-C2.	4,500.00
	TOTAL:	5,921.00

Projects under Construction / to be executed:

Road Sector

We are currently executing road sector projects amounting to Rs. 50,836 lakhs in different states, out of which work to be completed is in excess of Rs. 40,386 lakhs. In addition, we are also executing/ allotted works in our various joint ventures (including BOT projects for which SPV have been formed or are in the process of being formed) in which our share of contract value works out to more than Rs. 1,66,329 lakhs, out of which our share of work to be executed is around Rs. 1,35,335 lakhs which includes our share of contracts amounting to Rs. 15600 lakhs on BOT basis and Rs. 63115 lakhs on annuity basis. In addition our Company has been awarded a contract on July 7, 2006 for Rs 6517.85 lakhs for Rehabilitation and upgrading of Ambikapur (km 4) to Semersot (km 65) Section in Chhattisgarh by Director, PIU, ADB Project, Raipur.



The details of top 5 road sector projects, currently being executed by us directly and in our joint ventures, are as under:

Sr. No.	Name of the Contract	Contract Value / Our share of contract (Rs. in lakhs)	Value of contract to be executed (Rs. In lakhs)
Projects currently executed by us			
1	Rehabilitation and Upgrading of KM 104.000 to KM 143.630 of NH-25 to 4 lane Configuration in the State of UP	22,907	22,907
2	Upgradation of Road from Hirayur to Bellary – Contract U11 from KM 72.00 to KM 144.00 for Karnataka State Highways improvement project	12,644	2,194
3	Upgrading of Roads from Nagapattinam to Kattumavadi & New Bypasses at Nagapattinam, tiruthuraipundi and Muttupet	8,945	8,945
4	Rehabilitation and Upgrading of Ambikapur (km.4) to Semersot (Km.65) Section in Chattisgarh	6,518.00	6,518.00
5	Road project (Road No. 19, SH 26, Khargone-Barwani 85.20, Road No. 20 SH 31, Khargone-Bistan 21 km)	5,825	5,825
Projects currently in hand/ being executed by us in our various joint ventures / SPV			
1	Design, Construction, Development, Finance, Operation and Maintenance of Km.0.000 to 49.700 on National Highway No.25/26 on annuity basis	35,506	35,506
2	Design, Construction, Development, Finance, Operation and Maintenance of Km.49.700 to 99.005 on National Highway No.26 on annuity Basis	27,609	27,609
3	4-laning from KM 93 to KM 60.00 of Bijni to WB Border Section of NH-31C in Assam (75% share)	18,652	18,652
4	Four Lane to Meerut - Muzaffarnagar Section (KM 72.00 to KM 105.00) of NH-58 in the State of Uttar Pradesh (40% share)	15,600	15,600
5	4-laning from KM 60.00 to KM 30.00 of Bijni to WB Border Section of NH-31C in Assam (75% share)	14,955	14,955

Irrigation Sector

We are currently executing various irrigation projects amounting to Rs. 81,126 lakhs in different states, out of which work to be completed is around Rs. 63,068 lakhs.

Our top 5 irrigation sector projects, in terms of value of contract, are as under:

Sr. No.	Name of the Contract	Location	Contract Value (Rs. in lakhs)	Value of contract to be executed (Rs. in lakhs)
1	P.P.R.M.C – Work for conducting detailed investigation, including sub-soil exploration, preparation of H.P's Designs, L.P. Schedules, Drawings fixing B.M. Stones, Excavation of Canal from KM 71.500 to KM 105.10 (Package –4) including lining entire canal	Bheemadolu, West Godavari, A.P.	30,130	29,730

GAYATRI PROJECTS LIMITED

Sr. No.	Name of the Contract	Location	Contract Value (Rs. in lakhs)	Value of contract to be executed (Rs. in lakhs)
2	Velugonda Project –Closing of Sunkesula Gap Excavation of Feeder Canal and Teegaleru Canal including construction of CM & CD works Distributory System for 62,000 Acres (Package –2) on EPC Turn Key System.	Kurnool, Andhra Pradesh	25,450	22,450
3	Flood Flow Canal – Earth work excavation, forming embankment and construction of CM & CD works including investigation, designing and estimation of Flood Flow Main Canal from KM 43.00 to KM 57.00 (Package –2) in Karimnagar District on EPC Turn Key System	Jagitial, Karimnagar, Andhra Pradesh	18,700	10,000
4	Providing and laying double layer burnt clay tiles lining and constructing canal service road catch water drain dowel and boundary gutter on S.B.C. Ch. 40.400 to 50.00 km.	Surender Nagar, Gujarat	2,473	100
5	Construction of Paver Lining work & Construction of WBM Road on Service Bank from R.D. 0" to 7 Km of I.S. Main Canal	Khandawa, Madhya Pradesh	2,100	500

Other Works

Some of the other assignments which we are executing relate to expansion of red mud pond, ash pond and construction of wagon tippler, road work, etc. The total contract value amounts to Rs. 9414 lakhs, out of which value of outstanding work amounts to Rs. 1200 lakhs.

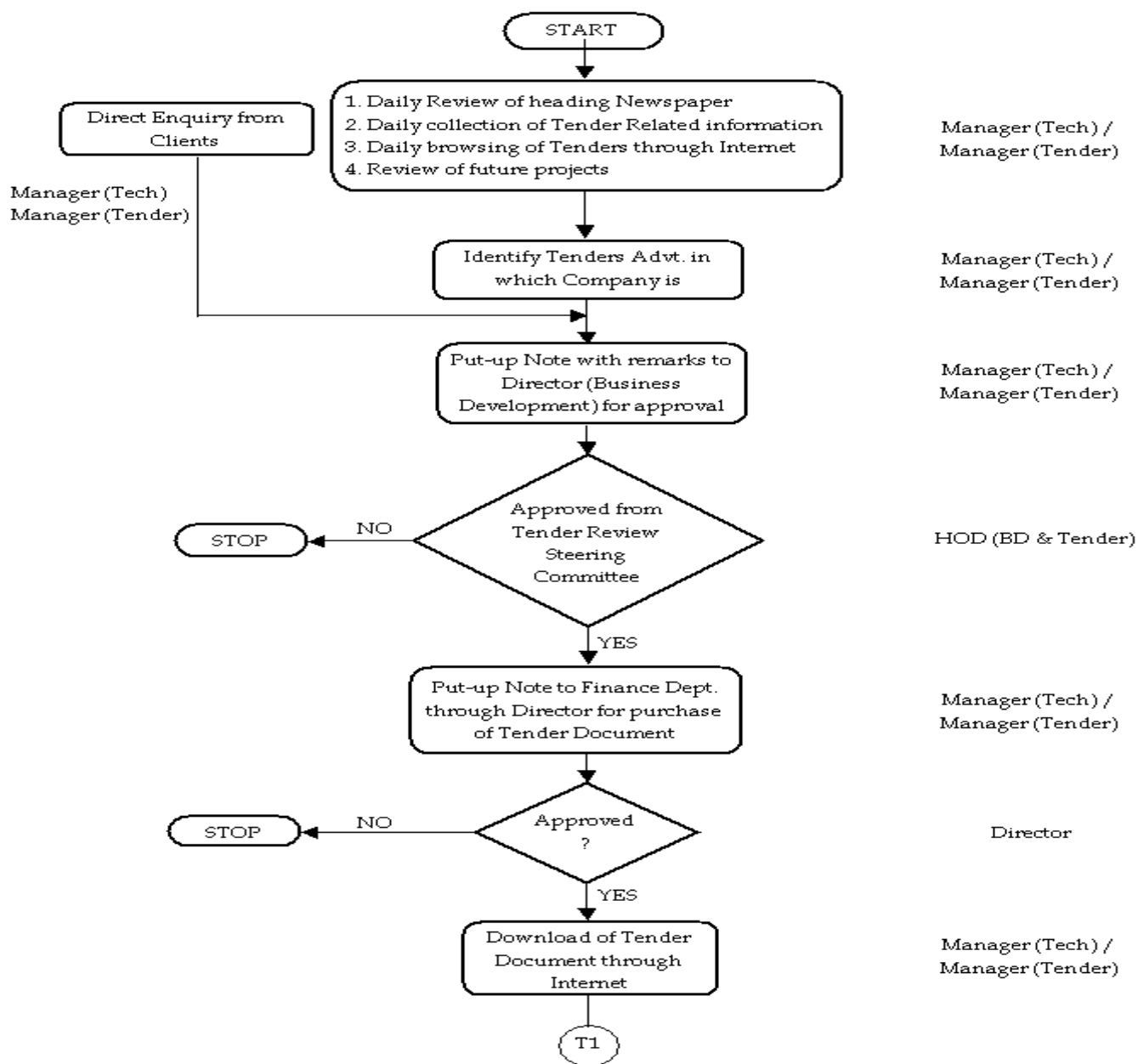
Some of the projects are as under:

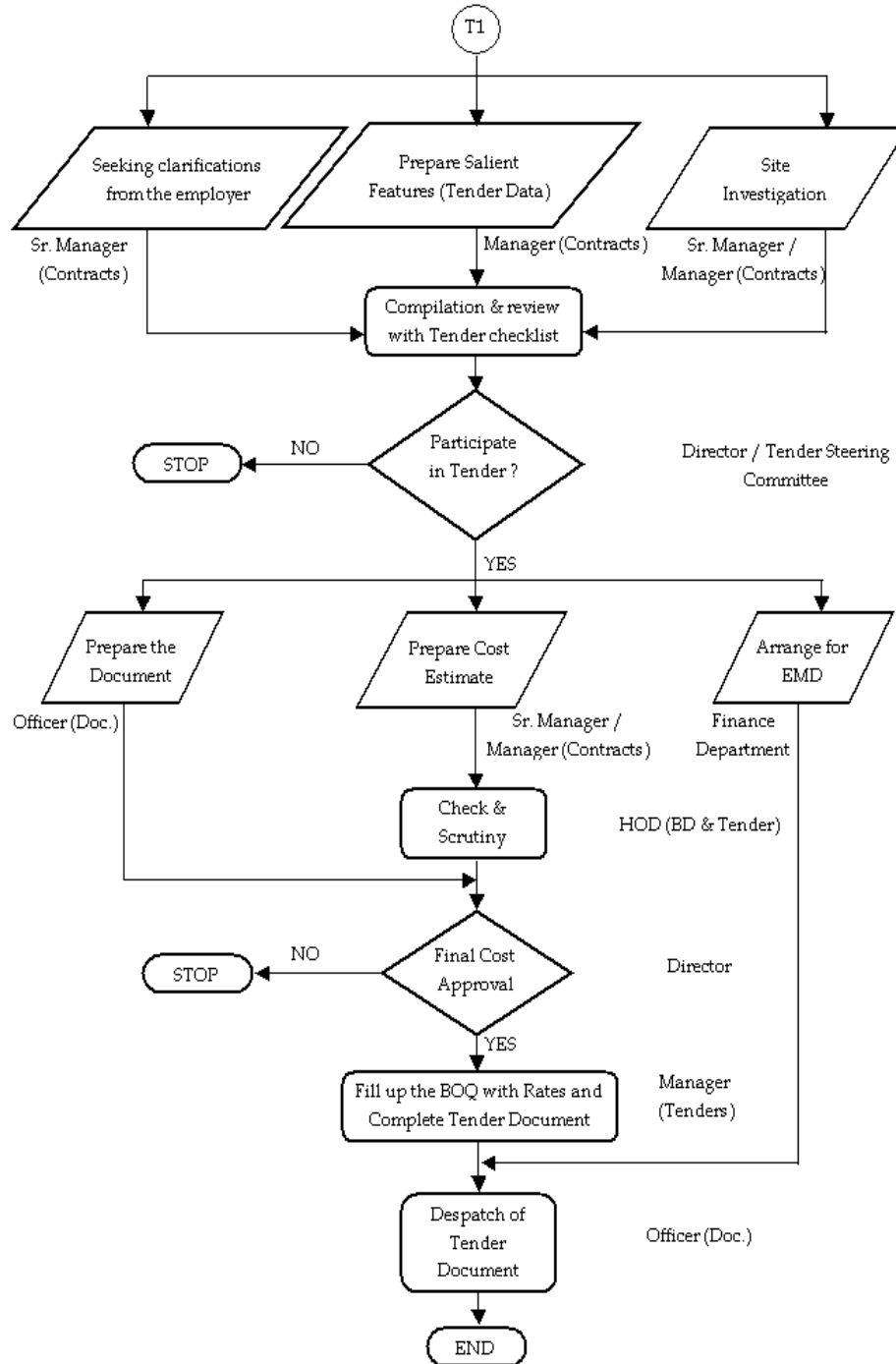
Sr. No.	Name of the Contract	Contract Value (Rs. in lakhs)	Value of contract to be executed (Rs. in lakhs)
1	Expansion of Ash Pond at NALCO's Alumina Refinery Damanjodi	3,290	500
2	2 nd Phase Expansion of Red Mud Pond at Alumina Refinery, Damanjodi	2,768	150
3	Area grading / filling & ealize of entire area of Power (2X250 MW) and construction of retaining wall in the premises of power house at Korba East.	2,386	450

Contracts we undertake may either be as a main contractor or subcontractor. Further we may outsource our work to our subcontractor. This may be done in two ways. Either a part/portion of the work may be sub contracted or the entire contract, may be sub-contracted. When only part of the work is subcontracted it may broadly be in the nature of civil / technical works. When the main contractor sub contracts the entire work, sub contractor is fully responsible for execution of the project. Our company normally sub-contracts works which are smaller in value. Our projects are concentrated in the Southern and Western Regions.

Tendering Activity

A brief flow chart for tendering is given hereunder:





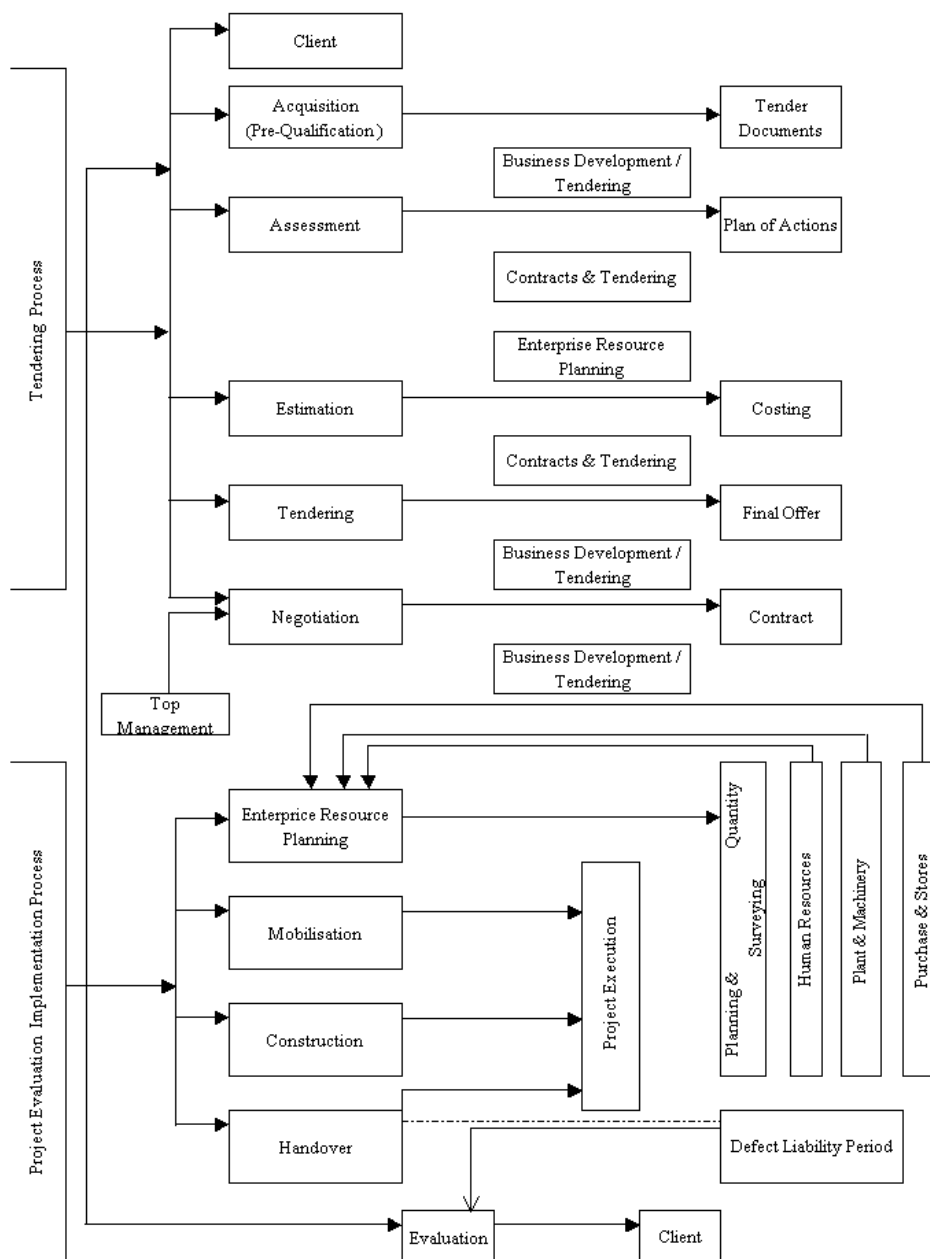
Note : Document means

- a) Application for Registration / Enrollment
- b) Pre-qualification (PQ)
- c) Tenders
- d) PQ-Cum-Tenders

We enter into contracts primarily through a competitive bidding process. The process in construction starts from the stage of tendering and ends at the completion of project. Once the company receives the tender from the prospective client, a survey is conducted at the proposed site by a team of engineers, as regards to availability of basic amenities near the site, availability of labour, distance from the sources of materials, and other related factors. On the basis of the survey and keeping in view factors such as site conditions, time schedule and other terms and conditions of the contract, the value of the contract is estimated and tendering done.

Execution Process

A brief flow chart is as under:



GAYATRI PROJECTS LIMITED

Once the contract is awarded to the company, a project team is constituted to execute the work as per the conditions of the contract. The Team Head procures the relevant drawings and other details of the project from the consultant appointed by the client and based on that, the team selects the labour agencies, employs direct labour, plans purchasing of material, arranges for deployment of labour, and makes necessary arrangements for machines, power and water. The actual construction process begins with soil testing and includes land development, road development, masonry, concrete reinforcing, mixer operations, plumbing, plastering work, finishing etc. Each stage of the construction activity is closely monitored for quality and timely execution of work. The company also has a separate quality control department that supervises and ensures the quality of work done and to meet demands of Project Management.

Guarantees

Our Company has given 56 performance bank guarantees amounting to Rs 19968.69 lakhs as on July 31, 2006 to our various principals in the normal course of its business and also given 7 nos corporate guarantees amounting to Rs. 12,909 lakhs as on July 31, 2006. The performance bank guarantees are given by our Company to our different clients /customers for execution of different contracts in normal course of business. The details of the Performance bank guarantees are as under:

S. No.	Favouring	BG No.	BG Date	Expiry Date	Amount (Rs. in lakhs)
1	NHAI, Delhi (AS-10) (GPL-ECI JV	04/05	25/07/2005	01/06/2010	1865.19
2	NHAI, Delhi (AS-10) (GPL-ECI JV	05/05	25/07/2005	01/06/2008	932.60
3	NHAI, Delhi (AS-11) (GPL-ECI JV	129/05	25/07/2005	01/06/2008	747.79
4	NHAI, Delhi (AS-11) (GPL-ECI JV	130/05	25/07/2005	01/06/2010	1495.57
5	NHAI, Delhi (AS-27)	24/432	07/03/2006	06/03/2011	500.00
6	Oriental Structures (U-8) Belg	85/03	17/04/2003	19/12/2006	1400.00
7	L&T Ltd, Chennai (U-11) Bellar	104/03	12/05/2003	26/10/2006	597.79
8	L&T Ltd, Chennai (U-11) Bellar	105/03	12/05/2003	26/10/2006	679.31
9	NHAI, Delhi (I&II)	24/397	27/04/2005	26/10/2006	10.00
10	Degremont India, Haryana	023/99	21/10/1999	20/10/2006	110.00
11	Degremont India, Haryana	025/99	21/10/1999	20/01/2007	50.00
12	Sunway Const. JHANSI (UP-4)	143/05	01/10/2005	30/04/2009	2489.10
13	Cemindia Project, Kakinada	010/97	08/03/1997	04/11/2006	82.00
14	Allahabad Bank, Calcutta (KKD)	006/97	06/03/1997	04/11/2006	150.00
15	Allahabad Bank, Calcutta (KKD)	007/97	06/03/1997	04/05/2005	93.00
16	SE, Nandyal (ICB-10)	35/2000	01/03/2000	30/09/2006	179.00
17	SE, Nandyal (ICB-15)	136/05	09/09/2005	08/09/2006	17.00
18	MSRDC Ltd (Simplex Gayatri)	143/02	31/05/2002	15/07/2007	119.00
19	Simplex Concrete Piles India	167/02	05/07/2002	04/07/2007	77.00
20	MSRDC, Mumbai (NH-4)	144/05	08/10/2005	07/10/2006	160.00
21	Simplex Concrete Piles I Ltd	05/2004	13/09/2004	12/09/2006	62.85
22	NHAI, DELHI (NCC-MAYTAS JV)	03/2005	30/04/2005	29/11/2008	431.00
23	EE, Kolhapur -(Navpad Thane Br)	014/2000	25/05/2000	24/11/2006	44.00

S. No.	Favouring	BG No.	BG Date	Expiry Date	Amount (Rs. in lakhs)
24	MPRDCL,Bhopal [MP New Work]	24/422	10/12/2005	09/12/2008	582.53
25	Nalco, Bhubaneshwar (ANGUL)	016/242	22/08/1992	21/11/2005	28.73
26	L&T Ltd., Chennai (Angul)	24/384	13/12/2004	12/05/2007	43.00
27	Nalco, IDCO Towers,Bhubaneswar	012/93	21/05/1993	20/11/2005	20.00
28	Nalco, Bhubaneshwar	027/94	21/07/1994	30/11/2005	10.00
29	Nalco, Bhubaneshwar	042/94	15/12/1994	14/12/2005	10.00
30	NALCO, DMJ (32.89 crore)	24/392	08/02/2005	07/08/2007	165.00
31	NHAI, New Delhi (AP-13)	024/77	15/05/2001	14/09/2006	901.58
32	SE, Polavaram PC (JP-GPL-JV)	24/358	21/10/2004	20/01/2009	654.00
33	SE, R Mundry (JP-GPL OLDEMD)	24/420	05/12/2005	20/01/2009	100.00
34	NHAI, GPL-Ranjit JV (UG-II)	175/01	17/09/2001	16/09/2006	693.26
35	EE, Div.1/3,KADI,Gujarat	024/88	12/06/2001	11/09/2006	98.92
36	EE, Office, Div.II, K nagar	033/98	18/08/1998	29/12/2005	32.04
37	SE, Ananthapur (GP Reddy)	24/254	06/01/2004	05/07/2006	0.78
38	SE, Ananthapur (GP Reddy)	24/255	06/01/2004	05/07/2006	0.77
39	SE, Ananthapur (GP Reddy)	24/256	06/01/2004	05/07/2006	0.77
40	SE, Ananthapur (GP Reddy)	24/257	06/01/2004	05/07/2006	0.65
41	SE, Ananthapur (GP Reddy)	24/258	06/01/2004	05/07/2006	0.63
42	SE, Ananthapur (GP Reddy)	24/259	06/01/2004	05/07/2006	0.85
43	SE, SRSP FFC Circle (JP-GPL-JV)	24/357	21/10/2004	20/07/2009	367.50
44	SE, SRSP, FFC, Jagtial, K nagar EMD	12/2004	07/10/2004	06/10/2009	100.00
45	SE, SRSP, N4-11A	022/8	14/05/1998	30/06/2005	131.29
46	EE, ID UKP IBC DN-1, Kembhavi	016/195	22/04/1992	08/03/2007	29.82
47	NHAI, Delhi (UP-2)	GPGE-06 1510001	31/05/2006	30/06/2011	1065.18
48	NHAI, Delhi (UP-2)	GPGE-06 1510002	31/05/2006	28/02/2007	710.12
49	NHAI, Delhi (UP-3)	24/435	31/05/2006	28/02/2007	552.18
50	NHAI, Delhi (UP-3)	24/436	31/05/2006	30/06/2011	828.27
51	PA&SE, Veligonda PC, Ongole	24/373	08/11/2004	07/02/2010	536.25
52	CE, Godavari Delta System	033/87	03/08/1987	30/09/2005	1.00
53	SE, YRP Circle, Visakhapatnam	011/90	04/05/1990	30/09/2005	3.78
54	SE, YRP Circle, Visakhapatnam	031/90	09/11/1990	30/09/2005	4.50
55	SE, YRP Circle, Visakhapatnam	032/90	29/11/1990	30/09/2005	2.00
56	SE, YRP Circle, Visakhapatnam	036/90	01/12/1990	30/09/2005	1.10
	TOTAL:				19968.69

GAYATRI PROJECTS LIMITED

Capacity

In our type of business we are unable to determine the capacity. Our ability to undertake a project depends on pre-qualifications obtained and bid capacity available. The bid capacity is determined on the basis of a formula given by project owner, which generally takes into consideration various financial and other parameters. Bid Capacity is a function of the value of proposed project, duration of project, value of orders on hand with the contractor and the average duration of the projects on hand, average turnover of contractor of previous financial year as well as a factor which is used in conjunction with the above variables to determine the capacity to bid.

Our Joint Ventures & MOU

The company's existing Joint Ventures are:

IJM-Gayatri JV

IJM-Gayatri JV has been formed on December 21, 1998 in the ratio of 60:40 for submitting the prequalification, tender and subsequent execution of various civil and / or structural works including Earth works, National and / or State Highways, Bridges, Dams, Reservoirs, Airports, Roads and Buildings within India. This is an unincorporated joint venture in the nature of partnership. The Joint venture is for the purpose of obtaining technical / financial qualification required for the road projects.

Gayatri-Ranjit Joint Venture

Gayatri-Ranjit JV has been formed on February 2, 2001 in the ratio of 55:45 for the purpose of preparation, submission of pre-qualification document and performs contract works viz. Kishangarh-Udaipur Section of NH-8 and Udaipur-Ratanpur-Gandhinagar of NH-8. This is an unincorporated joint venture in the nature of partnership. The Joint venture was entered for the purpose of obtaining technical qualification required for bidding the said project.

Simplex - Gayatri Consortium

Simplex-Gayatri Consortium has been formed on December 4, 2001 in the ratio of 70:30 for the purpose of submitting an offer for the work of Four Laning of Satara-Kolhapur to Maharashtra State Border Section of NH-4 Package - II from Km 616/000 to Km. 639/000 and execute the said work. This is an unincorporated joint venture in the nature of partnership. The JV was for the purpose of obtaining technical qualification required for bidding the said project.

Jaiprakash - Gayatri Joint Venture

Jaiprakash-Gayatri JV has been formed on July 9, 2004 in the ratio of 60:40 for the purpose of participation in the pre-qualification bids as a joint venture and to participate subsequently in the tenders for the projects. This is an unincorporated joint venture in the nature of association of persons. This JV was for the purpose of obtaining technical qualification required for bidding the said project.

RNS-GPL Joint Venture

RNS-GPL Joint Venture has been formed on May 7, 2005 in the ratio of 50:50 for tendering and execution of work consisting of construction and completion of widening and strengthening of roads from Ramanathapuram to Tuticorn with a total length of 118 kms of State Highways in Tamilnadu. This is an unincorporated joint venture in the nature of partnership.

Gayatri-ECI Joint Venture

Gayatri-ECI JV has been formed on August 18, 2005 in the ratio of 75:25 for executing the works for widening and strengthening of existing National Highway from 2-lane to 4-lane from Km 60.0 to km 30.00 of Bijni to WB Border Section of NH-31C in Assam. This is an unincorporated joint venture in the nature of partnership.

GPL- Brahmaputra Consortium Ltd. Joint Venture

GPL- Brahmaputra Consortium Ltd. JV has been formed on November 8, 2005 in the ratio of 26:74 for execution of works for up-gradation, strengthening, operation and maintenance on BOT basis in the State of Punjab of Hoshairpur – Phagwara Road (35.50 km), Sirhind – Morinda – Ropar road (43.22km), Dakha – Raikot – Barnala road (57.94 km) and Bhawanigarh – Nabha – Gobindgarh (55.42 km). The JV will be incorporated once the projects are awarded to the JV.

For Financial details of the Joint Ventures please refer to section titled Our Joint Ventures on page no. 113.



Memorandum of Understanding

In addition to JVs, our Company has entered into following two MOU with Industrial Development Finance Corporation (IDFC) for the purpose of forming of consortium:

- MOU dated March 7, 2006 for bidding of project of design, construction, development, operation and maintenance of Km 0.000 to km 49.700 on national highway no. 25/26 in Uttarparadesh and Madhyapardesh under North-South corridor (NHDP Phase II) on BOT annuity basis.
- MOU dated March 7, 2006 for bidding of project of design, construction, development, operation and maintenance of Km 49.700 to km 99.005 on national highway no. 26 in Uttarparadesh and Madhyapardesh under North-South corridor (NHDP Phase II) on BOT annuity basis.

The important conditions of the MOU are as under:

- The parties will form SPV for the execution of project and SPV will not undertake any other activity.
- The aggregate shareholding of parties of MOU will not be less than 51% during construction period and 3 years following commercial operation date and 26% for the balance period.
- Gayatri Project Limited will be the leader of the consortium and shall hold minimum equity stake of 51% and IDFC shall hold minimum 10% of equity stake of the aggregate shareholding of the consortium in the SPV.
- Gayatri Projects Limited will be responsible for overseeing construction, operation and maintenance of the project and IDFC shall be a financial partner.

Key Processes and technology

There are no key processes, technology and collaboration agreements with any parties for technology. Our clients normally specify proven conventional technologies and methods for their projects, therefore, it does not entail the need for any collaboration agreements for technology to be used. The client specifies the same in the tender conditions. For us to pre-qualify, we should have implemented contracts using the similar technology in the past. We don't require to own this technology however we can access the same, as they are available domestically. In case, certain specialized projects call for similar technology with higher capacities we may identify international sources and establish necessary tie-ups. However, one can not rule out the possibility of going for collaboration to enable access new technologies in the future. Based on the project requirements, the company is required to tie up from time to time with JV partners who possess experience in implementing projects with alternate technologies specified in the tender document.

Raw materials

Our major raw materials required are steel, cement, diesel, bitumen, reinforcement steel, shuttering material, scaffoldings, river sand, and block masonry electrical items.

We follow a centralized purchase system for cement, steel, diesel, and bitumen through our purchase department. In case of cement, our requirements are seasonal and we procure directly from manufacturing units located near to project site. We have got an effective system to take the material at competitive rates and to maintain minimum inventory, so the supplies are made on a just-in-time basis. In case of steel, diesel and bitumen our requirements are project specific. We procure steel from major steel suppliers to ensure availability and timely delivery to meet our project schedule needs.

Most of our other raw materials/consumables are easily available and hence we face no monopoly from suppliers. The requirement is processed through negotiations with the suppliers keeping in view the logistics of location of project and timing of supply. For some of our projects, we may require to purchase specific equipments and components, which are key inputs for project implementation, which are also procured by the centralized purchase department. However there are certain consumable which are required at various sites which are available locally at project sites and we have not faced difficulty in past in procuring them.

Plant Machinery & Equipments

Our Company owns a fleet of construction equipments assets. Some of the equipments owned by us are:

- Heavy earth moving machines such as hydraulic excavators, loaders, dozers, earth compacters.

GAYATRI PROJECTS LIMITED

- Concreting plants such as batching plants, concrete mixers, transit mixers, concrete pavers.
- Road equipment such as vibratory tandem rollers, electric paver finishers, mechanical paver finishers, hot mix plants, static rollers, truck mounted pressure bitumen sprayer, integrated stone crushing plants.
- Quarry equipments like wagon drills, jack hammers, air compressors.
- Transportation equipments such as cars and jeeps, tippers, tractors, water tankers, trailers.
- fabrication and erection plant such as welding generators, gas cuttings sets, work shop equipments, cranes, generators and other miscellaneous equipments.

Marketing

Normally in the construction sector major portion of the work is awarded by Government sector, however now substantial amount of contracts from private sector are also being offered. Normally a contract offered by Central or State government is backed by budgetary support or financial support or grants from various institutions and agencies both India and International. As such the normal course for awarding these contracts by the Government or their agency is through the process of tendering. In view of the nature of our market, the major sources of information of ensuing tenders for construction contracts are newspapers and government gazettes.

In order to ensure that we can effectively bid for these contracts we have a separate department which is headed by Manager Tenders, which keep track of these tender notification or advertisement and prepares the tender document. Further bidding capacity of a party is very important criteria for pre qualification in a contract. Also as per the requirements of the tender we take decision of forming Joint Venture with suitable partner or sometimes, as a strategic decision we bid in consortium with other reputed companies.

Competition

The construction industry is highly fragmented with large number of players operating in an unorganized sector and a few of them in the organized sector. Some of key players in the construction industry are Gammon (India) Ltd., Nagarjuna Constructions, Simplex Concrete Piles Ltd., IVRCL Infrastructure & Projects Ltd. With the works coming up all over country, the number of agencies have increased. This forced most of the key players to limit their bidding to Mega Projects where few agencies get pre-qualified. To meet this tough competition, we are planning to enter into various joint ventures.

Business Model

For our business, there are two necessary requirements, which determine our ability to undertake and execute projects. These are pre-qualification parameters and bidding strategy. These are explained as follows:

a. Pre qualification parameters

Typically a project owner/client conceives of a specific project and follows it up with the appointment of a consultant who prepares a detailed project report. This report addresses various aspects of project implementation commencing from obtaining clearances, right of ways, scope of work, technical parameters, etc., to related costs which define the approximate estimated cost of the project.

At the next level the project owner invites pre-qualifications from prospective bidders to assess and identify contractors who are capable of bidding for the project and subsequently implementing the same, if awarded. The detailed project report data is utilized to define the pre-qualification criteria by the project owner.

For projects across the various sectors, the project owner /client normally specify the qualifying criteria, which include:

Technical Capability: The company should have the experience of having implemented projects of similar nature, necessary manpower with a relevant profile to suit the project and the experience to execute it. Depending on the project, relevant machinery as specified by the client should be available with the company. This may be owned or outsourced / hired from a third party.

Financial Strength: This includes the minimum annual turnover, net worth requirement as well as working capital requirements.

In the event the project allows for association of more than one company to participate in the contract to enable the partners to pool in their resources, thereby meeting the threshold pre-qualifying criteria, such a method of invitation is known as joint venture participation. Joint Venture participation allows the individual partners of the proposed

project to pool in their own resources for pre-qualification as well as submission of the techno-commercial bid. Joint Venture may happen at the time of RFQ (request for qualification) or at tender stage in case of Two bid process. Normally a joint venture memorandum of understanding is signed by the partners, which is in line with the guidelines provided by the client. This Joint Venture agreement could be either project specific or generic.

- 1) Project Specific JVs/MOUs which are in existence till such time as the outcome of pre qualification or if awarded till the completion of the project.
- 2) Generic MOUs /JVs- In these cases the JVs /MOUs are not formed for any specific project rather it is a partnership wherein the JV can submit their prequalification and bid for the projects. No technology transfer is involved and both the parties will be limited to their respective scope of work derived out of their expertise.

For further details on these JVs, please refer to sub-section "Our Joint Ventures" on page no. 113 of the Prospectus.

b. Bidding strategy:

Our bidding strategy is based on the market opportunities, the competitive environment and new focus areas. Further, for each project we consider the project risks involved, impact of location, local environment, and the availability of existing resources such as manpower, equipments and finance. Our major cost inputs are labour, materials and plant and machinery. Once this is assessed the other costs such as site overheads, corporate overheads, profit margin, interest and taxes are added to arrive at the final cost for bidding. Based on the result of the tenders normally the lowest bidder is awarded the contract.

Our Offices

Details of our offices are as under:

Type	Address	Functions	Leased/ rented and Lessor Details	Rent/) Months(Rs)	Approx. area/ size (in Square Feet)	Number of Employees	Termination
Registered Office	G-2, Mangal Adesh Society, 4 th Road, TPS III, Santacruz (East), Mumbai – 400 055	Business Development	Gayatri Capital Ltd.- (Group Company's property)- No agreement	-	1400	2	-
Corporate Office	6-3-1090, B1 TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082	Business Planning, Resource Management (Men & Materials), Financial Management, Business Development, Accounts & Costing, Project monitoring and controls	On rental basis from Deep Enterprises - No Agreement	48,000.00	2400	38	-
Irrigation Division	6-3-1085/D/602 Dega Towers Rajbhavan Rd., Somajiguda, HYDERABAD	Monitoring all irrigation sites and business planning and development in the field of Irrigation	On rental basis from D.S. Reddy Properties (P) Limited for a period of 3 years Starting from February 10, 2005	67,200/- including the Fixtures and furniture Refundable security deposit of Rs 4,00,000	3200	22	Can be Terminated by either party by giving three months notice in writing
Legal Office	6-3-1085/ D/602 Dega Towers Rajbhavan Rd., Somajiguda, HYDERABAD	Monitoring all the Legal matters of the Company	On rental basis from C. Prashanth Mohan for a period of three years starting from 1/11/2005 and upto 31/10/2008	19,248/- and a refundable security deposit of Rs 1,15,488	1604	10	Can be Terminated by either party by giving three months notice in writing

GAYATRI PROJECTS LIMITED

Quality Certifications

We have been awarded ISO 9001:2000 and Q9001-2000 Quality Certificate by AQA International, LLC, USA on May 10, 2005 valid until May 10, 2008 for "Construction of Infrastructure Projects- Roadways, Highways, Bridges, Irrigation and Structures.

We have no export obligations for any exports.

Insurance

Our operations are subject to hazards inherent in providing engineering and/or construction services, such as risk of equipment failure, work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosion including hazards that may cause injury and loss of life, severe damage to and destruction of property, equipment and environmental damage. We may also be subject to claims resulting from defects arising from engineering, procurement and/or construction services provided by us within the warranty periods extended by us, which range from 12 to 18 months from the date of commissioning.

We obtain appropriate and specialized insurance for all construction risks, third party liabilities for projects, as required and specified by our clients, for the duration of the project and the defect liability period. We maintain comprehensive insurance covering our assets and operations at levels which we believe to be appropriate. Risks of loss or damage to project works and materials are often insured jointly with our clients. Loss or damage to our materials, property and/or materials used in the project, including contract works, whether permanent or temporary, and materials or equipment whether supplied by us or supplied to us by the client, are generally covered by "Contractors All Risks Policy" (CAR) insurance against material damage to property. Under the all risk insurance policy we are also provided cover for price escalation, debris removal and surrounding properties. The aggregate coverage under the policies currently is Rs. 163811.03 lakhs as on December 31, 2005 for various projects. The details are as under

S. No.	Policy Number	Name of the Company	Expiry Date	Maintenance Period	Policy Amount (Rs.)	Premium Amount	Nature of Policy
1.	OG-06-1801-0402-00000040	Bajaj Allianz General Insurance Co. Ltd.	20-02-2007	20.02.2009	3,013,000,000	6,516,518	CAR Policy
2	OG-06-1801-0402-00000053	Bajaj Allianz General Insurance Co. Ltd.	20.08.2007	20.08.2009	2,545,000,000	4,211,626	CAR Policy
3.	32007599	IFFCO-Tokio General Insurance Co. Ltd.	15.08.2007	15.08.2009	1,870,000,000	3,007,870	CAR Policy
4.	81WWWC 0506 CS 000012	IFFCO-Tokio General Insurance Co. Ltd.	12.09.2006		2,710,800	204,358	Workmen Compensation
5.	34502/41/05/00383	United India Insurance Co. Ltd.	30.09.2006		2,088,624	69,050	Ashpond WC Policy
6.	012000/44/03/70026	The Oriental Insurance Co. Ltd.	23.01.2007	23.01.2008	2,697,657,101	9,669,332	CAR Policy
7.	432900/21/0/Engg/CAR/2004/72	The Oriental Insurance Co. Ltd.	27.09.2006	27.09.2007	2,809,355,472	5,813,803	CAR Policy
	GRAND TOTAL:				16,381,103,503	3,79,80,776	

Employees

As of May 31, 2006, we employ 867 full-time employees including mechanical and civil engineers. In addition, we also employ casual and temporary contract labor on our project sites on a need basis. The skills and diversity of our employees gives us the flexibility to adapt to the needs of our clients by organizing our employees into multicultural and mobile teams. We are dedicated to the development of the expertise and know-how of our employees.

We believe that we maintain good relationships with our employees. We have developed a structured incentive program, including a performance-linked variable pay structure for certain levels of employees, and we provide adequate training programs. While we consider our current labor relations to be good, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. The number of contract laborers varies from time to time based on the nature and extent of work contracted to independent contractors. We enter into contracts with independent contractors to complete specified assignments.



Following are the number of employees in our Company in various fields:

Sl. No	Nature of Employment	No. of Employees
01	Civil	
	Managerial Cadre	46
	Engineers- Graduate Engineers	9
	Engineers- Diploma Holders	75
	Technicians – Diploma Holders	32
	Surveyors – Diploma Holders	5
	Surveyors - ITI	8
	Technical Supervisors	28
	Non-technical Supervisors	53
	Sub-Total	256
02	Mechanical	
	Managerial	5
	Operators- Diploma Holders	3
	Operators- ITI	100
	Operators- Others	158
	Technical	8
	Mechanical helpers	115
	Supervisors	32
	Mechanics	41
	Sub-Total	462
03	Accounts & administration	
	Managerial	21
	Assistants	59
	Accountants	28
	Stores	15
	Security, office Asst & cook	18
	Purchase Officers & PR	8
	Sub-Total	149
	Total	867

Purchase of Property

Except as stated in the section “Object of Offer” on page 23 of this Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

GAYATRI PROJECTS LIMITED

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Offer nor is the Offer contemplated in consequence of the contracts; or
- the amount of the purchase money is not material; or
- disclosure has been made earlier in this Prospectus

Except as stated in the section entitled “Related Party Transactions” on page 116 of this Prospectus, we have not purchased any property in which any of our Promoters and Directors, have any direct or indirect interest in any payment made thereof.

Our Indebtness

Name of Bank	Type of Loan/ Facility	Amount (Rs. In Lakhs)	Rate of Interest	Repayment Schedule	Security
Canara Bank	Clean Overdraft	2550.00	11.25% p.a. (11.15 % monthly compounding)	-	Equitable Mortgage of commercial and residential properties, machineries & equipments. Paripassu first charge on- <ul style="list-style-type: none"> • Stocks, Construction materials, book debts and receivables of company • Machinery and vehicles, not specifically charged/ encumbered to any bank
	Short Term Loan	1500.00	11.25%	In 31 months -3 Equal Installment of Rs 500 lakh in 27 th month (Oct'07), 29 th month (Dec'07) and 31 st month (Feb'08)	Personal Guarantees of following Directors:- <ul style="list-style-type: none"> • Smt T.Indira Reddy • Sri. T.Sandeep Kumar Reddy • Sri G.Siva Kumar Reddy • Sri J Brij Mohan Reddy • Sri T Subbarami Reddy
Bank of Baroda	Term Loan	1585.00	1% over BPLR presently 11.50%	19 quarterly installments of Rs. 83.34 lakhs (Last installment Rs 83.18 lakhs) starting from 04.11.2004	<ul style="list-style-type: none"> • Demand Promissory Note • Hypothecation of machinery & vehicle purchased from the loan.
	Overdraft	6500.00	BPLR +0.50% (Presently 11.00% p.a.)		<ul style="list-style-type: none"> • DP note executed by Company • Hypothecation of stocks, construction material, machinery, vehicle, book debts on paripasu basis
	Cash Credit	1000.00	BPLR + 0.50% (presently 11.00%)	On Demand	<ul style="list-style-type: none"> • DP note executed by Company • Letter of BP undertaking • Hypothecation of stocks, machinery, vehicle, book debts etc. • Lodgment of supply bill
Other Securities:- <ul style="list-style-type: none"> • Personal Guarantee of Smt T.Indira Reddy, Sri. T.Sandeep Kumar Reddy, Sri G.Siva Kumar Reddy, Sri J Brij Mohan Reddy, Sri T Subbarami Reddy and Smt G. Sullochanamma • Equitable mortgage of properties standing in the name of Sri T. Subbarami Reddy, Sri T.V.Sandeep Reddy, Smt. G.Sullochanamma and Sri. G.Shivakumar Reddy. • Charge on stocks, Bookdebts and other current assets to cover all facilities ranking <i>pari passu</i> with other banks i.e. Canara Bank, Syndicate Bank and Corporation Bank. 					

Syndicate Bank	OSL (ST) OSL	1500.00 1000.00	PLR + 1% (Presently 12% p.a) PLR + 1% (Presently 12% p.a)	3 Instalments of Rs. 500 lakhs in December 2007, February 2008 and In April 2008. 2 Instalments of Rs. 5.00 crores each payable in October' 07 and January' 08.	<ul style="list-style-type: none"> • Exclusive charge on the fixed/current assets of the specific NHAI project • Collateral Security • Existing UREM of Theatre Complex at Hyderabad • Existing UREM of property at TSR complex, Hyderabad • Hypothecation of machinery & vehicles • Personal Guarantees of Smt. Indira Reddy, Sh. Brij Mohan Reddy, Shri T.V.Sandeep Reddy, Shri. G. Sivakumar Reddy, Shri T. Subbarami Reddy, M/S Deep Enterprises and Gayatri Hotels and Theatre Pvt. Ltd.
	Term Loan (By converting the existing DPG facility)	300.00	PTLR + 3%	Quarterly Instalments of Rs. 17.41 Lakhs starting from January, 2003	<ul style="list-style-type: none"> • The machinery taken as security for DPG facility will be taken as security
	SOD	100.00	PLR + 3%		<ul style="list-style-type: none"> • Charge on Stocks , Book Debts and other current assets to cover all the facilities ranking pariassu with other banks and hypothecation of theatre complex
	Working Capital Demand Loan	400.00	PLR + 3%		
<ol style="list-style-type: none"> 1. Collateral Security of existing UREM of Theatre Complex at Hyderabad, existing UREM of property at TSR complex, Hyderabad and hypothecation of machinery & vehicles 2. Personal Guarantees of Smt. Indira Reddy, Sh. Brij Mohan Reddy, Shri T.V.Sandeep Reddy, Shri. G. Sivakumar Reddy, Shri T. Subbarami Reddy, M/S Deep Enterprises and Gayatri Hotels and Theatre Pvt. Ltd. 3. Joint mortgage of property at 6-3-1090, TSR Complex, Rajbhavan Road, Somajiguda with Canara Bank and Corporation bank. 					
Corporation Bank	Overdraft	355.00	PLR + 3.00% i.e 14.5% at present		
	Term Loan	750.00	CBMTLR + 3% i.e 15.25%	Quarterly Installment of Rs. 37.50 Lakhs	<ul style="list-style-type: none"> • Pariassu floating charge on all the fixed assets
<p>Collateral Security</p> <ol style="list-style-type: none"> 1. Exclusive first charge by way of Equitable Mortgage of the residential properties. 2. Pari-passu charge on the Equitable mortgage of commercial complex, viz., TSR towers at somajiguda, Hyderabad on pari-passu basis with Canara Bank and Syndicate Bank to the extent of Rs. 1100 lakhs. (This property is in the name of Deep Enterprises in which Sri. T Subbarami Reddy, Smt. T Indira Reddy and Sri Sandeep Kumar Reddy are partners, Value of the Property is Rs. 6757 lakhs. Canara Bank is presently holding this security and has ceded pari-passu charge of Rs. 1100 lakhs in favour of our Bank.) 3. Hypothecation of all movable fixed assets of the company except specific assets charged for the DPG facilities / debentures on pari passu basis with other Banks viz., Syndicate Bank, Bank of Baroda and Canara Bank (Net Block Rs. 5981.28 Lakhs) and all current assets of the Company. <p>Guarantors</p> <ol style="list-style-type: none"> 1. Personal Guarantee of the directors of the company viz., Smt. T Indira Reddy, Mr. T Subbarami Reddy, Sri J Brij Mohan Reddy Sri T V Sandeep Kumar Reddy and Sri G Siva Kumar Reddy. 2. Third Party guarantee of Sri T Subbarami Reddy 					

GAYATRI PROJECTS LIMITED

Indian Overseas	Clean Cash Credit	2169.00	BPLR presently 11.50%	<ul style="list-style-type: none"> • <i>Pari passu</i> charge by way of hypothecation of entire current assets. Bank • <i>Pari passu</i> charge on block of assets which are specifically charged to any bank/ financial institution
<p>Collateral Security</p> <ol style="list-style-type: none"> 1. Maheswari & Parameswari Theatre complex at Hyderabad in name of Gayatri Hotels & Theatres Pvt Ltd valued at Rs. 2102 lakhs 2. House at 6-3-249/5/A, Road no 1, Banjara Hills belonging to Mr. T.Subbarami Reddy, valued at Rs. 1660 lakhs. 3. House property at 8-2-331/12/A, Road No. 3, Banjara Hills, Hyderabad belonging to Sh. T.V.Sandeep Kumar Reddy valued at Rs. 468 lakhs. 4. Ag Land & Building at Medchal village Ranga Reddy District S.No. 874.875, 880 & building no. 11-52 to 56 belonging to Mr. T.V.Sandeep Kumar Reddy valued at Rs. 524 lakhs. 5. Commercial complex at 106/106/A (old) 1-7-1 (new) situated at SP road, Secunrabad belonging to Mr. T.Subbarami Reddy valued at Rs. 3095 lakhs. 6. Open land at Shanti Nagar, Fathekhan pet, Nellore district in the name of MR. G.Sivakumar Reddy valued at Rs. 117 lajhs 7. Commercial property at 6-3-1090 TSR Towers, Rajbhawan Road, Hyderabad belonging to Deep Enterprises valued at Rs. 7851 lakhs. 8. House property at Road no. 11, Banjara Hills, Hyderabad belonging to Mrs. T.Saritha Reddy valued at Rs. 295 lakhs 9. Guest house at TS 1011, Waltair Uplands Visakapatnam belonging to Gayatri Engineering Pvt. Ltd. valued at Rs. 246 lakhs 10. 5 acres of land at S.No. 122/3 (patta No. 481) of Tunglam village, Sheela Nagar, Visakhapatnam standing in the name of M/s Shiva Sankari Engineering Co valued at Rs. 605 lakhs. <p>Guarantors</p> <ol style="list-style-type: none"> 1. Personal Guarantee of Smt. T Indira Reddy, Mr. T Subbarami Reddy, Sri J Brij Mohan Reddy Sri T V Sandeep Kumar Reddy, Sri G Siva Kumar Reddy, Smt Sulochanamma. 2. Guarantees of Gayatri Hotels & Theatres Pvt. Ltd., Deep Enterprises, Smt T.Sarita Reddy, Gayatri Eng Pvt. Ltd. and Shova Shankari Eng Co 				
Unit Trust Of India	Non-convertible Debentures	1500.00	12.00%	<ul style="list-style-type: none"> • Hypothecation of Construction equipments of book value of Rs. 3013 lakhs • Joint and several Irrevocable guarantee of Sh T.V.Sandeep Kumar Reddy, Smt T. Indira Reddy, Sh. T. Subbarami Reddy. • Mortgage over immovable property bearing sub division No.5 forming part of final Gat no. 249 of survey no. 120 village Dongergaon of taluka Mawal District Pune measuring 475 sq. yards.

Previous Defaults / Delays

We have issued 14% Secured Redeemable Non-Convertible Debentures of Rs. 100/- each of aggregate value of Rs. 1500 lakhs on private placement basis to Unit Trust of India in May, 2001. We delayed payment of interest payment during 2001-02 and 2002-03 due to financial constraints. Consequently, UTI issued recall notice in January, 2003 and enforcement of guarantee notice in February, 2004. UTI in the meantime also preferred an application for debt recovery before Debt Recovery Tribunal and claimed an amount of Rs. 1617.26 lakhs. We cleared all our interest dues to UTI in September, 2004 and are now regularly paying interest instalments. Further, we have also paid on due date the instalment of Rs. 500 lakhs, which was due on July 03, 2006. The balance one instalment of Rs.500 lakhs is due on July 3, 2007. The matter is still to be withdrawn from the DRT and is adjourned since 2000.



REGULATIONS AND POLICIES

There are no specific regulations in India governing the construction industry. Sets forth below are certain significant legislations and regulations that generally govern this industry in India:

General

The Company is engaged in execution of major Civil Works including Concrete / Masonry Dams, Earth Filling Dams, National Highways, Bridges, Canals, Aqueducts, Ports etc.

Contracts are executed in pursuance of tenders/quotations issued by the Government, Government agencies, Government companies, private companies, public companies and multinational companies or by orders placed by them. For the purpose of executing the work undertaken by the Company, we may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant state. For details of such approvals please see "Government and Other Approvals" on page 163 of this Prospectus.

Foreign Ownership

Under the Industrial Policy and FEMA, foreign direct investment up to 100% is permitted in construction and related engineering services. Further, the Industrial Policy now also permits foreign direct investment under the automatic route in projects for construction and maintenance of roads, highways, vehicular bridges, toll roads, vehicular bridges and ports and harbors.

Subject to certain conditions and guidelines, the Industrial Policy and FEMA further permit up to 100% foreign direct investment in townships, housing, built-up infrastructure and construction development projects which include, but are not restricted to, housing, commercial, premises, hotels, resorts, hospitals, educational institutions, recreational facilities and city and regional level infrastructure. In respect of the companies in infrastructure/ service sector, where there is a prescribed cap for foreign investment, only the direct investment is considered for the prescribed cap and foreign investment in an investing company may not be set off against this cap provided the foreign direct investment in such investing company does not exceed 49% and the management of the investing company is with the Indian owners.

The RBI by its A.P. (DIR Series) circular No. 16 dated October 4, 2004 granted general permission for the transfer of shares of an Indian company by Non-Residents to residents, subject to the terms and conditions, including pricing guidelines, specified in such circular.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of the company. However, the limit of 24% can be raised up to the permitted sectoral cap for that company after approval of the board of directors and shareholders of the company. The Issue of equity shares to a single FII should not exceed 10% of the post issue paid-up capital of the Company. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

Environmental and Labour Regulations

Depending upon the nature of the projects undertaken by the Company, applicable environmental and Labor Laws and regulations include the following:

GAYATRI PROJECTS LIMITED

- Contract Labor (Regulation and Abolition) Act, 1970;
- Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
- Inter State Migrant Workers Act, 1979;
- Employees' State Insurance Act, 1948.
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- Payment of Gratuity Act, 1972.
- Shops and Commercial Establishments Acts, where applicable.
- Environment Protection Act, 1986;
- Water (Prevention and Control of Pollution) Act, 1974;
- Air (Prevention and Control of Pollution) Act, 1981;
- Minimum Wages Act;
- Hazardous Waste (Management and Handling) Rules, 1989; and
- Hazardous Chemicals Rules, 1989.
- Weights and Measures Act
- Petroleum Act, 1934
- Maharashtra Sales Tax on Professions, Trade, Calling and Employment Act, 1975
- Andhra Pradesh State Tax on Professions, Trade, Calling and Employment Act, 1987
- Motor Transport Workers Act, 1861
- Employees Provident Fund and Miscellaneous Provisions Act, 1952
- Central Sales Tax Act
- Local Sales Tax Acts in Karnataka, Andhra Pradesh, Orissa, Madhya Pradesh, Gujarat, Uttar Pradesh and Assam



OUR HISTORY AND CERTAIN CORPORATE MATTERS

Our company was originally incorporated on September 15, 1989 as Andhra Coastal Construction Private Limited in the state of Andhra Pradesh for undertaking construction activities. The name of the company was changed to Gayatri Projects Private Limited with effect from March 31, 1994 and was converted into a public limited Company on December 2, 1994. On April 1, 1994 Gayatri Projects Private Limited took all the assets and liabilities of Gayatri Engineering Company, a partnership firm which was established in the year 1975 as a “Special Class Contractors” on a going concern basis. Gayatri Engineering Company had been undertaking civil and engineering works of various state governments, central governments, public / autonomous bodies / corporations.

Our Company has executed different construction projects during the last 16 years and gained adequate experience. We have constructed about 644.00 Km of the Highways and 1113.00 Km of Irrigation Canals. We have executed 21 irrigation projects amounting to Rs. 58399 lakhs. We have completed irrigation projects such as Construction of five packages of Narmada Main Canal comprising of the 50.60 Km, Upper Krishna Project comprising of 44.00 Km, Sriram Sagar Project comprising of 954.00 Km and KC Canal comprising of 64.00 Km. We have executed 7 projects for construction of dams and reservoir amounting to Rs. 7533 lakhs, in which major ones include construction of Kaniti Balancing Reservoir for Vishakhapatnam Steel Plant, construction of raw water pond for Jindal Vijaynagar Steel Ltd., construction & raising of ash pond dykes to ancillary works for NALCO Ltd. etc. We have executed 9 highway and runway projects, 8 site leveling projects and 3 industrial projects amounting to Rs. 57562 lakhs, Rs. 9433 lakhs and Rs. 3478 lakhs respectively. Our projects are largely concentrated in the Southern and Western Regions.

Our Company owns a fleet of construction equipments comprising of heavy earth moving machines such as hydraulic excavators, loaders, dozers, earth compacters, concreting plants such as batching plants, concrete mixers, transit mixers, concrete pavers, road equipment such as vibratory tandem rollers, electric paver finishers, mechanical paver finishers, hot mix plants, static rollers, truck mounted pressure bitumen sprayer, integrated stone crushing plants, quarry equipments like wagon drills, jack hammers, air compressors, transportation equipments such as cars and jeeps, tippers, tractors, water tankers, trailers, fabrication and erection plant such as welding generators, gas cuttings sets, work shop equipments, cranes, generators and other miscellaneous equipments.

We are currently executing projects amounting to Rs. 105,016 lakhs of Public works /Irrigation Departments of various State Governments namely Andhra Pradesh, Madhya Pradesh, Chattisgarh and Gujarat and for other clients. Out of the projects in hand, the highways constitutes projects amounting to Rs. 40,700 lakhs, irrigation projects Rs. 63,068 lakhs and other works constitutes Rs. 1,200 lakhs. In addition, we are also executing projects in our various joint ventures in which our share of contract value to be executed, works out to around Rs. 69,000 lakhs. Most of these projects would be completed within period of 36-42 months.

Our Company is an ISO 9001 – 2000 engaged in execution of major Civil Works including Concrete/Masonry Dams, Earth Filling Dams, National Highways, Bridges, Canals, Aqueducts, Ports, etc.

Milestones

Year	Particulars
1989-90	Incorporation of the Company as “Andhra Coastal Construction Private Limited” on September 15, 1989 in the state of Andhra Pradesh
1993-94	Name of the Company changed to Gayatri Projects Private Limited with effect from March 31, 1994
1994-95	<ul style="list-style-type: none">● Converted into a Public limited company with effect from December 2, 1994.● Investment by Videocon Appliances Limited and Videocon International Limited into shares of the Company at a premium of Rs. 97/-.● The Company took over all the assets and liabilities of Gayatri Engineering Company.
1996-97	<ul style="list-style-type: none">● Completed construction of ‘S’ Bund and Platforms at Kakinada Port Project funded by ADB.● Successfully completed filling of 50.00 Lakh cum. In a record time of 8 months at Reliance Petroleum Limited Project, Jamnagar.● The registered office of the company was shifted from Andhra Pradesh to Maharashtra.

GAYATRI PROJECTS LIMITED

Year	Particulars
1997-98	<ul style="list-style-type: none"> Formed a Joint Venture with IJM Corporation Berhad, Malaysia
2005-06	<ul style="list-style-type: none"> Took 40% interest in the equity of Western UP Tollway Limited a SPV created to execute a BOT project awarded by NHAI. This will be the FIRST BOT project for our Company.· Awarded ISO 9001:2000 and Q9001-2000 Quality Certificate by American Quality Assurance International, LLC, USA
2006-07	<ul style="list-style-type: none"> Awarded 2 contracts on annuity basis by NHAI in Uttar Pradesh in Joint Venture

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of the Company enables it to undertake the existing activities and the activities for which the funds are being raised, through the present Offer.

Main Objects of the Company

The main objects as contained in our Memorandum of Association of the Company are:

- To carry on the trade or business of service contractors and engineers in any branch of industry as also manufacturers; builders and contractors of every type and description and to own, control, manage or to erect, construct, maintain, alter, repair, pull down and restore either alone or jointly or in collaboration with any other or others, works of all descriptions in particular Gas pipe line, barrages, dams, sluices, locks, embankments, quarries breakwaters, docks, quays, harbors, pixels, wharves, canals, tanks, bridges, aqueducts, reservoirs, irrigation, reclamation, improvement, river works of all kinds, railways, waterways, waterworks, roads, bridges, warehouses, offices, factories, mills, engines, steel plant, machinery and equipment of every descriptions, gas works drainage and sewerage works and buildings of every description in and out side the union of India and to take over the business of Gayatri Engineering Company, a Partnership Firm, as a going concern.
- To carry on the trade or business of consultants, technicians, service contractors and engineers in any branch of industry, including mining, metallurgical, chemical, electrical, sanitary, water works, industrial, civil, mechanical and structural and to supply and furnish pursuant to such contractual or other arrangements as may be entered into professional, technical, sales and other services in and out side the union of India to any person, firm or corporation in connection with the setting up, establishment, working and operation of any industry and for all or any of the purposes aforesaid.
- To construct, let out, furnish and carry on all or any of the functions of proprietors of flats, maisonettes, dwelling houses, shops, offices and for these purposes, to purchases, take on lease, or otherwise acquire and hold any lands and prepare layout thereon or buildings of any tenure or description wherever situate, or rights or interests therein or connected therewith: to lay-out, prepare buildings sites, and to construct, reconstruct, repair, pull down, alter, improve, decorate, furnish and maintain flats, maisonettes, dwelling-houses, shops, offices, buildings, works and sanitary conveniences of all kinds, to lay – out roads, drainage pipes, water pipes and electric installations and to set apart land for pleasure gardens and recreations, grounds or otherwise improve land or any part thereof.

Changes in the Memorandum of Association

Date of Change	Particulars of Change
April 26, 1993	Increase in Authorized Share Capital of the company to Rs. 500 Lakhs consisting of 50 Lakhs Equity Shares
March 31, 1994	Change in the name of the Company from Andhra Coastal Construction Private Limited to Gayatri Projects Private Limited.
December 2, 1994	<ul style="list-style-type: none"> Converted into Public limited Company from Private Limited Company. Change of Registered Office from the state of Andhra Pradesh to the state of Maharashtra



Date of Change	Particulars of Change
July 10, 1996	Changes in object clause To add the following object to objects incidental to the Main Objects: To guarantee the payment of money secured or unsecured by or payable under or in respect of promissory notes, bonds, debentures, debenture stock, contracts, mortgages, charges, obligations, instruments, stocks and securities of any Company or of any such authorities, supreme, municipal local or otherwise or of any persons whomsoever, whether incorporated or not incorporated and generally to guarantee or become sureties for the performance of any contracts or obligations on behalf of the company or on behalf of any other company.
October 27, 2005	Increase in Authorised Share Capital of the Company to Rs. 1200 Lakhs consisting of 120 Lakhs Equity Shares

Subsidiaries of the Company

Gayatri Lease-fin Private Limited was a wholly owned subsidiary company since F.Y. 1994-95 till the F.Y. 2000-01. In the financial year 2001-02, the shares of the subsidiary company were sold off and it ceased to be the subsidiary of the Company. At present, we do not have any subsidiary.

Shareholder Agreement

Our Company, Videocon International Limited, Videocon Appliances Limited and Videocon Industries Limited have entered into Memorandum of Understanding on March 22, 2006 and Amended and Restated Shareholders Agreement on September 30, 2005 to amend and restate the terms and conditions agreed upon in the Original Shareholders Agreement dated November 14, 1994 in the light of the Offer. The key provisions of MOU and Amended and Restated Shareholders Agreement are as follows:

- **Recital:** Videocon International Limited and Videocon Appliances Limited, being a group company of Videocon Industries Limited (formerly known as Videocon Leasing and industrial Finance Limited) subscribed to 15,20,000 Equity Shares of Rs. 10/- each at a premium of Rs. 97/- per share in accordance with the Original Shareholders Agreement.
- **Bonus Shares:** Post allotment of bonus shares on December 29, 1995 in the ratio of 1:4 to the Selling Shareholders, the Selling Shareholders are holding 38% of the total paid up capital of the Company. The Company also agreed to issue bonus shares to its shareholders in the ratio of 4:5 i.e. for every five shares held by the shareholders four shares Rs. 10/- each fully paid up will be issued as bonus. Post allotment of bonus shares, each Videocon Appliances Limited and Videocon Industries Limited are holding 17,10,000 equity shares aggregating 34,20,000 equity shares of Gayatri Projects Limited.
- **Initial Public Offer:** It was decided that Videocon Appliances Limited and Videocon Industries Limited shall offer 19,00,000 equity shares of their holding to the general public by way of IPO. In addition, the company will also increase share capital by way of IPO of 10,00,000 equity shares. Power given to Videocon Appliances Limited and Videocon Industries Limited to appoint the Merchant Banker to the issue and to render all assistance to enable the Merchant Banker so appointed to allot the shares listed in stock exchange of Bombay. All the expenses for listing of the shares on stock exchanges and for making an IPO shall be borne by Gayatri Projects Limited and Selling Shareholder in the ratio of 34.48% and 65.52% respectively. After deducting, the expenses incurred for making an IPO, the sale proceeds shall be paid to the Company and the Selling Shareholders in the ratio of 34.48% and 65.52% respectively.

Pursuant to the Original Shareholders Agreement dated November 14, 1994, the Selling Shareholders have the the right to nominate one person on the Board of Gayatri Projects Limited. Such a nominee shall hold the office till the time of listing. Videocon group entered our Company for the purpose of investment by way of private equity which was offered to them by way of above shareholders agreement.

The Selling Shareholder sold 9,20,000 Equity Shares on January 30, 2006 to IL&FS Private Equity Fund, a Venture Capital Fund registered with SEBI and 6,00,000 Equity Shares to 2i Capital pcc, a Foreign Venture Capital Investor registered with SEBI on March 28, 2006 at a price of Rs. 275/- per share. The balance 19,00,000 Equity Shares are now being offered through Offer for Sale through this Prospectus.

Other Agreements

The Company has not entered into any other agreements.

Strategic Partners

At present, the Company does not have any strategic partners.

GAYATRI PROJECTS LIMITED

OUR MANAGEMENT

Board of Directors

As per the Articles of Association of the Company, the Company must have a minimum of three (3) and maximum of twelve (12) directors. At present, the Company has 9 Directors. Mr. T V Sandeep Kumar Reddy, Managing Director manages the day-to-day affairs of the Company.

The Board of Directors of the Company comprises of the following members:

Sl. No	Name, Designation, Father's Name, Address and Occupation	Age (in yrs.)	Date of Appointment and Term	Other Directorships
01	Mrs. T Indira Subbarami Reddy W/o. T Subbarami Reddy6-3-249/5/A, Road # 1, Banjara Hills, Hyderabad – 500 034 Non-Independent Non-Executive Director (Chairperson) Occupation: Business	55	08-03-1996 Retire By Rotation	<ol style="list-style-type: none"> 1. Parameshwari Constructions Pvt. Ltd. 2. Deep Estates Pvt. Ltd 3. Parameshwari Hotels & Theaters Pvt. Ltd 4. Indira Constructions Pvt. Ltd. 5. T S R Holdings Pvt. Ltd 6. Gayatri Fin-Holdings Pvt. Ltd 7. T Gayatri Engineering Pvt. Ltd 8. Gayatri Hotels & theaters Pvt. Ltd 9. T Rajeev Reddy Real Estates Developers Pvt. Ltd 10. Gayatri Digital Images Ltd 11. Gayatri Telesoft Ltd 12. Gayatri Digisoft Technologies Ltd 13. Gayatri Interactive Ltd 14. Gayatri Tissue & papers Ltd. 15. GSR Sugars Pvt. Ltd 16. Gayatri Lease-Fin Pvt. Ltd 17. Gayatri Sugars Ltd. 18. Maheshwari Hotels & Theatres Pvt. Ltd. 19. Gayatri Hi-Tech Hotels Ltd. 20. Deep Corporation Private Limited 21. TSR Power Pvt. Ltd
02	Mr. T V Sandeep Kumar Reddy S/o. T Subbarami Reddy8-2-331/2/A, Road # 3, Banjara Hills, Hyderabad – 500 034 Non-Independent- Executive Director Occupation: Business	39	15-09-1989 Appointed as Managing Director for a period of 5 years with effect from 01-09-2005	<ol style="list-style-type: none"> 1. Gayatri Capitals Ltd 2. Gayatri Sugars Ltd 3. Gayatri Starchkem Industries Ltd 4. Gayatri Interactive Ltd 5. Gayatri Telesoft Ltd 6. Gayatri Digisoft Technologies Ltd 7. Gayatri Digital Images Ltd 8. T S R Holdings Pvt. Ltd 9. Gayatri Fin-Holdings Pvt. Ltd 10. Maheswari Film Production Pvt. Ltd 11. Gayatri Hotels & Theaters Pvt. Ltd 12. Sandeep Builders Pvt. Ltd. 13. Indira Constructions Pvt. Ltd 14. T Rajeev Reddy Real Estate Developers Pvt. Ltd. 15. T Anirudh Reddy Builders & Developers Pvt. Ltd. 16. Indira Publications Pvt. Ltd 17. Rajeev Constructions Pvt. Ltd 18. Gayatri Lease-Fin Pvt. Ltd. 19. Gayatri Hi-Tech Hotels Ltd. 20. Deep Corporation Private Limited 21. TSR Power Pvt. Ltd

Sl. No	Name, Designation, Father's Name, Address and Occupation	Age (in yrs.)	Date of Appointment and Term	Other Directorships
03	Mr. Ch. Hari Vittal Rao S/o. Ch Venkateswara Rao Plot # 24, Kamalapuri Colony Srinagar Colony Road Hyderabad – 500 073 Independent Non-Executive Director Occupation : Retired	66	04-11-2005 Retire By Rotation	NIL
04	Dr. V L Moorthy S/o. V Narasimham 408, H. No.: 6-3-1103, Gulrez Apartments, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082 Independent Non-Executive Director Occupation: Professional	69	04.11.2005 Retire By Rotation	Aparna Engineering Company Pvt. Ltd.
05	Mr. Ravindra K Katariya S/o. K P Katariya C/o. Videocon International Limited 2275, Adate Bazar, Ahmednagar – 414 001 Non Independent Non-Executive Director Occupation: Chartered Accountant	44	18.01.1997 Retire By Rotation	1. Superfine Extrusions Pvt. Ltd. 2. Superfine Photo Co. Pvt. Ltd. 3. Superfine Colour Labs Pvt. Ltd.
06	Mr. J Brij Mohan Reddy S/o Late J.C.K.Reddy 8-2-618, Road No.: 11, Banjara Hills, Hyderabad- 500 034 Non-Independent Non-Executive Director Occupation: Business	64	30-03-1994 Retire By Rotation	Chamundeswari Resorts Pvt. Ltd
07	Mr. G Siva Kumar Reddy 6-3-890, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082 Non-Independent Non-Executive Director Occupation: Business	50	30-03-1994 Retire By Rotation	1. G S R Projects Pvt. Ltd. 2. Srinivasa Resorts Ltd. 3. G S R Sugars Limited 4. Aparna Engineering Company Pvt. Ltd.
08	Mr. S M A A Jinnah S/o Sh. Mohd. Gulam Mohiddin 16-2-705/8/9/B-3, Akber Bagh, Hyderabad – 500 036 Andhra Pradesh Independent Non-Executive Director Occupation: Retired	63	04-11-2005 Retire By Rotation	Nil
09	Dr. Archana Niranjana Hingorani D/o Dr Niranjana Lilaram Hingorani 10, Jeevan Dhara, Dr. Ambedkar Road, Bandra (W), Mumbai – 400 050 Non Independent Non-Executive Director Occupation: Service	40	02-02-2006 Retire by Rotation	1. Schoolnet Haryana Education & Training Services Private Ltd. 2. IPFonline Limited 3. Pipavav Railway Corporation Limited 4. Rewas Port Development Company Limited 5. Petronet India Limited 6. IL&FS Ecosmart Limited 7. Bharat Fritz Werner Limited 8. Gokaldas Images Private Limited

GAYATRI PROJECTS LIMITED

Brief Details of the Directors

Ms T. Indira Subbarami Reddy

For details please refer to page 78 relating to “Our Promoters”

Mr. T. V. Sandeep Kumar Reddy

For details please refer to page 78 relating to “Our Promoters”

Mr. J. Brij Mohan Reddy, 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 Vice Chairman of our Company in the year 1989. He is responsible for construction of the entire fisheries harbor at Chennai and major portion of mechanized ORE-handling project for Chennai Port Trust.

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.

Mr. C Hari Vittal Rao is a CAIIB with an experience of 43 years as a banker with Bank of Baroda and also worked as a full time advisor and responsible officer for running of the Naandi Foundation, an autonomous foundation for the development of Andhra Pradesh. In Bank of Baroda, he achieved Silver Shield Award for outstanding performance and for deposit mobilization for 10 consecutive years, Special Silver Award and The Illustrious Banker Award. After retirement in the year 1999 he is working on Non-Performing Assets (NPAs) recovery project, Reducing Sick units in Banking Industry and its revival and research on self-help groups.

Dr. V L Moorthy, aged about 69 years is a Master in Science and a Doctorate in Philosophy in the field of Pure Chemistry from University of Calcutta. He has experience of 37 years in the fields of paper and Pulp industry and visited many countries for project work and operations. He worked with pulp & paper Companies like ITC Bhadrachalam Paper Board in India and abroad.

Mr. Ravindra K. Katariya is a practicing Chartered Accountant and Managing Director of Superfine Extrusions Private Limited, Superfine Photo Company Private Limited and Superfine Colour Labs Private Limited. He has knowledge in the field of taxation and audit matters. He is Financial Advisor of Videocon Group and on behalf of Videocon group has been appointed as Nominee Director on board of our Company. He has knowledge of Aluminium Industries, wind power project, digital photo colour labs and is managing Superfine group's business activities.

Mr. S M A A Jinnah is a Bachelor of Engineering in Civil, from Andhra University, Andhra Pradesh and a Master in Structural Engineering from Indian Institute of Sciences, Bangalore. He is a fellow member of Institute of Engineers and former Chairman of Board of Chief Engineers, Govt. of Andhra Pradesh. He has experience of 26 years in the field of Engineering with Andhra Pradesh Engineering Service, Ministry of Transport and Ministry of Water Resources. He worked as a Professor on Civil and Structural Engineering in University of Engineering, Osmania University for 5 years. He retired as Engineer in Chief of Irrigation Department of Andhra Pradesh in the year 2000.

Dr. Archana Niranjana Hingorani aged 40 years, is MBA and Ph.D in Finance from the University of Pittsburgh, USA. She is the Chief Operating Officer at IL&FS Investment Managers Limited and responsible for various private equity transactions. She has been with IL&FS Group for the last 13 years and has now over 20 years of experience in the financial services sector.

Borrowing powers of the Directors

Pursuant to a resolution dated January 7, 2005 passed by our shareholders in an extra-ordinary general meeting, in accordance with the provisions of the Companies Act, our Board has been authorized to borrow money for the purposes of the Company upon such terms and conditions and with / without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 100,000 lakhs.



Compensation paid to Managing Director, Whole-Time Directors of the Company

Mr. T V Sandeep Reddy, Managing Director

Mr. T V Sandeep Reddy has appointed as a Managing Director of the Company with effect from September 01, 2005 for a period of 5 years. Pursuant to this resolution he shall not draw any remuneration or perquisites and however, he shall be reimbursed with all the expenses such as traveling, telephone, conveyance and other expenses, if any, incurred by him for the business of the Company. However pursuant to resolution passed in the annual general meeting held on September 01, 2006, Mr. Sandeep Reddy would be paid remuneration with effect from January 01, 2007 as per following details:

Salary: Rs. 5 lakhs per month.

Perquisite: Reimbursement of water, electricity, security, telephone, traveling & entertainment incurred in connection with the Company

With effect from November 4, 2005 Mr. S.V. Vaidya, Whole-Time Director and Mr. G. Saibaba, Director (Technical) who were drawing remuneration from our Company resigned from our Board. They have drawn Rs. 4,32,000 as salary and Rs. 3,60,000 as consultancy fee respectively during 2004-05. At present, no director is drawing any remuneration from our Company.

Compliance with Corporate Governance Requirements

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance become applicable to us at the time of seeking in-principle approval of the Stock Exchanges. The Company has complied with such provisions, including with respect to the broad basing of the board/appointment of independent Directors to the Board and the constitution of the various committees of the Board viz. Audit Committee and the Shareholders' Grievances Committee. The Company undertakes to take all necessary steps to comply with all the requirements of the guidelines on corporate governance and adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges, as would be applicable to the Company upon listing of its Equity Shares.

Audit Committee

The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

Composition of Audit Committee

The Audit committee was reconstituted on June 05, 2006. The composition of the Audit Committee is as follows: -

Sl. No	Name of the Director	Designation	Nature of Directorship
01	Mr. Ch. Hari Vittl Rao	Chairman	Independent Director
02	Mr. Ravindra K Katariya	Member	Non Independent Director
03	Mr. V L Moorthy	Member	Independent Director

Shareholders' / Investors' Grievance Committee

Our Company has complied with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges by constituting a Shareholders' / Investors' Grievances Committee in the meeting of the Board of Directors of the Company held on November 7, 2005. The Committee is to redress the complaints of the shareholders in respect of matters pertaining to transfer of shares, non-receipt of annual report, dematerialization of shares, non-receipt of declared dividend etc.

GAYATRI PROJECTS LIMITED

Composition of Shareholders' / Investors Grievances Committee

Sl. No	Name of the Director	Designation	Nature of Directorship
01	Mr. J Brij Mohan Reddy	Chairman	Non-Independent/Non Executive Director
02	Mr. S M A A Jinnah	Member	Independent Director
03	Mr. Ch Hari Vittal Rao	Member	Independent Director

Shareholding of Directors

Sl. No	Name of the Director	Number of Shares	% of holding
01	Mr. T V Sandeep Reddy	1079190	11.99
02	Ms. T Indira Subbarami Reddy	4500055	50.00
03	Mr. J Brij Mohan Reddy	225	Negligible
04	Mr. G Siva Kumar Reddy	225	Negligible

Interest of Directors

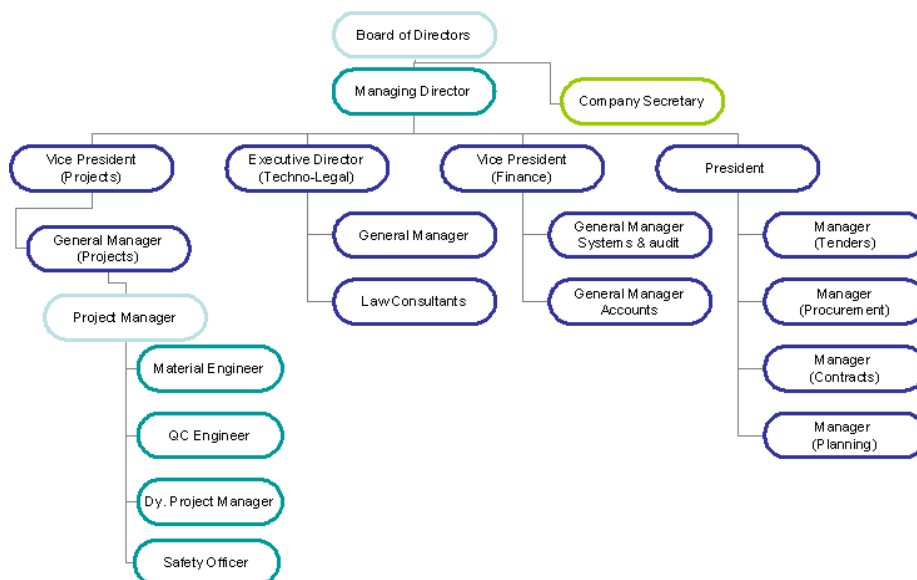
All the directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of traveling and other incidental expenses, if any, for such attendance payable to them under the Articles of Association of the Company.

Except as stated above and transactions disclosed in Related Party Transactions under section titled "Financial Statements" beginning on page 120 of this Prospectus, our Directors do not have any other interest in our business. Except as stated otherwise in this Prospectus and above, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes, if any, in the directors in last three years and reasons thereof

Sl. No	Name of Director	Date of appointment	Date of Change	Reasons of Change
01	Mr. M Durga Prasad		September 30, 2003	Resigned as Director
02	Mr. V V K Prasad		April 09, 2004	Resigned as Director
03	Mr. S V Vaidya		November 04, 2005	Resigned as Whole-Time Director
04	Mr. G Saibaba		November 04, 2005	Resigned as Director
05	Mr. C Hari Vittal Rao	November 4, 2005		Appointment as Director liable to retire by rotation.
06	Mr. SMAA Jinnah	November 4, 2005		Appointment as Director liable to retire by rotation.
07.	Dr. V L Moorthy	November 4, 2005		Appointment as Director liable to retire by rotation.
08.	Dr. Archana Niranjani Hingorani	February 2, 2006		Appointment as Director liable to retire by rotation.

Management Organisation Chart



Key Management Personnel

At present the Company has a total strength of 867 employees who are the permanent employees of the Company. Apart from this the Company has engages employees on a contractual basis on need basis.

Sr. No.	Name of the employee	Age (yrs)	Qualification	Experience (in yrs)	Date of Joining	Designation /Responsibilities	Previous Employment
01	Mr. S V Vaidya	65	B E (Civil)	40	02.11.1992	President	M/s. Venkatesh Constructions as Proprietor
02	Dr. C. Satyanarayana	69	B E, M B A, Phd (USA)	47	21.10.1981	Sr. Executive Director	M/s. Andhra Pradesh Construction Corp. as General Manager
03	Mr. D V S Kameswara Rao	64	B E (Civil)	43	16.02.1985	Sr. Executive Director	M/s.Som Dutt Builders Ltd. Construction as Construction Manager
04	Mr. V V K Suryanarayana	65	B E (Civil)	38	24.10.1990	Vice-President	G.S.Adwal & Co.
05	Mr. V.R.C. Abbineni	47	B.Com, PG Diploma in IR & PM	27	30.01.2006	Manager HR	Tata ProjectsLtd.
06	Mr. P Sreedhar Babu	45	FCA	18	01.11.2005	Vice-President (Finance)	Chartered Accountant in Practice
07	Mr. V Venkata Chandra Sekhar	37	B.Sc, ACA	15	08.09.2005	General Manager (Systems & Audit)	M/s. Motilal Oswal Securites Ltd.
08	Mr. C C T Sambandan	44	B.Sc, ACA	18	01.09.2001	Manager (Procurement)	M/s. Gayatri Starchkem Ltd.
09	Mr. N V V S Murthy	63	B E (Civil)	41	01.12.1982	General Manager	Prasad & Co.
10	Mr. I V N S K Viswanatha Rao	47	B E (Civil)	22	02.06.1983	General Manager	NIL
11	Mr. Brahmaiah Lingam	57	L M E, A M I E	30	15.04.2003	D G M Technical	M/s. IRCON
12	Ms. K.Anupama	26	B.Com, C.S	Nil	26.11.2005	Company Seretary	Nil
13	Mr. V.R.Prasad	47	M.Com, PGDBM,	26	20.10.2005	GM (Accounts)	Self Employed

GAYATRI PROJECTS LIMITED

Brief details of the Key Managerial Personnel

Mr. S V Vaidya, President, aged about 65 years has done Bachelor in Civil Engineering from University of Pune in 1965 and has an experience of 40 years in Technical and Administrative departments. He was associated in project for construction of Rihand Bridge near Varanasi which was completed in record time of 6 months and to his credit had acted as a Technician for many Heavy Civil Works, Sub-marine Pipelines, Dredging, Anchors, Diaphragm Walls and Pile Foundations. He is associated with Gayatri Projects Limited since 1992 as general manager and is presently occupying the position of President of the Company. His remuneration for the financial year ended March 31, 2006 was Rs. 4.14 lakhs.

Mr. C. Satyanarayana, Sr. Executive Director, aged about 69 years holds a Doctorate in Philosophy from the International University, Harngong College of Applied Sciences, Master in Business Administration from University of Delhi and a Bachelor in Engineering from Kakinada Engineering College. He has gained experience in the construction and Irrigation projects while working with the Department of Andhra Pradesh Irrigation & Power and Andhra Pradesh Construction Corporation till 1982 when he joined Gayatri Projects Limited as Chief Executive and at present is working as Senior Executive Director. His remuneration for the financial year ended March 31, 2006 was Rs. 6.00 lakhs.

Mr. D V S Kameswara Rao, Senior Executive Director, aged about 64 years is a Bachelor of Engineering in Civil and has an experience of 43 years as an Engineer in construction companies in India. Earlier he has worked with Somdutt Builders Ltd. and M/s K.Pattabhi Rama Reddy Company. His remuneration for the financial year ended March 31, 2006 was Rs. 1.20 lakhs.

Mr. V V K Suryanarayana, Vice-President, aged about 65 years is a Bachelor of Engineer in Civil Engineering. He has an experience of 38 years in the field of construction especially road construction. He joined our company as Project Engineer in the year 1981 and at present is Vice-President. His remuneration for the financial year ended March 31, 2006 was Rs. 2.40 lakhs.

Mr. V.R.C. Abbineni, Manager HR aged about 47 years is a Bachelor in Commerce and has a PG Diploma in IR&HM from Osmania University having a total experience of 27 years out of which 23 years in the field of HR and administration. Earlier he has worked with Toshniwal Brothers Pvt. Ltd., The Andhara Cememnt Co. Ltd., TCE Consulting Engineers Ltd. and TATA Projects Ltd. He joined Gayatri Projects Limited in January, 2006. His remuneration for the financial year ended March 31, 2006 was Rs. 0.40 lakhs.

Mr. P Sreedhar Babu, Vice-President (Finance) aged about 45 years is a Fellow Member of Institute of Chartered Accountants of India. He started his career as a Practicing Chartered Accountant in 1987 and after 18 years of practice he joined our company in 2005 as a Vice-President (Finance). He is looking after the financial and accounting matters of the Company. His remuneration for the financial year ended March 31, 2006 was Rs. 2.50 lakhs.

Mr. V Venkata Chandra Sekhar, General Manager (Systems & Audit) aged about 37 years, is a Bachelor of Sciences from the Osmania University and a Chartered Accountant from the Institute of Chartered Accountants of India. He has a experience of 15 years in the fields of Finance & Accounts, management Information Systems, Software, taxation, Capital Markets etc. He is presently apprising the management regarding the project status, streamlining of the accounting functions and integrating various site accounts. His remuneration for the financial year ended March 31, 2006 was Rs. 4.23 lakhs.

Mr. C C T Sambandan, Manager (Procurement) aged about 44 years is a bachelor of Science and a Chartered Accountant. He is also holding a Post graduation diploma in Computer applications. He has an experience of 18 years in the field of accounts, finance and purchase functions. He is looking after the centralized purchase for all materials in our Company. His remuneration for the FY ended March 31, 2006 is Rs. 2.69 lakhs.

Mr. N V V S Murthy, General Manager, aged about 63 years is a Bachelor of Engineering in Civil and has an experience of 41 years. He joined our Company in 1986. Presently he is looking after the company project positions and relevant technical and management aspects. His remuneration for the FY ended March 31, 2006 is Rs. 1.92 lakhs.

Mr. I V N S K Viswanatha Rao, General Manager, aged about 47 years is a Bachelor of Engineering in Civil and has an experience of 22 years. He joined our Company in 1983 as project Engineer and rose to the levels of General Manager. Presently he is looking after the company project positions and relevant technical and management aspects. His remuneration for the FY ended March 31, 2006 is Rs. 2.40 lakhs.



Mr. Brahmaiah Lingam, D G M (Technical), aged about 57 years is an LME and AMIE .He has an experience of 30 years in the field of Railway projects. He also visited Malaysia for execution of railway project. He joined our Company in April 2003 and is presently looking after maintenance of heavy machineries. His remuneration for the FY ended March 31, 2006 is Rs. 3.75 lakhs.

Ms. K. Anupama, Company Secretary, aged about 26 is a Commerce graduate with professional qualification of Company Secratry from The Institute of Company Seretary of India. She is responsible for all the secretarial compliances and maintenance of secretarial records of our Company. Her remuneration for the financial year ended March 31, 2006 was Rs. 0.42 lakhs.

Mr. V.R.Prasad, General Manager (Accounts), aged about 47 years is an M.Com and holds a Post Graduate Diploma in Business Administration. He has an experience of 26 years in the field of accounts and taxation. His remuneration for the financial year ended March 31, 2006 was Rs. 1.89 lakhs.

All the key management personnel are permanent employees of the Company. None of the aforementioned key managerial personnel are related to the promoters of the Company.

Shareholding of the Key Managerial personnel

None of the Key Managerial Personnel of the Company hold any Equity Shares in the Company.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Bonus or Profit Sharing Plan for the Key Managerial Personnel of the Company.

Changes in Key Managerial Personnel

Following have been the changes in the key managerial personnel during the last one year:

Sr. No.	Name of Key managerial person	Date of appointment	Date of ceasing	Designation	Reason
1	Mr. P Soma Sekhar Reddy		August 22, 2005	General Manager	Resigned
2	Mr. H.K.Wahi		March 5, 2006	Vice President (Projects)	Resigned
3	Mr. V.V.Chandra Sekhar	Septmber 08, 2005		GM (Systems & Audit)	
4	Mr. V.R.Prasad	October 20, 2005		GM (Accounts)	
5	Ms. K.Anupama	November26, 2005		Company Seceratry	
6	Mr. V.R.C. Abbineni	January 30, 2006		Manager HR	

Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme.

Payment or benefit to officers of the company (non salary related)

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the officers of the Company.

GAYATRI PROJECTS LIMITED

OUR PROMOTERS

Our present promoters are:



Mrs T. Indira Reddy, aged about 55 years is wife of Dr. T. Subbarami Reddy. She began her business career by overseeing the construction of commercial complexes and theatres since 1996. She has been appointed as the Chairperson of the Company.

Voter ID: Not available

Driving License: 886507HC/98

Passport No.: 1105430



Mr. T. V. Sandeep Kumar Reddy, aged 39 years is associated with the company since its incorporation in the year 1989. Mr. T.V.Sandeep Kumar Reddy has done Masters in Construction Engineering and Management from University of Michigan at Ann Arbor, USA and also holds a Bachelor Degree in Civil Engineering from Purdue University. He is looking after the day to day affairs of our company and is designated as Managing Director of our Company.

Voter ID: Not available

Driving License: IDPAP0098422005

Passport No.: A3967517

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to the BSE at the time of filing the Draft Red Herring Prospectus with it.

Common Pursuits and Interest of the Promoters

Except as stated in the Related Party Information on page no. 116 of this Prospectus, to the extent of reimbursement of expenses incurred or normal remuneration or benefits and their shareholding in the Company as stated in the section titled "Capital Structure of the Company" on the page no. 16 of this Prospectus., the Promoters of the Company have no interest in the business of the Company.

Payment or benefit to Promoters

There is no payment or benefit to be given to the promoters of the Company other than being a shareholder of the Company and reimbursement of expenses such as travelling, telephone, conveyance and other expenses, if any, incurred by them for the business of the Company.



INFORMATION OF OUR PROMOTER GROUP COMPANIES / ENTITIES

1. Gayatri Sugars Limited

The Company was originally incorporated on June 15, 1995 in the state of Andhra Pradesh, under the name of NCS Gayatri Sugars Private Limited, was converted into a Public Limited Company vide fresh certificate of incorporation dated January 22, 1997. The name of the company was changed to the present name viz. Gayatri Sugars Limited vide fresh Certificate of Incorporation dated July 17, 2003. The Company is engaged in manufacturing of sugar and allied products.

Shareholding Pattern

The equity shares of Gayatri Sugars Limited are listed at Hyderabad Stock Exchange and Bombay Stock Exchange Limited. The shareholding pattern as on June 30, 2006 is as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares held
	Indian Promoters	
1	Gayatri Projects Limited	29,31,000
2	TSR Holdings Private Limited	39,08,600
3	Mrs.T Indira Reddy	29,33,097
4	Gayatri Fin-holdings Private Limited	45,95,000
5	Mr. T V Sandeep Kumar Reddy	5,32,709
6	Others (less than 1% holding)	2,19,262
	Non Promoters Holding	
7.	IFCI Limited	44,07,820
8.	Private Bodies Corporate	45,84,859
9.	Indian Public	1,85,61,038
10.	NRIs / OCBs	3,19,755
	Total	4,29,93,140

Board of Directors

1. Mrs. T. Indira Subbarami Reddy
2. Mr. T.V.Sandeep Kumar Reddy
3. Mr. D.K.Kambale
4. Mr. V.Udhaya Shankar
5. Mr. N. Nageswara Rao
6. Mr. T.R. Rajagopalan
7. Mr. S. Venkata Swamy
8. Dr. A.K. Bhattacharya
9. Mrs. T. Sarita Reddy

GAYATRI PROJECTS LIMITED

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	7764.74	7789.65	9021.58
Other Income	6.11	4.56	24.98
Profit After Tax	(863.35)	391.24**	840.36**
Equity Share Capital *	4298.47	4298.47	4298.53
Reserves & Surplus (excluding revaluation reserves and deferred tax reserve)	Nil	Nil	Nil
Earning Per Share (Rs.)	-	0.91	1.95
Book Value/ Share (Rs.)	2.60	3.53	5.55
Net Worth	1118.06	1516.79	2384.70

* Excluding Calls in arrears of Rs 0.84 Lacs ** After deducting Dividend on Preference shares & Dividend Tax

Share Price Data*

Month & year	High (Rs.)	Low (Rs.)
March 2006	17.90	13.55
April 2006	19.25	15.85
May 2006	18.70	13.00
June 2006	13.50	8.59
July 2006	11.29	8.21
August 2006	13.92	9.65

*Source: www.bseindia.com

Gayatri Sugars Limited is operating under CDR package for restructuring its debts as approved in August, 2003. Under the CDR, its term loans, Cumulative Redeemable Preference Shares and working capital limits have been restructured and IDBI has been appointed as the monitoring agency for implementation of CDR package. In addition to restructuring, 20% of principal has been converted into equity under CDR package. The brief details of the CDR package are as under

- a) The cut off date for the package was March 31, 2003
- b) The reliefs offered to the Company were as under

Institution (IDBI and IFCI)

- i) Conversion of overdue interest and liquidated damages as on cut off date
- ii) Funding of simple interest and defferd interest overdue as on cut off date.
- iii) Reduction in the rate of interest on Term Loan from 16.5% to prevailing MTLR.
- iv) Funding of simple Interst for the year 2003-04 which together with the funded interest at Sl. No. ii is to be repaid in 24 instalments from July 1, 2005 carrying interest @ 0%.
- v) Conversion of 20% of the princial into Equity and reschedule the balance to be repalyable in 36 instalments from April 1, 2008.
- vi) To convert the existing CRPS carrying interest @ 13% accumulated dividend on the cut off date into fresh CRPS carrying interest @ 6% which would be repayable after payment of term loan of IFCI and IDBI.



Banks

- i) Term Lenders (PNB and Andhara Bank)
- Reduction of rate of Interest to PLR with effect from cut off date
 - Defer/ convert/waive the interest payable for the year 2003-04
 - Reschedule the term loan outstanding on cut off date in 20 quarterly instalments from April 1, 2004
 - Release the amount credited in the escrow account for the year 2003-04

- ii) Working Capital (State Bank Of India, Bank of Baroda, Punjab National Bank, Andhara Bank)

To reduce the rate on interest on working capital borrowing from existing levels to PLR.

The performance of the company as compared to the CDR projections are as under:

(Rs. in lakhs)

Particulars	Projected Performance as per CDR 2004-05	Actual Performance for the Year 2004-05 (Audited)	Projected Performance as per CDR 2005-06	Actual Performance for the Year 2005-06 (audited Results)
Installed Capacity	3500 TCD	3500 TCD	3500 TCD	3500 TCD
Capacity Utilisation	88%	80%	88%	90%
Production MT	48510	33103	48510	47985
Gross Sales Rs. In lakhs	7016	7590	6858	9022
PBIDT	937	1656	1210	1955
Total Interest	790	693	767	629
Operating Profit	(99)	515	(3)	941
PBT	(285)	520	11	966
Net Cash Accruals	161	839	457	1291

2. M/s. Gayatri Starchkem Limited

The Company was originally incorporated on December 2, 1991 in the state of Andhra Pradesh, under the name of Starchem Industries Limited. It was granted Certificate of Commencement of business on December 13, 1991. The name of the company was changed to the present name viz. Gayatri Starchkem Limited vide fresh Certificate of Incorporation dated October 24, 1997. The Company is engaged in manufacturing of sorbitol, starch and allied products.

Shareholding Pattern as on June 30, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
	Indian Promoters	
1	Mr. T V Sandeep Kumar Reddy	55,94,620
2	Mrs. T. Sarita Reddy	5,000
3	Others	30
4	Gayatri Capital Limited	25,00,340

GAYATRI PROJECTS LIMITED

Sr. No.	Name of the Shareholder	No. of Equity Shares held
	Non Promoters Holding	
1.	Mutual Funds	62,100
2.	UTI	10,00,000
3.	SHCIL A/c SBI Mutual Fund	4,52,200
4.	Flls	5,000
5.	Private Bodies Corporate	86,800
6.	Indian Public	38,05,210
7.	NRIs / OCBs	9,88,700
	Total	1,45,00,000

Board of Directors

1. Mr. T.V.Sandeep Kumar Reddy
2. Mr. P.Maruthi Babu
3. Mr. T. G. Pandya

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	1618.55	1534.53	2790.58
Other Income	10.54	9.72	13.61
Profit After Tax	(1057.35)	(929.33)	2116.96**
Equity Share Capital *	1450.00	1450.00	1450.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	14.60**
Book Value/ Share (Rs.)	(46.18)	(52.55)	(37.90)
Net Worth	(6695.45)	(7618.97)	(5496.21)

* does not include share Application Money

** after adding Extraordinary Items representing the amount written off towards IDBI and GIC residual term loan liability under the OTS scheme sanctioned by the institutions.

Gaayrti Starchkem Ltd incurred losses of Rs. 2672 lakhs as on March 31, 2000 completely wiping out the networth of Rs. 1450 lakhs of the company. On reference being made to BIFR, the company was declared a sick company under section 3(1) of the SICA by BIFR on November 15, 2000. IDBI was appointed as an Operating agency (OA) to examine the viability of the company and formulate a rehabilitation scheme for its revival.

BIFR in its hearing dated September 30, 2002, directed IDBI to issue advertisement for change of management but no response from the prospective investor was received. As an alternative the existing promoters agreed to settle the dues of the secured creditors by payment of 50% of principal. IDBI and GIC agreed to the proposal and the company had already cleared their dues. Canara Bank and Corporation Bank had given their consent for OTS in respect of term loans, however, their decision in terms of working capital is still pending. The other lenders viz. IIBI, LIC, United India Insurance and Oriental Insurance have still not conveyed their decision. The details are as under:



Name of Institution / Bank	Principal Amount (Rs. in lakhs)	OTS Amount (Rs. in lakhs)	Status
IDBI (SASF)	1250.00	625.00	Entire dues have been cleared.
General Insurance Corporation of India	19.00	9.50	Entire dues have been cleared
Canara Bank – Term Loan	734.81	367.40	Entire dues have been cleared
Canara Bank – Working Capital	233.03	116.52	Approval still awaited
Corporation Bank – Term Loan	16.71	8.36	Accepted and given their consent. Company yet to make payment as they are awaiting approval in respect of working capital.
Corporation Bank – Working Capital	214.09	107.05	Approval still awaited
IIBI Limited	300.00	150.00	Approval awaited
Life Insurance Corporation of India	141.00	70.50	Approval awaited
United India Insurance	38.00	19.00	Approval awaited
Oriental Insurance	38.00	19.00	Approval awaited

The equity shares of Gayatri Starchkem Limited are listed at Hyderabad Stock Exchange and Mumbai Stock Exchange Ltd. The trading of the equity shares has been suspended by the Stock Exchanges for non-payment of listing fees. Gayatri Starchkem Limited received a letter dated September 20, 2001 from BSE regarding suspension of trading for non-payment of annual listing fees w.e.f. September 10, 2001 and non-compliance of other listing requirements. The Company complied with the listing requirement and received letter from BSE in respect of revocation of suspension of trading in securities in June, 2002. The Company also received final notice from BSE on September 20, 2005 in respect of outstanding listing fees. The Company on September 23, 2005 paid all dues to BSE and complied with Stock Exchange requirement to get revocation of suspension. However, BSE informed the company that they will consider re-listing once the OTS is completed.

3. M/s Gayatri Tissues and Paper Limited

The Company was originally incorporated on January 07, 1987 in the state of Maharashtra, under the name of Jutex India Limited, and the company was granted Certificate of Commencement of Business on January 15, 1987. The name of the company was changed to the present name viz. Gayatri Tissues & Papers Limited vide fresh Certificate of Incorporation dated October 27, 1995.

Shareholding Pattern as on June 30, 2006:

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mrs. T. Indira	11,24,700
2	Fine Technics (Hyderabad) Pvt. Ltd.	74,200
3	Indian Public	3,01,100
	Total	15,00,000

Board of Directors

1. Mrs. T. Indira Subbarami Reddy
2. Mr. V. L. Moorthy
3. Mr. P. Maruthi Babu

GAYATRI PROJECTS LIMITED

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	12.00	13.15	15.03
Other Income*	-	-	-
Profit After Tax	0.81	0.27	0.42
Equity Share Capital	150.00	150.00	150.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	39.49	39.76	40.18
Earning Per Share (Rs.)	0.05	0.02	0.03
Book Value/ Share (Rs.)	0.16	0.18	0.20
Net Worth	2.38	2.64	3.07

* The Company is not undertaking any manufacturing activity. The present activity of the Company is only IT related.

The equity shares of Gayatri Tissues & Paper Limited are listed at Bombay Stock Exchange Limited. The trading of the equity shares has been suspended by the Bombay Stock Exchange Ltd. on December 21, 2004 for non-filing of periodical returns to comply with the Listing agreement like non filing of the Secretarial audit reports, disclosure requirement under regulation 8(3) of SEBI (Substantial Acquisition of shares & Takeover) Regulations, 1997, intimation of book closure, certificate from practicing Company Secretary etc. The Company received number of show-cause notices and reminders in the past in respect of non-submission of periodical returns. The company complied with the Stock Exchange requirement on March 2, 2006 to get revocation of suspension, however, BSE informed the company that they will consider re-listing once the company starts commercial operations.

4. M/s Gayatri Capital Limited

The Company was originally incorporated on November 23, 1990 under the name of Chodavarapu Finance Private Limited vide registration number: 01-12021 in the state of Andhra Pradesh. It became a Deemed public company u/s 43A of The Companies Act 1956, w.e.f. from April 12, 1991. It deleted the words "Private" from its name w.e.f. November 17, 1993 u/s 43A of The Companies Act, 1956. The name of the company was changed to Gayatri Capitals Limited vide Fresh Certificate of Registration dated November 24, 1994. The name of the company was further changed to Gayatri Capital Limited vide Fresh Certificate of Registration dated July 7, 1995. The Company was converted from Deemed Public Company to Public Company by issue of Fresh Certificate of Registration dated March 1, 1996.

The company was incorporated to carry on the business of stock broking, investment, financing and allied activity. The company is registered with SEBI under Stock Brokers and Sub Brokers Regulations, 1992 as Trading Member of National Stock Exchange of India vide registration No. INB230885534 dated February 27, 1996. The registration is in force as on date and the Company has paid all fees upto date. The company was previously having Category - II Merchant Banking license which expired in July, 1998. The Company has not renewed the same as it decided to discontinue merchant banking activity. As a member of National Stock Exchange of India Limited, Gayatri Capital Limited received show cause notice from NSE regarding complaints received by them in respect of non payment of dues, non-receipt of funds on sale of securities and non receipt of securities for its clients and for violation of regulation in respect of dealing on behalf of unregistered intermediary. The company has paid penalty of Rs. 25,000/- to the Stock Exchange. Further the management with a view to discontinue the business of stock trading has already sold off the business to Motilal Oswal Securities Limited vide agreement dated February 15, 2005 and in a process to surrender its registration. The company had vide letter dated June 29, 2006 applied to NSE for surrendering of its trading membership.



Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mrs. T Indira	5,95,000
2	Mr. T Subbarami Reddy	10,05,000
3.	Mr. T.V.Sandeep Kumar Reddy	12,50,000
4.	Mr. C. B. Mouli	10
5.	Mr. A.V. Appa Rao	10
6.	Mrs. C. Bharati Devi	10
7.	Mr. I. V. N. Sarma	10
8.	Mr. G. S. V. Rama Rao	10
9.	Mrs. T. Sarita Reddy	1,00,000
10.	T.S.R. Holdings Pvt. Ltd.	12,50,000
	Total	42,00,050

Board of Directors

1. Mrs. T. Sarita Reddy
2. Mr. T.V.Sandeep Reddy
3. Mr. V. V. K. Prasad
4. Mr. K.P. Ravindranath

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	363.98	580.01	644.14
Other Income	2.02	5.03	20.35
Profit After Tax	19.41	75.19	(5.63)
Equity Share Capital *	420.00	420.00	420.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	0.46	1.79	-
Book Value/ Share (Rs.)	7.11	8.91	8.77
Net Worth	298.77	373.96	368.33

* Does not Include Share Application money

Gayatri Capital Limited is not listed at any Stock Exchange neither it has any subsidiary. Gayatri Capital has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

5. M/s Gayatri Leasefin Private Limited

The Company was originally incorporated on June 29, 1995 under the name of Gayatri Leasefin Private Limited vide registration number: 01-20872 in the state of Andhra Pradesh. The Company was incorporated to carry on the business of investment, financing, leasing and allied activity.

GAYATRI PROJECTS LIMITED

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mrs. T Indira	2,50,010
2.	Mr. T.V.Sandeep Kumar Reddy	2,50,010
	Total	5,00,020

Board of Directors

1. Mr. T. Indira Subbarami Reddy
2. Mr. T.V.Sandeep Kumar Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	16.11	17.96	37.22
Other Income	1.77	0.42	0.85
Profit After Tax	(11.84)	(6.65)	(28.59)
Equity Share Capital	50.00	50.00	50.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(17.24)	(18.57)	(24.29)
Net Worth	(86.21)	(92.86)	(121.45)

*Doesnot Include Share Application Money

Gayatri Leasefin Private Limited is not a listed at any Stock Exchange neither it has any subsidiary. Gayatri Leasefin Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

6. M/s Gayatri Telesoft Limited

The Company was originally incorporated on March 20, 2000 under the name of Gayatri Telesoft Limited vide registration number: 01-33914 in the state of Andhra Pradesh. It was granted Certificate of Commencement of Business on April 3, 2000. The Company is engaged in Telesoft services, software related services and allied services.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T Subbarami Reddy	16,600
2.	Mr. T V Sandeep Reddy	16,500
3.	Ms. T Indira Reddy	16,500
4.	Mr. G Padmanabha Reddy	100
5.	Mr. J Brij Mohan Reddy	100
6.	Mr. G Siva Kumar Reddy	100
7.	Ms. T Saritha Reddy	100
	Total	50,000

**Board of Directors**

1. Mr. T V Sandeep Reddy
2. Ms. T Indira Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	115.91	156.73	101.91
Other Income	0.80	1.44	1.44
Profit After Tax	(154.08)	(82.61)	(91.56)
Equity Share Capital	5.00	5.00	5.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(826.28)	(991.50)	(1174.61)
Net Worth	(413.14)	(495.75)	(587.31)

Gayatri Telesoft Limited is not listed at any Stock Exchange neither it has any subsidiary. Gayatri Telesoft Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

7. M/s Indira Construction Private Limited

The Company was originally incorporated on February 17, 1992 under the name of Indira Construction Private Limited in the state of Andhra Pradesh. The Company is engaged in construction business.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mrs. T Indira Reddy	19,000
2.	Mr. G Siva Kumar Reddy	100
3.	Mr. T.V.Sandeep Kumar Reddy	18,600
	Total	37700

Board of Directors

1. Mr. T.V.Sandeep Kumar Reddy
2. Mrs. T.Indira Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	132.21	141.64	142.63
Other Income	-	-	-
Profit After Tax	48.47	51.54	53.92
Equity Share Capital *	3.77	3.77	3.77
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	235.45	286.99	340.91
Earning Per Share (Rs.)	128.57	136.71	143.03
Book Value/ Share (Rs.)	634.38	771.10	914.27
Net Worth	239.16	290.71	344.63

* Doesnot include Share Application money

GAYATRI PROJECTS LIMITED

Indira Construction Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Gayatri Construction Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

8. M/s Gayatri Interactive Limited

The Company was originally incorporated on March 20, 2000 under the name of Gayatri Interactive Limited in the state of Andhra Pradesh. The Company is engaged in software development, consultancy and allied activities.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T Subbarami Reddy	3,00,100
2.	Mr. T V Sandeep Reddy	3,00,100
3.	Ms. T Indira Reddy	4,19,400
4.	Mr. G Padmanabha Reddy	100
5.	Mr. J Brij Mohan Reddy	100
6.	Mr. G Siva Kumar Reddy	100
7.	Ms. T Sarita Reddy	100
8	Cytura Corporation	8,05,240
9	Gayatri Digisoft Technologies Limited	7,35,000
10	Creative Media	1,95,000
	Total	27,55,240

Board of Directors

1. Mrs. T Saritha Reddy
2. Mr. T V Sandeep Reddy
3. Ms. T Indira Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	3.06	9.00	6.00
Other Income	0.08	0.79	-
Profit After Tax	(10.50)	0.06	(1.04)
Equity Share Capital *	268.94	268.94	268.94
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(2.44)	(2.41)	(2.39)
Net Worth	(65.63)	(64.84)	(65.88)

*After deducting Calls in arrears of Rs. 658300 and doesnot Include advance against Share Application money.

Gayatri Interactive Limited is not listed at any Stock Exchange. It doesn't have any subsidiary. Gayatri Interactive Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.



9. M/s Gayatri Digisoft Technologies Limited

The Company was originally incorporated on March 20, 2000 under the name of Gayatri Digisoft Technologies Limited in the state of Andhra Pradesh. The Certificate of Commencement of business was issued to company on April 3, 2000. The Company is engaged in software development, consultancy and allied business.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T Subbarami Reddy	16,600
2.	Mr. T V Sandeep Reddy	16,500
3.	Ms. T Indira Reddy	16,500
4.	Mr. G Padmanabha Reddy	100
5.	Mr. J Brij Mohan Reddy	100
6.	Mr. G Siva Kumar Reddy	100
7.	Ms. T Sarita Reddy	100
	Total	50,000

Board of Directors

1. Mrs. T Saritha Reddy
2. Mr. T V Sandeep Reddy
3. Ms. T Indira Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	-	6.00	6.00
Other Income	0.03	-	-
Profit After Tax	(0.95)	2.99	1.25
Equity Share Capital *	5.00	5.00	5.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	5.98	2.49
Book Value/ Share (Rs.)	(243.96)	(237.90)	(235.41)
Net Worth	(121.98)	(118.95)	(117.71)

* Does not Include advance against Share Application money.

Gayatri Digisoft Technologies Limited. is not listed at any Stock Exchange neither it has any subsidiary. Gayatri Digisoft Technologies Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

10. M/s T.Gayatri Engineering Company Private Limited

The Company was originally incorporated on June 2, 1983 under the name of T.Gayatri Engineering Company Private Limited in the state of Andhra Pradesh. The Company is engaged in construction activity. No activity is been undertaken at present in this company.

GAYATRI PROJECTS LIMITED

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mrs. T Indira Reddy	50
2.	Mr. T.Subbarami Reddy	50
	Total	100

Board of Directors

1. Mr. C. Satyanarayan
2. Mrs. T.Indira Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	(0.50)	(0.51)	(0.45)
Equity Share Capital * (Face Value Rs 1,000/- per share)	0.20	1.00	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(134250.00)	(26570.00)	(27014.55)
Net Worth	(26.85)	(26.57)	(27.01)

* Does not include Share Application money.

M/s T.Gayatri Engineering Company Private Limited is not listed at any Stock Exchange neither it has any subsidiary. T.Gayatri Engineering Company Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

11. M/s T. Anirudh Reddy Builders And Developers Private Limited

The Company was originally incorporated on September 6, 2001 under the name of T.Anirudh Reddy Builders and Developers Private Limited in the state of Andhra Pradesh. The Company was incorporated to undertake real estate development business. However the company has not commenced any commercial activity.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Ms. Sarita Reddy	5000
2.	Mr. T V Sandeep Reddy	5000
	Total	10000

Board of Directors

1. Mr. T.V.Sandeep Kumar Reddy
2. Mrs. T.Saritha Reddy



Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital	1.00	1.00	1.00
Share Application Money	-	-	-
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	7.71	7.61	7.50
Net Worth	0.77	0.76	0.75

T. Anirudh Reddy Builders And Developers Private Limited is not listed at any Stock Exchange neither it has any subsidiary. T.Anirudh Reddy Builders And Developers Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

12. M/s T.Rajeev Reddy Real Estate Developers Private Limited

The Company was originally incorporated on September 6, 2001 under the name of T.Rajeev Reddy Real Estate Developers Private Limited in the state of Andhra Pradesh. The Company was incorporated to undertake real estate development and construction Sbusiness. However the company has not commenced any commercial activity.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mrs. T.Indira Reddy	5000
2	Mr. T V Sandeep Kumar Reddy	5000
	Total	10000

Board of Directors

1. Mr. T.V.Sandeep Reddy
2. Mrs. T.Indira Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital	1.00	1.00	1.00
Share Application Money	-	-	-
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	7.70	7.60	(5.55)
Net Worth	0.77	0.76	(0.55)

GAYATRI PROJECTS LIMITED

T. Rajeev Reddy Real Estate Developers Private Limited is not listed at any Stock Exchange neither it has any subsidiary. T. Rajeev Reddy Real Estate Developers Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

13. M/s Gayatri Hotels & Theatres Private Limited

The Company was originally incorporated on August 30, 1978 under the name of Gayatri Hotels & Theatres Private Limited in the state of Andhra Pradesh. The Company is in business of Cinematography and allied industry.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T. Subbarami Reddy	1646
2.	Mrs. T. Indira Reddy	405
3.	Mr. T.V. Sandeep Reddy	682
4.	Mrs. T. Sarita Reddy	740
	Total	3473

Board of Directors

- Mrs. T. Indira Reddy
- Mr. T.V. Sandeep Reddy
- Mrs. T. Saritha Reddy

Brief Financials

(Rs. In Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	45.10	46.28	69.61
Other Income	24.36	26.40	31.14
Profit After Tax	7.53	8.54	15.46
Equity Share Capital (Face Value Rs 1000/- per share)	34.73	34.73	34.73
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	2.99	18.45
Earning Per Share (Rs.)	216.82	245.90	445.12
Book Value/ Share (Rs.)	840.20	1086.09	1531.21
Net Worth	29.18	37.72	53.18

Gayatri Hotels & Theatres Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Gayatri Hotels & Theatres Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

14. M/s Maheswari Hotels & Theatres Private Limited

The Company was originally incorporated on October 12, 1984 under the name of Maheswari Hotels & Theatres Private Limited in the state of Andhra Pradesh. The Company is in business of Hospitality, Cinematography and allied industry. However the company has not started any commercial activity.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T. Subbarami Reddy	150774
2.	Mrs. T. Indira Reddy	9026
3	Mr. T.V. Sandeep Kumar Reddy	90200
	Total	250000

**Board of Directors**

1. Mrs. T. Indira Reddy
2. Mr. P. Maruthi Babu

Brief Financials

(Rs. In Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital* (Face Value Rs 1000/**- per share)	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(29000.00)	(29000.00)	330.00
Net Worth	(0.58)	(0.58)	0.33

* Does not include Share Application money.

**Subdivide into shares of Rs 10/- each with effect from December 30,2005

Maheswari Hotels & Theatres Private Limited is not a listed at any Stock Exchange neither it has any subsidiary. Maheswari Hotels & Theatres Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

15. M/s Maheswari Film Production Private Limited

The Company was originally incorporated on February 17, 1992 under the name of Maheswari Film Production Private Limited in the state of Andhra Pradesh. The Company was incorporated for the purpose of Film production and allied activities. However the company has not started any commercial activity.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T. Subbarami Reddy	9900
2.	Mr. T.V. Sandeep Kumar Reddy	100
	Total	10,000

Board of Directors

1. Mrs. T. Saritha Reddy
2. Mr. T.V. Sandeep Kumar Reddy

GAYATRI PROJECTS LIMITED

Brief Financials

(Rs. In Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital *	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(170.00)	(175.00)	6.17
Net Worth	(0.34)	(0.35)	0.62

* Does not include Share Application money.

Maheswari Film Production Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Maheswari Film Production Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

16. M/s Gayatri Fin – Holdings Private Limited

The Company was originally incorporated on November 29, 1995 under the name of Gayatri Fin – Holdings Private Limited in the state of Andhra Pradesh. The Company was incorporated to carry on the business of investment and allied activity. However the company is not carrying out any activity at present.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Ms. T Indira Reddy	300000
2.	Mr. T Subbarami Reddy	600000
3.	Mr. T.V.Sandeep Kumar Reddy	600000
4.	Sandhya Environs India Limited	150000
5.	Response Finance and Allied Services Ltd.	50000
6.	Jay Jute and Credits Private Ltd.	50000
7.	Comet Fincon Private Limited	90000
8.	Pioneer Structural Private Limited	26000
9.	Aiswarya Engineering Private Limited	50000
10.	Arham Trade Links Private Limited	50000
11.	Besmati Agrotech Private Ltd.	50000
12.	Durga & Co.	24000
13.	Response Technical Services Private Ltd.	50000
	Total	20,90,000

Board of Directors

1. Mrs. T. Indira Reddy
2. Mr. T.V.Sandeep Reddy



Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Income from Operations	-	-	178.43
Other Income	-	-	-
Profit After Tax	(0.05)	(0.05)	178.37
Equity Share Capital *	209.00	209.00	209
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	177.08
Earning Per Share (Rs.)	-	-	8.53
Book Value/ Share (Rs.)	9.93	9.93	18.47
Net Worth	207.64	207.62	386.00

* Does not include Share Application money.

Gayatri Fin – Holdings Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Gayatri Fin – Holdings Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

17. M/s TSR Holdings Private Limited

The Company was originally incorporated on November 24, 1995 under the name of TSR Holdings Private Limited in the state of Andhra Pradesh. The Company was incorporated to carry on the business of investment and allied activity. However the company is not carrying out any activity at present.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Ms. T Indira Reddy	2291600
2.	Mr. T Subbarami Reddy	2271660
3.	Mr. T.V.Sandeep Kumar Reddy	2266100
4.	Sandhya Environs India Limited	500000
5.	Response Projects (India) Limited	100000
6.	Alpyne Textrade Pvt. Ltd.	100000
7.	Comet Fincon Private Limited	100000
	Total	76,29,360

Board of Directors

1. Mrs. T. Indira Reddy
2. Mr. T.Sandeep Kumar Reddy

GAYATRI PROJECTS LIMITED

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Income from Operations	-	-	193.63
Other Income	-	-	-
Profit After Tax	(0.06)	(0.06)	193.58
Equity Share Capital *	762.94	762.94	762.94
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	190.53
Earning Per Share (Rs.)	-	-	2.54
Book Value/ Share (Rs.)	9.96	9.96	12.50
Net Worth	759.85	759.82	953.44

* Does not include Share Application money.

TSR Holdings Private Limited is not listed at any Stock Exchange neither it has any subsidiary. TSR Holdings Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

18. M/s Indira Publications Private Limited

The Company was originally incorporated on August 29, 2002 under the name of Indira Publications Private Limited Private Limited in the state of Andhra Pradesh. The Company is in business of publication industry. However the company has not started any commercial activity.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T.V. Sandeep Reddy	5000
2	Mrs. T. Sarita Reddy	5000
	Total	10,000

Board of Directors

1. Mr. T.V. Sandeep Reddy
2. Mrs. T. Saritha Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	-	-	28.62
Other Income	-	-	-
Profit After Tax	-	-	0.96
Equity Share Capital	1.00	1.00	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	0.96
Earning Per Share (Rs.)	-	-	9.58
Book Value/ Share (Rs.)	8.67	8.57	18.33
Net Worth	0.87	0.86	1.83

Indira Publications Private Limited is not a listed at any Stock Exchange neither it has any subsidiary. Indira Publications Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

19. M/s Gayatri Digital Images Limited

The Company was originally incorporated on March 20, 2000 under the name of Gayatri Digital Images Limited in the state of Andhra Pradesh. It was granted Certificate of Commencement of Business on April 3, 2000. The Company was incorporated to carry on the business of information, communication and software services. However the company has not started any commercial activity.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T.V.Sandeep Kumar Reddy	24,750
2.	Mrs. T. Sarita Reddy	100
3.	Mr. T. Subarami Reddy	100
4.	Mr. G.Padmanabha Reddy	100
5.	Mr. J. Brijmohan Reddy	100
6.	Mr. G.Siva Kumar Reddy	100
7.	Mrs. T.Indira Reddy	24,750
	Total	50,000

Board of Directors

1. Mr. T.V.Sandeep Reddy
2. Mrs. T. Indira
3. Mrs. T. Saritha Reddy

Brief Financials

(R s. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital *	0.07	0.07	5.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(7.14)	(8.57)	9.71
Net Worth	(0.05)	(0.06)	4.85

* Does not include Share Application money.

Gayatri Digital Images Limited is not listed at any Stock Exchange neither it has any subsidiary. Gayatri Digital Images Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

20. M/s Gayatri Hitech Hotels Limited

The Company was originally incorporated on October 3, 2005 under the name of TSR Hotels Limited in the state of Andhra Pradesh. It was granted Certificate of Commencement of Business on October 3, 2005. Subsequently the name of the Company was changed to Gayatri Hi-Tech Hotels Limited with effect from January 19, 2006.

GAYATRI PROJECTS LIMITED

Shareholding as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T Subbarami Reddy	15000
2	Ms. T Indira Reddy	15000
3	Mr. T V Sandeep Kumar Reddy	15000
4	Ms. T Sarita Reddy	4970
5	Mr. J Brij Mohan Reddy	10
6	Mr. P Maruthi Babu	10
7	Mr. G Sai Baba	10
	Total	50000

Board of Directors

1. Ms. T Indira Reddy
2. Mr. T V Sandeep Kumar Reddy
3. Ms. T Sarita Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2005-06
Sales	-
Other Income	-
Profit After Tax	-
Equity Share Capital *	5.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-
Earning Per Share (Rs.)	-
Book Value/ Share (Rs.)	15.73
Net Worth	7.86

It does not have any subsidiary and is not listed at any stock exchanges. M/s Gayatri Hitech Hotels Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

21 Deep Corporation Private Limited (Formerly Deep Enterprises and Deep Commercial)

Deep Enterprises is a partnership concern that started its activity wef April 1, 1994 from Hyderabad. It is engaged in the activity of real estate development. The name of the firm was changed to Deep Corporation with effect from April 01, 2005. There were three partners in the firm prior to the change of the name, viz. Mr.T.V.Sandeep Kumar Reddy, Mr.T.Subbarami Reddy and Mrs.T.Indira Reddy. The partners with effect from April 01, 2005 are:

1. Mr.T.V.Sandeep Kumar Reddy
2. Mr.T.Subbarami Reddy
3. Mrs.T.Indira Reddy
4. Mrs T.Saritha Reddy
5. Mr. G.Siva Kumar Reddy
6. Mr. K. Ekamber Reddy
7. Mrs G.Sulochanamma



However the firm was corporatized, under Part IX of the Companies Act, 1956, by the name of Deep Corporation Private Limited, from the office of the ROC Andhara Pardesh, As such all properties, immovable and movable (including actionable claims), rights, liabilities, debts and assets belonging to nad vested in the co-partnership firm Deep Corporation as on date of registration i.e June 6, 2005, shall pass on to and vest in this company.

The shareholding of the Company as on August 31, 2006 is as under

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T Subbarami Reddy	900000
2	Ms. T Indira Reddy	1200000
3	Mr. T V Sandeep Kumar Reddy	900000
4	Ms. T Saritha Reddy	10
5	Mr. G.Siva Kumar Reddy	10
6	Mr. K. Ekamber Reddy	10
7	Mrs G.Sulochanamma	10
	Total	3000040

Board of Directors

1. Mrs. T Indira Reddy
2. Mr. T.V. Sandeep Kumar Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	393.85	434.93	335.03
Other Income	0.93	0.13	22.18
Profit After Tax	182.33	238.32	165.29
Share Capital	6083.18	6291.49	300.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	465.29
Earning Per Share (Rs.)	-	-	5.51
Book Value/ Share (Rs.)	-	-	15.40
Net Worth	-	-	462.05

22. M/s G S R Sugars Private Limited

The Company was originally incorporated on August 08, 2001 under the name of Indira Sugars and Industries Private Limited vide registration number: 01-37115 in the state of Andhra Pradesh. Subsequently the name of the Company was changed to G S R Sugars Private Limited with effect from December 21, 2001. The company is in the business of manufacture of sugar and allied products. The company has not started any commercial activity till date.

GAYATRI PROJECTS LIMITED

Shareholding as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1	Ms. T Indira Reddy	47,73,000
2	Mr. G Siva Kumar Reddy	6000
3	Mr. P Maruthi Babu	2000
4	T S R Holdings Private Limited	38,30,000
5	Gayatri Fin Holding Private Limited	21,70,000
6	T.V. Sandeep Kumar Reddy	10,00,000
	Total	1,17,81,000

Board of Directors

1. Ms. T Indira Reddy
2. Mr. P Maruthi Babu
3. Ms. T S C Bose

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital *	1.00	460.00	1178.10
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(6.97)	9.96	9.90
Net Worth	(0.70)	458.30	1166.32

* Does not include Share Application money.

M/s G S R Sugars Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

23. M/s T S R Power Private Limited

The Company was incorporated on August 08, 2001 under the name of T S R Power Private Limited in the state of Andhra Pradesh. The company is in the business of generation, distribution and supply of Power. However the company has not started any commercial activity.

Shareholding as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1	Ms. T Indira Reddy	5000
2	Mr. T V Sandeep Kumar Reddy	5000
	Total	10000



Board of Directors

1. Ms. T Indira Reddy
2. Mr. T V Sandeep Kumar Reddy

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05	2005-06
Sales	-	-	-	-
Other Income	-	-	-	-
Profit After Tax	-	-	-	-
Equity Share Capital *	-	1.00	1.00	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-	-
Earning Per Share (Rs.)	-	-	-	-
Book Value/ Share (Rs.)	-	(28.70)	(128.90)	(129.84)
Net Worth	-	(2.87)	(12.89)	(12.98)

T S R Power Private Limited is not listed at any Stock Exchange neither it has any subsidiary. M/s T S R Power Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

24. T.V.Sandeep Kumar Reddy & Others

T.V. Sandeep Kumar Reddy & Others is a partnership concern that started its activity wef March 31, 1987 from Hyderabad.

It is engaged in the activity of real estate development.

Details of Partners

Sl. No.	Name of Partner	Profit/Loss Share (%)
1	Mr. T.V. Sandeep Reddy	40%
2	Mrs. T. Indira	30%
3	Mr. T. Subbarami Reddy	30%

Brief Financials

(Rs. in Lakhs)

Particulars	2003-04	2004-05	2005-06
Sales	20.04	17.40	20.71
Other Income	0.07	-	-
Profit After Tax	4.38	(6.80)	3.99
Share Capital	1039.93	1024.46	1022.45

In addition to the above Promoter Group Companies, there were twelve more Promoter Group Companies which are in the process of being amalgamated with M/s Gayatri Hi-Tech Hotels Limited in terms of the order of High Court of Andhra Pradesh dated July 21, 2006. These companies will cease to exist on the date they will be amalgamated with Gayatri Hi-Tech Hotels Limited. As per the Order, the debentures would be allotted to the shareholders of the transferor companies alongwith the other shares, which would be with an option of conversion of debentures for allotment of equity shares of Rs. 10/- each with premium of Rs. 90/- for every one debenture of Rs. 100/-. The details of these Promoter Group Companies including exchange ratio for each promoter group company is given hereunder:

GAYATRI PROJECTS LIMITED

1. M/s Aparna Engineering Co. Private Limited

The Company was originally incorporated on February 17, 1992 under the name of Aparna Engineering Co. Private Limited in the state of Andhra Pradesh. The Company is engaged in construction business. No activity is been undertaken at present in this company.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Ms. T Indira Reddy	18,281
2	Mr. G Siva Kumar Reddy	100
3.	Mr. T. Subbarami Reddy	21,619
	Total	40,000

Board of Directors

1. Mr. G.Siva Kumar Reddy
2. Mr. V. L. N Murthy

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	(0.43)	(0.02)	(0.04)
Equity Share Capital *	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	0.37	0.35	0.31
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	195.00	185.00	13.13
Net Worth	0.39	0.37	1.31

* Does not Include Share Application Money.

Aparna Engineering Co. Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Gayatri Engineering Co. Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

Aparna Engineering Company Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Aparna Engineering Company Private Limited will be entitled to 6 equity shares of Rs. 10/- each fully paid up and 21 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

2. M/s Mallikarjuna Constructions Private Limited

The Company was originally incorporated on February 18, 1992 under the name of Mallikarjuna Constructions Private Limited in the state of Andhra Pradesh. The Company is engaged in construction activities. No activity is been undertaken at present in this company.



Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Ms. T Indira reddy	19,900
2.	Ms. T Saritha Reddy	100
3.	Mr. T. Subbrami Reddy	20,000
	Total	40,000

Board of Directors

1. Ms. T Saritha Reddy
2. Mr. P Maruthi Babu

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	(1.02)	(0.02)	(0.06)
Equity Share Capital *	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	13.34	13.32	13.26
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	6680.00	6670.00	142.60
Net Worth	13.36	13.34	14.26

* Equity Share Capital excludes the Share Application money

Mallikarjuna Constructions Private Limited. is not listed at any Stock Exchange neither it has any subsidiary. Mallikarjuna Constructions Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

Mallikarjuna Constructions Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Mallikarjuna Construction Private Limited will be entitled to 3 equity shares of Rs. 10/- each fully paid up and 10 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

3. M/s Sandeep Builders Private Limited

The Company was originally incorporated on February 18, 1992 under the name of Sandeep Builders Private Limited in the state of Andhra Pradesh. The Company is engaged in construction activity. No commercial activity has been undertaken in this company.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T Subbarami Reddy	10,100
2.	Mr. T V Sandeep Kumar Reddy	14,900
3.	Mrs. T.Indira Reddy	15,000
	Total	40,000

GAYATRI PROJECTS LIMITED

Board of Directors

1. Mr. T.V Sandeep Reddy
2. Mr. D S Anjaneyulu

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital *	0.03	0.03	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(116.67)	(120.00)	5.90
Net Worth	(0.35)	(0.36)	0.59

* Does not include Share Application money.

Sandeep Builders Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Sandeep Builders Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

Sandeep Builders Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Sandeep Builders Private Limited will be entitled to 6 equity shares of Rs. 10/- each fully paid up and 20 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

4. M/s Sarita Constructions Private Limited

The Company was originally incorporated on February 18, 1992 under the name of Sarita Constructions Private Limited in the state of Andhra Pradesh. The Company is in business of construction industry. However the company is not carrying out any activity at present.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Ms. T Indira	25,000
2	Mr. T V Sandeep Reddy	15,000
	Total	40,000

Board of Directors

1. Mr. K Ekamber Reddy
2. Mrs. G. Sulochanamma



Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	(2.23)	(0.20)	(0.10)
Equity Share Capital *	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	0.95	0.93	0.83
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	485.00	475.00	18.31
Net Worth	0.97	0.95	1.83

* Does not include Share Application Money.

Sarita Construction Private Ltd. is not listed at any Stock Exchange neither it has any subsidiary. Sarita Construction Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under windingup.

Sarita Constructions Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Sarita Constructions Private Limited will be entitled to 3 equity shares of Rs. 10/- each fully paid up and 10 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

5. M/s Chamundeswari Resorts Private Limited

The Company was originally incorporated on February 18, 1992 under the name of Chamundeswari Resorts Private Limited in the state of Andhra Pradesh. The Company is in business of construction and running of Hospitality industry. However the company has not commenced any commercial activity.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T Subbarami Reddy	31,519
2	Mr. T V Sandeep Reddy	100
3	Ms. T. Indira	8,381
	Total	40,000

Board of Directors

1. Mr. J Brij Mohan Reddy
2. Mr. R Hari babu

GAYATRI PROJECTS LIMITED

Brief Financials

(Rs. In Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital *	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(180.00)	(185.00)	5.80
Net Worth	(0.36)	(0.37)	0.58

* Does not Include Share Application Money.

Chamundeswari Resorts Private Limited is not listed at any Stock exchange neither it has any subsidiary. Chamundeswari Resorts Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under windingup.

Chamundeswari Resorts Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Chamundeswari Resorts Private Limited will be entitled to 5 equity shares of Rs. 10/- each fully paid up and 16 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

6. M/s Parameswari Constructions Private Limited

The Company was originally incorporated on February 17, 1992 under the name of Parameswari Constructions Private Limited in the state of Andhra Pradesh. The Company is in business of construction industry. However the company is not carrying out any activity at present.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Ms. T Indira	21,326
2	Mr. T V Sandeep Reddy	11,600
3	Mr. T. Subbarami Reddy	7,074
	Total	40,000

Board of Directors

1. Mrs. T Indira Reddy
2. Mr. P Purnbachander Rao



Brief Financials

(Rs. In Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	(0.02)	(0.02)	(0.04)
Equity Share Capital *	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	1.39	1.37	1.34
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	705.00	695.00	23.40
Net Worth	1.41	1.39	2.34

* Does not Include Share Application Money

M/s Parameswari Constructions Private Limited is not listed at any Stock Exchange neither it has any subsidiary. M/s Parameswari Constructions Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under windingup.

Parameswari Construction Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Parameswari Construction Private Limited will be entitled to 6 equity shares of Rs. 10/- each fully paid up and 21 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

7. M/s Sivaganga Engineering Company Private Limited

The Company was originally incorporated on February 17, 1992 under the name of Sivaganga Engineering Company Private Limited in the state of Andhra Pradesh. The Company is in business of construction industry. However the company has not commenced any commercial activity.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Ms. T Indira	25000
2	Mr. T V Sandeep Reddy	15000
	Total	40000

Board of Directors

1. Mr. P Maruthi Babu
2. Mr. P Purnbachander Rao

GAYATRI PROJECTS LIMITED

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital *	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(175.00)	(180.00)	5.90
Net Worth	(0.35)	(0.36)	0.59

* Does Not Include Share Application Money

Sivaganga Engineering Company Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Sivaganga Engineering Company Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under windingup.

Sivaganga Engineering Company Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Sivaganga Engineering Company Private Limited will be entitled to 3 equity shares of Rs. 10/- each fully paid up and 10 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

8. M/s Sivadevi Engineering Company Private Limited

The Company was originally incorporated on February 18, 1992 under the name of Sivadevi Engineering Company Private Limited in the state of Andhra Pradesh. The Company is in business of construction industry. However the company is not carrying out any activity at present.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Ms. T Indira	11326
2	Mr. T Subbarami Reddy	28674
	Total	40000

Board of Directors

1. Mr. R Hari babu
2. Mr. P Purnbachander Rao
3. Ms. G. Aruna



Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	(5.48)	(0.03)	(0.08)
Equity Share Capital *	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	5.72	5.69	5.61
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	2870.00	2855.00	66.10
Net Worth	5.74	5.71	6.61

* Does not Include Share Application Money.

M/s Sivadevi Engineering Company Private Limited is not listed at any Stock Exchange neither it has any subsidiary. M/s Sivadevi Engineering Company Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under windingup.

Sivadevi Engineering Company Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Sivadevi Engineering Company Private Limited will be entitled to 6 equity shares of Rs. 10/- each fully paid up and 20 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

9. M/s Rajeev Constructions Private Limited

The Company was originally incorporated on February 18, 1992 under the name of Rajeev Constructions Private Limited in the state of Andhra Pradesh. The Company is engaged in the construction business. The company till date has undertaken no commercial activity.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Ms. T Indira Reddy	18281
2	Mr. T V Sandeep Kumar Reddy	1100
3	Mr T. Subbarami Reddy	20619
	Total	40000

Board of Directors

1. Mrs. T Saritha Reddy
2. Mr. T V Sandeep Kumar Reddy

GAYATRI PROJECTS LIMITED

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital *	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	—	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(230.00)	(235.00)	4.90
Net Worth	(0.46)	(0.47)	0.49

* Does not include Share application money.

Rajeev Constructions Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Rajeev Constructions Private Limited has not completed any public or right issue in the proceeding three years. It has not become sick under the SICA and is not under windingup.

Rajeev Construction Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Rajeev Construction Private Limited will be entitled to 3 equity shares of Rs. 10/- each fully paid up and 10 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

10. M/s Shankari Engineering Private Limited

The Company was originally incorporated on February 18, 1992 under the name of Shankari Engineering Private Limited in the state of Andhra Pradesh. The Company is engaged in the construction business. No activity is been undertaken at present in this company.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T Subbarami Reddy	10000
2	Mr. T V Sandeep reddy	20100
3	Ms. T. Indira	9900
	Total	40000

Board of Directors

1. Mr. G Padmanabha Reddy
2. Mr. T Subhash Chandra Bose
3. Mr. T Seetharamaiah



Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	(2.54)	(0.03)	(0.04)
Equity Share Capital *	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	—	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(600.00)	(610.00)	(2.70)
Net Worth	(1.20)	(1.22)	(0.27)

* Does not Include Share Application money

Shankari Engineering Private Limited. is not a listed at any Stock Exchange neither it has any subsidiary. Shankari Engineering Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under windingup.

Shankari Engineering Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Shankari Engineering Private Limited will be entitled to 7 equity shares of Rs. 10/- each fully paid up and 23 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

11. M/s Deep Estates Private Limited

The Company was originally incorporated on October 12, 1984 under the name of Deep Estates Private Limited in the state of Andhra Pradesh. The Company is engaged in the business of Hotel, Cinematography industry. The company has not undertaken any commercial activity till date.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T Subbarami Reddy	84074
2	Ms. T Indira	115926
3	Mr. T.V. Sandeep Kumar Reddy	50000
	Total	250000

Board of Directors

1. Mrs. T Saritha Reddy
2. Mrs. T Indira Reddy.

GAYATRI PROJECTS LIMITED

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital* (Face Value Rs 1000/**- per share)	0.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(37000.00)	(38000.00)	170.00
Net Worth	(0.74)	(0.76)	0.17

* Does not include Share Application money.** Subdivide into shares of Rs 10/- each with effect from December 30,2005.

Deep Estates Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Deep Estates Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under windingup.

Deep Estate Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Deep Estates Private Limited will be entitled to 3 equity shares of Rs. 10/- each fully paid up and 10 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

12. M/s Parameswari Hotels & Theatres Private Limited

The Company was originally incorporated on October 12, 1984 under the name of Parameswari Hotels & Theatres Private Limited in the state of Andhra Pradesh. The Company is in business of construction and running of Hospitality industry. However the company has not commenced any commercial activity.

Shareholding Pattern as on August 31, 2006

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Mr. T. Subbarami Reddy	5000
2	Mrs. T. Indira Reddy	16226
3	Mr. T.V. Sandeep Kumar Reddy	228774
	Total	250000

Board of Directors

1. Mrs. T. Indira Reddy
2. Mr. T.S.C. Bose



Brief Financials

(Rs. In Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales	-	-	-
Other Income	-	-	-
Profit After Tax	-	-	-
Equity Share Capital * (Face Value Rs 1000/**- per share)	.02	0.02	1.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value/ Share (Rs.)	(29000.00)	(29500.00)	340.00
Net Worth	(0.58)	(0.59)	0.34

* Does not include Share Application money.

**Subdivide into shares of Rs 10/- each with effect from December 30,2005

Parameswari Hotels & Theatres Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Parameswari Hotels & Theatres Private Limited has not completed any public or right issue in the preceding three years. It has not become sick under the SICA and is not under windingup.

Parameswari Hotels & Theatres Private Ltd. is being amalgamated with M/s Gayatri Hi-Tech Hotels Limited with effect from the appointed date as per the Order of the High Court of Andhra Pradesh dated July 21, 2006. The shareholders of Parameswari Hotels & Theatres Private Limited will be entitled to 1 equity shares of Rs. 10/- each fully paid up and 3 optionally fully convertible debentures of Rs. 100/- each of Gayatri Hi-Tech Hotels Ltd. for every 1 equity shares held by them.

OUR JOINT VENTURES

The company's existing Joint Ventures are:

IJM-GAYATRI JV

IJM-Gayatri JV has been formed on December 21, 1998 in the ratio of 60:40 for submitting the prequalification, tender and subsequent execution of various civil and / or structural works including Earth works, National and / or State Highways, Bridges, Dams, Reservoirs, Airports, Roads and Buildings within India. This is an unincorporated joint venture in the nature of partnership.

Financial Performance

(Rs. in lakhs)

Sr.No.	Particulars	2005-06	2004-05	2003-04
1.	Sales	3286.69	9209.98	13714.61
2.	Other Income	16.59	682.59	16.38
3.	Profit After Tax	(261.30)	420.46	(87.27)
4.	Sources of Funds*	7355.52	7001.62	8211.11

* Sources of Funds indicate joint venture member's capital and unsecured loans.

Benefit of the Joint Venture

To obtain technical / financial qualification required for the road projects.

GAYATRI-RANJIT JOINT VENTURE

Gayatri-Ranjit JV has been formed on February 2, 2001 in the ratio of 55:45 for the purpose of preparation, submission of pre-qualification document and performs contract works viz. Kishangarh-Udaipur Section of NH-8 and Udaipur-Ratanpur-Gandhinagar of NH-8. This is an unincorporated joint venture in the nature of partnership.

GAYATRI PROJECTS LIMITED

Financial Performance

(Rs. in lakhs)

Sr.No.	Particulars	2005-06	2004-05	2003-04
1.	Sales	-	3526.15	6662.23
2.	Other Income	-	-	-
3.	Profit After Tax	(5.54)	6.29	5.18
4	Sources of Funds*	286.83	286.83	605.61

* Sources of Funds indicate unsecured loans.

Benefit of the Joint Venture

To obtain technical qualification required for bidding the said project.

SIMPLEX - GAYATRI CONSORTIUM

Simplex-Gayatri Consortium has been formed on December 4, 2001 in the ratio of 70:30 for the purpose of submitting an offer for the work of Four Laning of Satara-Kolhapur to Maharashtra State Border Section of NH-4 Package - II from Km 616/000 to Km. 639/000 and execute the said work. This is an unincorporated joint venture in the nature of partnership.

Financial Performance

(Rs. in la khs)

Sr.No.	Particulars	2005-06	2004-05	2003-04
1.	Sales	-	-	-
2.	& Other Income	-	-	-
3.	Profit After Tax	-	-	-
4	Sources of Funds*	4.00	335.78	961.33

* Sources of Funds indicate Advances from Clients

Note : Revenue is recognized under completed contract method as per AS-7 Accounting for Construction contracts issued by ICAI.

Benefit of the Joint Venture

To obtain technical qualification required for bidding the said project.

JAIPRAKASH - GAYATRI JOINT VENTURE

Jaiprakash-Gayatri JV has been formed on July 9, 2004 in the ratio of 60:40 for the purpose of participation in the pre-qualification bids as a joint venture and to participate subsequently in the tenders for the projects. This is an unincorporated joint venture in the nature of association of persons.

Financial Performance

(Rs. in lakhs)

Sr. No.	Particulars	2005-06	2004-05	2003-04
1.	Sales	14509.83	-	-
2.	Other Income	-	-	-
3.	Profit After Tax	-	-	-
4	Sources of Funds*	15652.00	4648.66	-

* Sources of Funds indicate joint venture member's capital and unsecured loans.



Benefit of the Joint Venture

To obtain technical qualification required for bidding the said project.

RNS-GPL JOINT VENTURE

RNS-GPL Joint Venture has been formed on May 7, 2005 in the ratio of 50:50 for tendering and execution of work consisting of construction and completion of widening and strengthening of roads from Ramanathapuram to Tuticorn with a total length of 118 kms of State Highways in Tamilnadu. This is an unincorporated joint venture in the nature of partnership. No separate accounts of RNS-GPL JV are maintained as all transactions pertaining to this JV are accounted for in the books of accounts of RN Shetty & Company Private Limited.

GAYATRI-ECI JOINT VENTURE

Gayatri-ECI JV has been formed on August 18, 2005 in the ratio of 75:25 for executing the works for widening and strengthening of existing National Highway from 2-lane to 4-lane from Km 60.0 to km 30.00 of Bijni to WB Border Section of NH-31C in Assam. This is an unincorporated joint venture in the nature of partnership.

Financial Performance

(Rs. in lakhs)

Sr. No.	Particulars	2005-06
1.	Sales	-
2.	Other Income	0.01
3.	Profit After Tax	(0.67)
4	Sources of Funds*	2240.50

* Sources of Funds indicate joint venture member's capital and secured loans.

GPL-BRAHMAPUTRA CONSORTIUM LTD.

GPL- Brahmaputra Consortium Ltd. JV has been formed on November 8, 2005 in the ratio of 26:74 for execution of works for up-gradation , strengthening, operation and maintenance on BOT basis in the State of Punjab of Hoshairpur – Phagwara Road (35.50 km), Sirhind – Morinda – Ropar road (43.22km), Dakha – Raikot – Barnala road (57.94 km) and Bhawanigarh – Nabha – Gobindgarh (55.42 km). The JV will be incorporated once the projects are awarded to the JV. There are no financial transactions in the JV during the year 2005-06 and hence no financial information is made available.

GAYATRI PROJECTS LIMITED

RELATED PARTY TRANSACTIONS

As Per Accounting Standard (AS-18) on related party disclosures issued by ICAI, the disclosures of transactions with the related parties are as follows:

Details of related parties:

Associated Companies	Relationship	Nature of Transaction	Beneficiary
Deep Corporation Pvt. Ltd	Associated Companies	Rent of Office & Loans	Deep Corporation Pvt. Ltd
Indira Constructions Pvt. Ltd	Associated Companies	Rent of Office & Loans	Indira Constructions Pvt. Ltd
Gayatri Interactive Ltd	Associated Companies	Purchase of Computers	Gayatri Interactive Ltd
Gayatri Tissue & Papers Ltd	Associated Companies	Sub-contract given	Gayatri Tissue & Papers Ltd
Gayatri Sugars Ltd	Associated Companies	Financial Guarantee	Gayatri Sugars Ltd
Gayatri Starchkem Ltd	Associated Companies	Financial Guarantee	Gayatri Starchkem Ltd
Gayatri Digisoft & Tech. Ltd	Associated Companies	Purchase of Computers	Gayatri Digisoft & Tech. Ltd
Western UP Toll Way Ltd	Associated Companies	Sub-contract	Gayatri Projects Limited
Associated Concerns			
G. Srinivasulu Reddy & Co	Associated Companies	Sub-contract	Gayatri Projects Limited
TSR Foundation	Associated Concern	Donations	TSR Foundation
Dr.T.S.Reddy (HUF)	Associated Concern	Financial Guarantee	Dr.T.S.Reddy (HUF)
Key Management Personnel			
Mr. S.V.Vaidya*	Key Management Personnel	Remuneration	SV Vaidya
Joint Ventures			
IJM Gayatri Joint Ventures	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
Gayatri Ranjit Joint Venture	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
Simplex Gayatri Consortium	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
Jaiprakash Gayatri Joint Venture	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
Gayatri ECI Joint Venture	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
RNS Gayatri Joint Venture	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
GPL Brahmaputra Consortium Ltd JV	JV Partner	Contractor & Share in JV	Gayatri Projects Limited

Related Party Transactions as per Accounting Standard 18 issued by ICAI : (Amount Rs. in lakhs)

Sl.	Name of the Party	Relationship	Nature of Transaction	2005-06		2004-05		2003-04		2002-03		2001-02	
				Volume of Transaction	Amount out standing	Volume of Transaction	Amount out standing	Volume of Transaction	Amount out standing	Volume of Transaction	Amount out standing	Volume of Transaction	Amount out standing
a)	Deep Corporation Pvt. Ltd	Associated Companies	Rent of Office & Loans	4.47	Nil	221.97	1,600.50	397.09	1,384.30	100.82	1,057.14	555.93	981.97
b)	Indira Constructions (P) Ltd.,	Associated Companies	Maintenance of office premises & Loans	2.46	Nil	21.35	366.75	157.40	348.58	29.44	191.84	149.13	163.06
c)	IJM Gayatri JV	JV Partner	Contractor & Share in JV	2451.46	1074.85	6,675.70	2,302.90	16,588.12	4,981.43	21,905.03	5,816.64	15407.73	2,476.80
d)	G.Srinivasulu Reddy & Co	Associated Concern	Sub-contract	14.51	Nil	264.98	138.33	89.76	79.82	64.69	42.48	113.26	164.02
e)	T S R Foundation	Associated Concern	Donations	13.65	Nil	12.02	Nil	10.17	Nil	12.00	Nil	7.72	Nil
f)	Gayatri Interactive Ltd.,	Associated Companies	Purchase of Computers	6.00	5.41	9.00	4.30	Nil	0.97	Nil	0.97	8.70	0.97
g)	Gayatri Tissue & Papers Ltd.,	Associated Companies	Sub-contract	16.67	9.65	13.15	25.31	0.10	25.82	12.00	25.58	12.00	25.58
h)	Gayatri Sugars Ltd. (given by GPL)	Associated Companies	Financial Guarantee	Nil	3,790.00	Nil	3,790.00	Nil	3,850.00	Nil	3,850.00	Nil	3,850.00
i)	Gayatri Starhkem Ltd. (given by GPL)	Associated Companies	Financial Guarantee	Nil	1,144.00	Nil	1,144.00	Nil	1,144.00	Nil	1,144.00	Nil	675.00
j)	GSR Sugars Ltd	Associated Companies	Financial Guarantee	Nil	4,500.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
k)	Gayatri-Ranjit JV	JV Partner	Contractor & Share in JV	Nil	116.06	1,335.52	219.68	49.60	11.28	14.46	5.85	Nil	Nil
l)	Simplex-Gayatri Consortium	JV Partner	Contractor & Share in JV	695.98	387.38	1,088.41	142.43	0.88	11.29	11.92	10.69	Nil	Nil
m)	Gayatri Digisoft & Tech. Ltd	Associated Companies	Software Development	6.00	4.06	6.00	2.97	Nil	Nil	Nil	Nil	Nil	Nil
n)	Jaiprakash - Gayatri JV	JV Partner	Contractor & Share in JV	18200.58	2327.14	3,673.86	Nil	Nil	Nil	Nil	Nil	Nil	Nil
o)	R.N.Shetty Infrastructure	JV Partner	Project Supervision fee	56.28	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
p)	Deep Corporation Pvt Ltd	Associated Companies	Financial Guarantee	2000.00	2000.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
q)	Indira Constructions (P) Ltd.	Associated Companies	Financial Guarantee	575.00	575.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
r)	Dr.T.S.Reddy (HUF)	Associated Concerns	Financial Guarantee	900.00	900.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

GAYATRI PROJECTS LIMITED

MATERIAL DEVELOPMENTS

Significant development since the last audited balance sheet as on March 31, 2006 till the date of Prospectus

No circumstances have arisen since the date of last financial statement until the date of filing of this Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of our Company.



DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders of the Company, in their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition. The details of dividend declared by our company, during the last five year are as under.

FY ended March 31st	Rate (% of face value of Rs. 10/- per Equity Share)	Amount (Rs. in lakhs)
2001-02	NIL	NII
2002-03	NIL	NII
2003-04	NIL	NII
2004-05	25.00%	125.00
2005-06	15.00%	135.00

GAYATRI PROJECTS LIMITED

AUDITORS' REPORT

FINANCIAL STATEMENTS OF THE COMPANY

Date: 1st September 2006

**The Board of Directors,
Gayatri Projects Ltd.,
Hyderabad.**

We have examined the following financial information of Gayatri Projects Limited ("the Company") as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors which has been prepared in accordance with Paragraph B-1 of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000, as amended from time to time, in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications and in accordance with the terms of reference received from the company vide their letter dated 30th August 2006, requesting us to carry out the work, proposed to be included in the Offer Document of the Company in connection with its proposed Initial Public Offer.

Annexure I	:	Statement of restated Assets and Liabilities as at 31 st March 2006, 31 st March 2005, 31 st March 2004, 31 st March 2003, and 31 st March 2002.
Annexure II	:	Statement of restated Profit and Loss Account for the period ended 31 st March 2006, 31 st March 2005, 31 st March 2004, 31 st March 2003, and 31 st March 2002.
Annexure II-A	:	Consolidated Significant Accounting Policies and Notes on Accounts as per the audited accounts.
Annexure III	:	Statement of rate of Dividend for the last five years.
Annexure IV	:	Statement of Accounting Ratios.
Annexure V	:	Capitalization Statement.
Annexure VI	:	Tax Shelter Statement.
Annexure VII	:	Details of Other Income.
Annexure VIII	:	Statement showing Age-wise analysis of Sundry Debtors.
Annexure IX	:	Details of Loans and advances.
Annexure X	:	Analysis of Outstanding unsecured loans taken by the Company.
Annexure XI	:	Analysis of Outstanding secured loans taken by the Company.
Annexure XII	:	Details of related party transactions.
Annexure XIII	:	Details of quoted investments.
Annexure XIV	:	Statement of Cash Flows for the F.Y 2005-06, 2004-05, 2003-04, 2002-03 and 2001-02

Based on examination of the above statements with the respective audited financial statements and on the basis of information and explanations given to us, we report as under:

- (i) The Statements referred to as Annexure I to XIV read with the respective Significant Policies and read together the notes thereon and after making such adjustments, regroupings and disclosures as were, in our opinion, appropriate and required have been prepared out of audited financial statements for the years.
- (ii) We confirm the calculations of (a) Accounting ratios in Annexure IV; (b) Long-term Debt / Equity ratios mentioned in Annexure V; and (c) Tax Shelter Statement in Annexure VI.

This report is intended solely for use for your information and for inclusion in the Red Herring Prospectus / Prospectus in connection with the Proposed Initial Public Offer of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **C.B. Mouli & Associates**
Chartered Accountants

MANI OOMMEN
Partner
Membership No. 24046



SCHEDULE-I

STATEMENT OF RESTATED ASSETS AND LIABILITIES

(Rs. In Lacs)

PARTICULARS	As at 31.03.2006	As at 31.03.2005	As at 31.3.2004	As at 31.3.2003	As at 31.3.2002
A. Fixed Assets:					
Gross Block	16,430.72	13,815.66	12,159.84	11,409.88	10,736.75
Less : Depreciation	(6,600.30)	(5,648.65)	(4,663.40)	(3,806.14)	(2,979.12)
Net Block	9,830.42	8,167.01	7,496.44	7,603.74	7,757.63
Less: Revaluation Reserve	-	-	-	-	-
Capital Work in Progress	-	-	29.53	-	279.02
Total	9,830.42	8,167.01	7,525.97	7,603.74	8,036.65
B. Investments	323.96	293.10	293.10	318.91	318.91
C. Current Assets, Loans & Advances					
Inventories	2,184.49	2,028.33	1,563.17	3,705.65	3,884.43
Sundry Debtors	10,463.02	9,692.09	7,921.67	6,328.91	6,028.25
Cash and Bank Balances	4,613.87	3,565.84	2,798.85	2,669.28	2,636.31
Loans and Advances	14,297.27	13,487.07	11,969.68	6,481.84	4,611.40
Other Current Assets	-	-	-	-	-
Total	31,558.65	28,773.33	24,253.37	19,185.68	17,160.39
D. Liabilities & Provisions					
Secured Loans	19,133.01	16,581.44	16,638.24	13,823.75	8,020.71
Unsecured Loans	6,285.76	7,278.07	3,456.24	3,017.38	7,740.67
Current Liabilities and Provisions	5,195.12	4,305.55	3,631.81	2,583.83	2,777.52
Deferred Tax Provisions	1,829.93	1,414.08	1,425.77	1,344.35	1,212.68
Total	32,443.82	29,579.14	25,152.06	20,769.31	19,751.58
E. Net worth (A+B+C-D)	9,269.21	7,654.30	6,920.38	6,339.02	5,764.37
F. Represented by					
Share Capital	900.00	500.00	500.00	500.00	500.00
Reserves and Surplus	8,369.21	7,154.30	6,420.38	5,839.02	5,264.37
Less: Revaluation Reserves	-	-	-	-	-
Reserves (Net of Revaluation Reserves)	8,369.21	7,154.30	6,420.38	5,839.02	5,264.37
Net Worth	9,269.21	7,654.30	6,920.38	6,339.02	5,764.37

Balance Sheet and Profit and Loss account are recasted to give effect for the Deferred Tax Liability of Financial Year 2001-02.

GAYATRI PROJECTS LIMITED

SCHEDULE-II

STATEMENT OF RESTATED PROFIT AND LOSSES ACCOUNT

(Rs. In Lacs)

PARTICULARS	As at 31.03.2006	As at 31.03.2005	As at 31.3.2004	As at 31.3.2003	As at 31.3.2002
INCOME					
Gross Contract Receipts	37,117.74	30,125.79	31,356.67	34,066.34	30,143.16
Other Income	105.49	205.37	555.28	128.76	301.17
Increase / (Decrease) in Work in Progress	417.54	25.36	(1,508.99)	380.16	544.27
TOTAL INCOME:	37,640.77	30,356.52	30,402.96	34,575.26	30,988.60
EXPENDITURES					
Work Expenditure	29,637.44	24,200.99	25,450.25	29,467.06	26,513.77
Staff Cost	615.65	530.14	552.18	550.64	522.83
Administration Expenses	733.45	725.26	642.04	564.17	616.37
Financial charges	447.27	322.71	287.05	420.13	352.80
TOTAL EXPENDITURE:	31,433.81	25,779.10	26,931.52	31,002.00	28,005.77
Profit Before Interest, Depreciation and I.Tax	6,206.96	4,577.42	3,471.44	3,573.26	2,982.83
Interest	2,407.69	2,267.04	1,699.84	1,672.40	947.38
Depreciation	1,039.79	985.25	857.26	827.02	761.78
Net Profit before tax and Extra- Ordinary items	2,759.48	1,325.13	914.34	1,073.84	1,273.67
Taxation					
Current tax and FBT	535.66	402.48	251.56	218.88	395.74
Deferred tax	415.85	(11.69)	81.42	131.67	58.01
Net Profit before Extra-ordinary items (net of tax)	1,807.97	934.34	581.36	723.29	819.92
Extra-ordinary items (net of tax)	-	-	-	-	-
Net Profit after Extra-ordinary items					
Adjustment on account of prior period expenses #	-	(39.13)	(57.89)	-	(148.64)
Adjusted Profit	1,807.97	895.21	523.47	723.29	671.28

Prior period expenses are restated and shown in the respective years to which it pertains to.

Consolidated Notes to Accounts: (Financial year 2001-02 to 2005-06)**1. Significant accounting policies:****1.1. Method of accounting**

The financial statements have been prepared to comply in all material respect with the mandatory Accounting standards issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act 1956. The accounts are prepared under historical cost convention and on the going concern basis, with revenue recognized, expenses accounted on their accrual and in accordance with the applicable Accounting Standards issued by Institute of Chartered Accountants of India. The accounting policies have been consistently applied by the Company. There is no change in the accounting policy for the last 5 years i.e. financial year 2001-02 to 2005-06.

1.2. Income recognition

Income is recognized on fixed price construction contracts in accordance with the percentage completion method, as specified in Accounting Standard 7 issued by ICAI.

1.3. Fixed assets and depreciation

Assets are stated at cost of acquisition less accumulated depreciation. On additions and disposals, depreciation is provided for the period of use during the year under report. Expenditure which are of capital in nature are capitalized at cost, which comprises of purchase price (net of rebates and discounts), import duties, levies and all other expenditure directly attributable to cost of bringing the asset to its working condition for its intended use. Depreciation on fixed assets is provided on the basis of Straight Line Method, at the rates and manner prescribed in the Schedule XIV to the Companies Act.

1.4. Inventory and work in progress

Raw materials and stores & spares are valued at cost and work in progress is valued at cost up to the stage of completion. Cost includes direct material, work expenditure, labor cost and appropriate overheads. In respect of claims, revenue is recognized on receipt basis.

1.5. Deferred revenue expenditure

Expenditure incurred up to the date of commencement commercial activity of the project work like initial mobilization of resources, establishment and administration expenditure and bank guarantee commissions, are amortized over the expected project completion period.

1.6. Investments

Investments are classified as long term or current in accordance with Accounting Standard 13 on Accounting for investments. All investments are being carried at cost and market value of quoted investments is mentioned in the balance sheet for information.

1.7. Foreign currency transactions

Foreign exchange transactions are accounted at the rates prevailing on the date of transactions.

1.8. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such asset. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue account.

GAYATRI PROJECTS LIMITED

2. Contingent Liabilities not provided for:

(Rs. In Lacs)

	Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
1.	Guarantees given by Banks towards performance & contractual commitments: a) To the company in the normal course of Business. b) Guarantees given to related parties	15,633.06	19,100.54	10,444.97	6,198.06	11,327.22
		23,365.44	11,071.26	8,322.56	9,351.13	6,104.29
2.	Corporate guarantees given to Group companies	12,909.00	4,934.00	4,934.00	4,934.00	NIL
3.	Letter of Credits taken	1,345.68	NIL	843.90	968.33	2,111.89
4.	Estimated amount of contracts remaining to be executed on Capital A/c.	NIL	NIL	NIL	NIL	279.02
5.	Disputed Sales/Entry Tax Liability	416.82	383.39	585.82	NIL	NIL

3. Wholly owned Subsidiary Companies:

M/s. Gayatri Lease-fin Private Limited, a wholly owned subsidiary company since the financial year 1994-95 till the financial year 2000-01. During this period the Losses of the Subsidiary Company Rs. 19.77 Lakhs have not been accounted in the books of Gayatri Projects Limited. In the financial year 2001-02, the shares of the said subsidiary were sold off and it ceased to be the subsidiary of the Company.

- Company has not provided for diminution in the value of investments till the financial year 2003-04. However for the financial year 2004-05, value of the investment is at par or above the book value. In the opinion of the Management the change is temporary.
- Investment amounting to Rs.30,81,000/-, which is in the name of the Gayatri Engineering Co., was sold off during the financial year 2003-04.

6. Retirement benefits

Retirement benefits in the form of Provident Fund are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. Provision for Gratuity to employees is provided for on accrual basis, which is in conformity with AS – 15 issued by ICAI.

7. Segment Reporting

Accounting Standard 17 on “Segment reporting” issued by ICAI is not applicable to the company since it is engaged in only one segment i.e. construction activities

8. Related Party Transactions as per Accounting Standard 18 issued by ICAI :

(Amount Rs. in lakhs)

Sl.	Name of the Party	Relationship	Nature of Transaction	2005-06		2004-05		2003-04		2002-03		2001-02	
				Volume of Transaction	Amount out standing	Volume of Transaction	Amount out standing	Volume of Transaction	Amount out standing	Volume of Transaction	Amount out standing	Volume of Transaction	Amount out standing
a)	Deep Corporation Pvt. Ltd	Associated Companies	Rent of Office & Loans	4.47	Nil	221.97	1,600.50	397.09	1,384.30	100.82	1,057.14	555.93	981.97
b)	Indira Constructions (P) Ltd.,	Associated Companies	Maintenance of office premises & Loans	2.46	Nil	21.35	366.75	157.40	348.58	29.44	191.84	149.13	163.06
c)	IJM Gayatri JV	JV Partner	Contractor & Share in JV	2451.46	1074.85	6,675.70	2,302.90	16,588.12	4,981.43	21,905.03	5,816.64	15407.73	2,476.80
d)	G.Srinivasulu Reddy & Co	Associated Concern	Sub-contract	14.51	Nil	264.98	138.33	89.76	79.82	64.69	42.48	113.26	164.02
e)	T S R Foundation	Associated Concern	Donations	13.65	Nil	12.02	Nil	10.17	Nil	12.00	Nil	7.72	Nil
f)	Gayatri Interactive Ltd.,	Associated Companies	Purchase of Computers	6.00	5.41	9.00	4.30	Nil	0.97	Nil	0.97	8.70	0.97
g)	Gayatri Tissue & Papers Ltd.,	Associated Companies	Sub-contract	16.67	9.65	13.15	25.31	0.10	25.82	12.00	25.58	12.00	25.58
h)	Gayatri Sugars Ltd. (given by GPL)	Associated Companies	Financial Guarantee	Nil	3,790.00	Nil	3,790.00	Nil	3,850.00	Nil	3,850.00	Nil	3,850.00
i)	Gayatri Starchkem Ltd. (given by GPL)	Associated Companies	Financial Guarantee	Nil	1,144.00	Nil	1,144.00	Nil	1,144.00	Nil	1,144.00	Nil	675.00
j)	GSR Sugars Ltd Companies	Associated Companies	Financial Guarantee	Nil	4,500.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
k)	Gayatri-Ranjit JV	JV Partner	Contractor & Share in JV	Nil	116.06	1,335.52	219.68	49.60	11.28	14.46	5.85	Nil	Nil
l)	Simplex-Gayatri Consortium	JV Partner	Contractor & Share in JV	695.98	387.38	1,088.41	142.43	0.88	11.29	11.92	10.69	Nil	Nil
m)	Gayatri Digisoft & Tech. Ltd	Associated Companies	Software Development	6.00	4.06	6.00	2.97	Nil	Nil	Nil	Nil	Nil	Nil
n)	Jaiprakash - Gayatri JV	JV Partner	Contractor & Share in JV	18200.58	2327.14	3,673.86	Nil	Nil	Nil	Nil	Nil	Nil	Nil
o)	R.N.Shetty Infrastructure	JV Partner	Project Supervision fee	56.28	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
p)	Deep Corporation Pvt Ltd	Associated Companies	Financial Guarantee	2000.00	2000.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
q)	Indira Constructions (P) Ltd.	Associated Companies	Financial Guarantee	575.00	575.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
r)	Dr.T.S.Reddy (HUF)	Associated Concerns	Financial Guarantee	900.00	900.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

GAYATRI PROJECTS LIMITED

Details of related parties:

Associated Companies	Relationship	Nature of Transaction	Beneficiary
Deep Corporation Pvt. Ltd	Associated Companies	Rent of Office & Loans	Deep Corporation Pvt. Ltd
Indira Constructions Pvt. Ltd	Associated Companies	Rent of Office & Loans	Indira Constructions Pvt. Ltd
Gayatri Interactive Ltd	Associated Companies	Purchase of Computers	Gayatri Interactive Ltd
Gayatri Tissue & Papers Ltd	Associated Companies	Sub-contract given	Gayatri Tissue & Papers Ltd
Gayatri Sugars Ltd	Associated Companies	Financial Guarantee	Gayatri Sugars Ltd
Gayatri Starchkem Ltd	Associated Companies	Financial Guarantee	Gayatri Starchkem Ltd
Gayatri Digisoft & Tech. Ltd	Associated Companies	Purchase of Computers	Gayatri Digisoft & Tech. Ltd
Western UP Toll way Ltd	Associated Companies	Sub-contract	Gayatri Projects Limited
Associated Concerns			
G. Srinivasulu Reddy & Co	Associated Companies	Sub-contract	Gayatri Projects Limited
TSR Foundation	Associated Concern	Donations	TSR Foundation
Dr.T.S.Reddy (HUF)	Associated Concern	Financial Guarantee	Dr.T.S.Reddy (HUF)
Key Management Personnel			
Mr. S.V.Vaidya*	Key Management Personnel	Remuneration	SV Vaidya
Joint Ventures			
IJM Gayatri Joint Ventures	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
Gayatri Ranjit Joint Venture	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
Simplex Gayatri Consortium	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
Jaiprakash Gayatri Joint Venture	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
Gayatri ECI Joint Venture	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
RNS Gayatri Joint Venture	JV Partner	Contractor & Share in JV	Gayatri Projects Limited
GPL Brahmaputra Consortium Ltd JV	JV Partner	Contractor & Share in JV	Gayatri Projects Limited

9. Earning Per Share (EPS):

Basic earning per share calculated as per Accounting Standard 20 on Earning per share issued by the ICAI. For the purpose of computing

	Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
a)	Net profit available for equity shareholders (Rs. In Lacs)	1,768.84	934.34	523.47	723.29	671.28
b)	Weighted average No. of equity shares as denominator for calculating EPS. (No. in Lacs)	90	50	50	50	50
c)	Basic and Diluted EPS (Rs.)	19.65	18.69	10.47	14.47	13.43

10. Accounting for taxes on Income

As per Accounting Standard 22 on Accounting for Taxes on Income issued by the ICAI, the provision for Deferred Tax Liability / Asset has been calculated and accounted. Details of the liability created for the year is give under:

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02\$
Deferred Tax Liability at the beginning of the year (Rs. In Lacs)	1,414.08	1,425.77	1,344.35	1,212.68	1,154.67
Deferred Tax Liability at the end of the Year (Rs. In Lacs)	1,829.94	1,414.08	1,425.77	1,344.35	1,212.68
Deferred Tax Liability for the Year	415.86	(11.69)	81.42	131.67	58.01

\$ The Provision for Deferred Tax Liability as on 31/03/2002 calculated and recasted in Balance Sheet and Profit and Loss Account of the respective year.

11. Impairment of assets

In the opinion of the management and based on the valuation Report, there are no impaired assets requiring provision for impairment loss as per the accounting standard 28 on Impairment of assets issued by ICAI.

12. Debenture redemption reserve

The company created debenture redemption reserve as per the provisions of section 117C of the Companies Act

13. Proposed Dividend

Provision for dividend has been made in the books of account as proposed by Board of directors, pending for approval at the ensuing annual general meeting.

14. Secured Loans:

14.1. The company issued a Non-Convertible Debentures of Rs. 1500 Lacs in the financial year 2001-02 which are secured by way of exclusive specific first charge (hypothecation) on the Construction Equipment and Personal Guarantees of the Promoter Directors and their relatives. During the year under report the Company has redeemed debentures of Rs. 500 Lacs and subsequently in July 2006 a further sum of Rs. 500 Lacs was redeemed. The balance of Rs. 500 Lacs is due for redemption in July 2007.

14.2. Term Loan, Over Draft (including FCDL Loan), Bank Guarantee, Letter of Credit, Bill Discounting and Deferred Payment Guarantee facilities from Banks are secured by hypothecation of Plant and Machinery, Goods, Book Debts, Receivables of the Company and Equitable Mortgage of Immovable Properties of some of Promoter Directors / their relatives and Companies in which the Directors are interested and further secured by Personal Guarantees of all the Promoter Directors and their relatives in addition to the counter indemnity issued by the company to the equal amounts.

14.3. Equipment and Vehicle Loans are secured by hypothecation of Plant and Equipment and Other Vehicles purchased on such loans.

15. Unsecured Loans:

Unsecured Loans includes advances received against Bank Guarantees from Contractees towards Mobilization / Equipment / Material and Work advances etc and others.

GAYATRI PROJECTS LIMITED

16 Joint Ventures (JV):

16.1. The company has entered into the following Joint Ventures for execution of contracts:

No.	Name of the JV	Nature of Work	Year of Commencement	Share in JV
1.	IJM – Gayatri Joint Venture	Road works of AP SH-7 & 8 and NH 5 - Package I,II,III and AP 13	1999 – 2000	40%
2.	Gayatri – Ranjit Joint Venture	Road works of NH UG – II	2001 – 2002	60%
3.	Simplex – Gayatri Consortium	Road works of NH4 – Package II	2002 – 2003	30%
4.	Jaiprakash –Gayatri Joint Venture	Main canals and Dams works of FFC, Polavaram and Veligonda	2004 – 2005	49%
5.	Gayatri – ECI Joint Venture	Road works of National Highway in the state of Assam	2005 – 2006	75%
6.	RNS-Gayatri Joint Venture	Tamil Nadu road Sector Projects	2005-2006	50%
7.	GPL – Brahmaputra Consortium Limited JV	Road works of Punjab Infrastructure Development Board	2005-2006	26%

16.2. Company's Share of Profit / Loss from the Joint Ventures has been shown as part of Other Income. For the year 2005-06, Company's Share of Profit / Loss from the Joint Ventures have not been accounted in the books for the year under report, as the accounts of the Joint Ventures are yet to be finalized and audited. Profit / Loss in case of Simplex – Gayatri Consortium, will be recognized at the completion of the work.

16.3. In IJM – Gayatri Joint Venture, IJM Corporation Berhad, Malaysia holds 60% and Gayatri Projects Limited holds 40% share. During the year under report the Company raised a Debit Note for Rs.253.53 Lacs in addition to the debit note of Rs.12,984.93 Lacs raised up to the end of the financial year 2004-05 for the excess of expenditure over income since the beginning of the execution of projects in respect of execution of Package I, II & III and AP 13 of NHAI, APSH 7 and APSH 8 of State Government. However, JV has raised claims in excess of Rs. 20,000 Lacs on the employers i.e. National Highways Authority of India and Andhra Pradesh State Government, which are pending for consideration before the appropriate authorities. In view of the excess expenditure (Loss) and the expected claim (Profit), no provision has been made in the company's books of account for the company's 40% share of Loss / Profit in the IJM-Gayatri Joint Venture.

17. The balances of the Sundry Debtors, Creditors, loans and advances, advances received from Contractees etc., are subject to confirmation. The Closing Work-in-Progress and Closing Stocks are as certified by the Management. Amounts due to Small Scale Industries forming part of Creditors, is under compilation.

18. Supplementary and additional statutory information

18.1. Information as per para 4B of part II of Sch. VI of the Companies Act – remuneration to auditors

(Rs. In Lacs)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Statutory Audit	3.50	2.50	2.35	2.10	2.10
Tax Audit	0.50	0.50	0.50	0.50	0.52
Other Services	1.00	1.00	1.00	0.90	1.05
Total	5.00	4.00	3.85	3.50	3.67

18.2. Information as per para 4C of part II of Sch. VI of the Companies Act – regarding licensed, installed, actual production is not applicable to the Company.

18.3. Information as per para 4D of part II of Sch. VI of the Companies Act

18.3.1. Expenditure in foreign currency
(Rs. In Lacs)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Purchase of Capital Equipment	12.50	NIL	NIL	NIL	132.31
On Directors Travel	5.07	0.90	NIL	1.00	2.09

18.3.2. Details of major raw materials consumption
(Rs. In Lacs)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Cement	220.87	291.37	405.14	506.10	1,212.87
Steel	345.23	445.88	783.45	398.44	657.84
HSD Oils & Lubricants	1,084.16	1,749.17	1,009.39	2,655.76	2,906.43
Bitumen	2,105.65	2,354.65	1,123.17	1,541.91	1,712.59

18.3.3. Remuneration and Perquisites to Whole time Directors:
(Rs. In Lacs)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
Remuneration	3.99	10.20	9.24	8.04	7.94
Perquisites	0.74	1.04	1.59	1.42	1.34
Total	4.73	11.24	10.83	9.46	9.28

19. Previous year figures have been regrouped wherever necessary to confirm to the current year classification.

20. All amounts are rounded off to nearest thousand.

GAYATRI PROJECTS LIMITED

SCHEDULE-III

STATEMENT OF RATE OF DIVIDEND FOR LAST 5 YEARS

Sl. No.	Year	% of Dividend
1	2001-2002	Nil
2	2002-2003	Nil
3	2003-2004	Nil
4	2004-2005	25%
5	2005-2006	15%

SCHEDULE-IV

STATEMENT OF ACCOUNTING RATIOS

Ratio	For the financial year ended 31st March				
	2006	2005	2004	2003	2002
EPS (Rs.) Before Extra-ordinary items	19.65	17.90	10.47	14.47	13.43
EPS (Rs.) (After extra ordinary items)	19.65	17.90	10.47	14.47	13.43
Return on net worth (%) (Before extra-ordinary items)	21%	12%	8%	12%	23%
RONW (%) (After extra ordinary items)	21%	12%	8%	12%	23%
Net Asset Value per share (Rs.)	102.99	153.09	138.41	126.78	115.29

Notes:

Earnings per share (before extra ordinary items) = Adjusted Profit after Tax but before extra ordinary items (Net of Tax) / No. of Shares.

Earnings per share (after extra ordinary items) = Adjusted Profit after Tax and extra ordinary items / No. of Shares.

Return on Net Worth (%) (Before extra ordinary items) = Adjusted profit after Tax but before extra ordinary items / Average adjusted Net Worth.

Return on Net Worth (%) (After extra ordinary items) = Adjusted profit after Tax and extra Ordinary items / Average adjusted Net Worth.

Net Asset value per share = Adjusted Net Worth / No. of shares outstanding at the year end.

Net Worth = Share Capital + Reserves & Surplus - Miscellaneous expenditure to the extent not written off.

Average adjusted Net Worth = (Adjusted Net Worth at the beginning of the year + Adjusted Net Worth at the end of the year) / 2

SCHEDULE-V
CAPITALIZATION STATEMENT

(Rs. In Lacs)

	Pre-Issue as at 31/3/2006	As adjusted for the Issue
Borrowing		
Short term Debt	11,160.39	11,160.39
Long Term Debt	14,258.38	14,258.38
Total Debt	25,418.77	25,418.77
Shareholders' Funds		
- Share Capital	900.00	1,000.00
- Reserves	8,369.21	11,219.21
Total Shareholders funds	9,269.21	12,219.21
Long term debt / Equity Ratio	1.54	1.17

SCHEDULE-VI
TAX SHELTER STATEMENT

(Rs. In Lacs)

	Accounting year				
	2005-06	2004-05	2003-04	2002-03	2001-02
Tax at Notional Rate	928.84	483.56	328.02	394.64	454.70
Adjustments:					
Differences between Income Tax and Book Depreciation	(1,235.46)	(226.78)	(167.88)	(342.50)	(537.72)
Other Adjustments	18.12	5.24	(45.24)	(135.74)	92.44
Net Adjustments	(1,217.34)	(221.54)	(213.12)	(478.24)	(445.28)
Tax saving thereon:	(409.76)	(81.07)	(76.46)	(175.75)	(158.96)
Total taxation	519.08	402.49	251.56	218.88	295.74
Taxation on extra-ordinary items	-	-	-	-	-
Tax on Profits before extra-ordinary items	519.08	402.49	251.56	218.88	295.74

GAYATRI PROJECTS LIMITED

SCHEDULE-VII

DETAILS OF OTHER INCOME

(Rs. In Lacs)

Particulars	2006	2005	2004	2003	2002
Commission & Other Income	56.29	186.42	537.69	80.88	127.48
Share of Profit /(Loss) from Joint Ventures	-	3.77	(32.06)	19.56	151.61
Misc. Income	49.20	15.18	49.65	28.32	22.08
TOTAL :	105.49	205.37	555.28	128.76	301.17

SCHEDULE-VIII

STATEMENT OF SUNDRY DEBTORS

a. Age wise Analysis of Sundry Debtors

(Rs. In Lacs)

Period (days)	Balance as at March 31, 2006		Balance as at March 31, 2005	
	Total	From related parties	Total	From related parties
Up to 180 days	8,786.19	3,427.60	8,217.70	3,521.08
Greater than 180 days	1,676.83	477.83	1,474.39	102.00
TOTAL :	10,463.02	3,905.43	9,692.09	3,623.08

b. Details of the Related Party Debtors

(Rs. In Lacs)

Companies	Balance as at March 31, 2006	Balance as at March 31, 2005
Gayatri - Ranjit Joint Venture	116.06	270.69
Simplex - Gayatri Consortium	387.38	436.29
IJM - Gayatri Joint Venture	1,074.85	2,916.10
Jaiprakash - Gayatri Joint Venture	2,327.14	-
TOTAL :	3,905.43	3,623.08



SCHEDULE-IX

DETAILS OF LOANS AND ADVANCES

a. Analysis of Loans & Advances

(Rs. In Lacs)

Description	Balance as at March 31, 2006	Balance as at March 31, 2005
Pre-paid expenses	902.10	224.05
Project Promotion expenses	638.59	1,166.85
Deposits with Government Agencies and Others	438.71	535.66
Advances to Sub-Contractors, PRWs, Suppliers etc.	6,630.30	8,257.32
	8,609.70	10,183.88
Advances to Related Parties:-		
IJM - Gayatri JV Work Advance	5,677.92	5,252.40
Gayatri Tissue & Papers Ltd	9.65	25.31
TOTAL:	14,297.27	15,461.59

Note: Loans and Advances of the previous years regrouped wherever necessary

SCHEDULE-X

Analysis of outstanding unsecured loans taken by the Company

(Rs. In Lacs)

Description	Amount outstanding as on Mar. 31, 2006	Amount outstanding as on Mar. 31, 2005	Remarks
Advance from Contractees - Others	3,188.46	2,560.67	Advance received towards Mobilization, Machinery and Material Advances
Advance form Contractees - Related parties			
Jaiprakash - Gayatri Joint Venture	2,897.08	4,428.80	- Do-
Gayatri - Ranjit Joint Venture	180.98	180.98	- Do-
Simplex - Gayatri Consortium	8.55	107.62	- Do-
IJM - Gayatri Joint Venture	1.22	-	
Indira Construction Pvt. Ltd	-	366.75	- Do-
Deep Corporation Pvt. Ltd	-	1,600.50	Inter corporate Deposit
Gayatri Digisoft Technologies Ltd	4.07	2.97	- Do-
Gayatri Interactive Ltd	5.40	4.30	- Do-
TOTAL :	6,285.76	9,252.59	

GAYATRI PROJECTS LIMITED

SCHEDULE-XI

Analysis of outstanding SECURED LOANS taken by the Company

(Rs. In Lacs)

Description	As on 31/03/2006	As on 31/03/2005	Remarks
Loans From Banks on DPG Facility	85.38	155.82	Hypothecation of Book Debts, Claims, Plant and Machinery and personal guarantees by Directors / Promoters
Over Draft from Banks	10,765.39	10,831.14	- Do -
Term Loan from Banks	5,646.27	2,181.22	- Do -
Letter of Credit / Bill discounts with Banks	95.00	224.36	- Do -
12% Non-convertible Debentures	1,000.00	1,500.00	Hypothecation of the movable construction equipments
Plant & Equipment and Vehicle Loans	1,540.97	1,688.90	Hypothecation and Hire Purchase of Plant and Machinery purchased under finance.
TOTAL :	19,133.01	16,581.44	

SCHEDULE-XII

DETAILS OF RELATED PARTY TRANSACTION

The Company has entered into the following related party transactions, such parties and transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

Details of transactions:

(Rs. In Lacs)

Sl. No.	Description	Volume of transactions during the Year 2005-06	Amount of outstanding as at 31/03/2006	Volume of transactions during the Year 2004-05	Amount of Aoutstanding as at 31/03/2005
1	Gross Revenue (Contract Receipts)	21,404.32	3,905.43	9,302.43	3,353.63
2	Profit from Joint Ventures	0.00	0.00	3.77	11.32
3	Sub-Contract works, commission	16.67	9.65	71.55	120.19
4	Office Rent & Maintenance	6.93	0.00	8.93	0.00
5	Services	12.00	9.47	15.00	7.27
6	Donations	13.65	0.00	12.02	0.00
7	Contract Advances taken	1,446.20	3,087.82	3,908.25	7,229.55
8	Financial Gurantees	7,975.00	12,909.00	0.00	4,934.00



Details of related parties:

Associated Companies	Associated Concerns	Joint Ventures
Deep Corporation Pvt. Ltd	G. Srinivasulu Reddy & Co	IJM Gayatri Joint Ventures
Indira Constructions Pvt. Ltd	TSR Foundation	Gayatri Ranjit Joint Venture
Gayatri Interactive Ltd	Dr.T.S.Reddy (HUF)	Simplex Gayatri Consortium
Gayatri Tissue & Papers Ltd		Jaiprakash Gayatri Joint Venture
Gayatri Sugars Ltd		Gayatri ECI Joint Venture
Gayatri Starchkem Ltd	Key Management Personnel	RNS Gayatri Joint Venture
Gayatri Digisoft & Tech. Ltd	Mr. S.V.Vaidya*	GPL Brahmaputra Consortium Ltd JV
Western UP Toll way Ltd		

SCHEDULE-XIII

DETAILS OF INVESTMENTS AS AT

(Rs. In Lacs)

Name of the Company	31/03/2006	31/03/2005
Gayatri Sugars Limited - 29,31,000 Equity Shares of Rs. 10/- each fully paid up (Market Value as at 31/12/05 is Rs. 467.49 Lacs)	293.10	293.10
Syndicate Bank Limited - 1,728 Equity Shares of Rs. 10/- each fully paid up (Market Value as at 31/12/05 is Rs. 1.45 Lacs)	0.86	-
Western UP Tollway Limited - 300000 Equity Shares of Rs. 10/- each fully paid up (Unquoted Investment)	30.00	-
TOTAL	323.96	293.10

GAYATRI PROJECTS LIMITED

SCHEDULE-XIV

SUMMARY STATEMENT OF CASH FLOWS AS RESTATED

(Rs. In Lacs)

PARTICULARS	2005-06	2004-05	2003-04	2002-03	2001-02
A Cash flows from operating activities					
Net profit before taxation, and extraordinary items	2,759.48	1,325.13	914.34	1,073.84	1,273.67
Adjustments for:					
Depreciation	1,039.79	985.25	857.26	827.02	761.78
Loss / (Profit) on Sale of Fixed Assets	(8.91)	-	-	-	-
Interest expense	2,854.96	2,589.75	1,986.89	2,092.53	1,300.18
<i>Operating profit before working capital changes</i>	<i>6,645.32</i>	<i>4,900.13</i>	<i>3,758.49</i>	<i>3,993.39</i>	<i>3,335.63</i>
(Increase) / Decrease in sundry debtors	(1,581.13)	(3,287.81)	(7,080.60)	(2,171.10)	(2,185.38)
(Increase) / Decrease in Inventories	(156.16)	(465.16)	2,142.48	178.78	(1,268.07)
Increase / (Decrease) in Current Liabilities	735.64	531.21	1,047.98	(193.69)	249.13
<i>Cash generated from operations</i>	<i>5,643.67</i>	<i>1,678.37</i>	<i>(131.65)</i>	<i>1,807.38</i>	<i>131.31</i>
Direct Tax Paid	(535.66)	(402.48)	(251.56)	(218.88)	(395.74)
Prior Period (Expenses) / Incomes	(39.13)	(57.89)		(148.64)	(217.07)
<i>Cash flow before extraordinary items</i>	<i>5,068.88</i>	<i>1,218.00</i>	<i>(383.21)</i>	<i>1,439.86</i>	<i>(481.50)</i>
Provision For Contingencies		-	-	-	-
Net cash from operating activities	5,068.88	1,218.00	(383.21)	1,439.86	(481.50)
B Cash flows from investing activities					
Purchase of fixed assets	(2,710.56)	(1,626.29)	(838.92)	(612.66)	(1,501.81)
Sale of fixed assets	16.27	-	59.43	218.55	108.82
Purchase of Investments	(30.86)	-	-	-	-
Sale of Investments	-		25.81	-	50.00
Net cash from investing activities	(2,725.15)	(1,626.29)	(753.68)	(394.11)	(1,342.99)
C Cash flows from financing activities					
Proceeds from issuance of share capital	-	-	-	-	-
(Repayment) / Proceeds of long-term borrowings	2,551.57	(56.80)	1,195.53	5,803.04	3,070.69
(Repayment) / Proceeds of short-term borrowings	(992.31)	3,821.83	2,057.82	(4,723.29)	637.82
Interest paid	(2,854.96)	(2,589.75)	(1,986.89)	(2,092.53)	(1,300.18)
Dividend Paid		-	-	-	
Net cash used in financing activities	(1,295.70)	1,175.28	1,266.46	(1,012.78)	2,408.33
Net increase in cash and cash equivalents	1,048.03	766.99	129.57	32.97	583.84
Cash and cash equivalents at beginning of period	3,565.84	2,798.85	2,669.28	2,636.31	2,052.47
Cash and cash equivalents at end of period	4,613.87	3,565.84	2,798.85	2,669.28	2,636.31

Note:

- Cash and Cash Equivalents consist of Cash on hand and balances with Banks that includes Margin Money Deposits for Bank Guarantees.
- The Cash flow statement is prepared in accordance with the indirect method stated in Accounting Standard 3 issued by ICAI on Cash flow statements and presents Cash flows by Operating, Investing and Financing activities.
- Figures in brackets represent cash outflows.
- Notes on Accounts stated form an integral part of the Cash flow statement.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Industry Overview

Construction industry is an integral part of a country's infrastructure and industrial development. Construction becomes the basic input for socio-economic development. Besides, the construction industry generates substantial employment and provides a growth to other sectors through backward and forward linkages. With the present emphasis on creating physical infrastructure, massive investment is planned during the Tenth Plan. Key reforms have been initiated in several sectors with the objective of augmenting country's infrastructure. The construction industry has played a crucial role in this regard.

The tenth plan envisages balanced development of the total road network in the country. This includes phased removal of deficiencies in the existing network, widening, improvement, strengthening, rehabilitation and reconstruction of weak / dilapidated bridges, adequate maintenance of roads, road safety measures and providing wayside amenities to cater to the growing demands for road services. Apart from this, the Plan also lays emphasis on improving the riding quality of existing National Highways. Yet another priority objective is improvement in rural connectivity with all-weather roads and development of roads in the North-Eastern region. Inter-modal issues like road connectivity with airports, railways, ports, etc. is another issue that is highlighted.

The government is also undertaking the North-South and East-West Corridor projects. These projects comprise about 7,000 kms of highways connecting Srinagar (North) with Kanyakumari (South) and Silchar (East) with Porbandar (West).
(Source : <http://meaindia.nic.in> – Website of Minsitry of External Affairs)

The four-laning of 10,000 km of National Highways by March 2010 under NHDP III would be done entirely through the BOT route. A Special Accelerated Road Development Programme for the North Eastern Region (also called NHDP-NE) is envisaged for improving connectivity in the north-eastern states. This would include a road length of 7639 km comprising 3251 km of NH and 4388 km of other roads. The network is expected to act as catalyst for the development of the region.
(Source : <http://planningcommission.nic.in>)

The aggregate capacity in major ports as on March 31, 2004 was 389.50 MT per annum. During 2004-05, the aggregate capacity increased by 8 MTPA to 397.50 MTPA. The aggregate capacity is expected to go upto 405.50 MTPA by March, 2006. By the end of Tenth Plan Period, the capacity of major ports is projected to be 470 MT per annum. The overall investment required in the ports sector in the Tenth Plan is estimated to be Rs. 80,000 crores of which nearly 70% is proposed to be attracted from the private sector. Initially, 51% FDI was allowed in the Sector. In 1999, FDI limit was increased to 100%.

The investment requirement in the irrigation sector includes substantial investments in water infrastructure such as multipurpose dams, barrages, irrigation canals, check dams, rain water harvesting structures, tubewells and rural electrification. To harness river waters and to irrigate the parched lands the State governments have since agreed for river linking projects.

Several State Governments have announced various irrigation projects like dams, canals, reservoirs, etc. The State Government of Andhra Pradesh has announced a total of Rs.50000.00 crores irrigation projects, which will be executed in the span of 7 years in three phases.

Overview of our Company

Our Company has executed several construction projects during the last 16 years. In the course of our business, we have constructed about 644.00 Km of the Highways and 1113.00 Km of Irrigation Canals. We have executed 21 irrigation projects amounting to Rs. 58,399 lakhs. We have completed irrigation projects such as Construction of five packages of Narmada Main Canal comprising of the 50.60 Km, Upper Krishna Project comprising of 44.00 Km, Sriram Sagar Project comprising of 954.00 Km and KC Canal comprising of 64.00 Km. The total cost of these four Narmada Canal projects amounting to Rs. 15,990 lakhs. We have also executed Indi Branch Canal of Upper Krishna Project amounting to Rs. 13084 lakhs. We have executed 7 projects for construction of dams and reservoir amounting to Rs. 7533 lakhs, in which major ones include construction of Kaniti Balancing Reservoir for Vishakhapatnam Steel Plant, construction of raw water pond for Jindal Vijaynagar Steel Ltd., construction & raising of ash pond dykes to ancillary works for NALCO Ltd. Etc. We have executed 9 highway and runway projects, 8 site leveling projects and 3 industrial projects amounting to Rs. 57562 lakhs, Rs. 9433 lakhs and Rs. 3478 lakhs respectively.

GAYATRI PROJECTS LIMITED

We are currently executing projects amounting to Rs. 1,04,654 lakhs of Public works /Irrigation Departments of various State Governments namely Andhra Pradesh, Madhya Pradesh, Chattisgarh and Gujarat and for other clients. Out of the projects in hand, the highways constitutes projects amounting to Rs. 40,386 lakhs, irrigation projects Rs. 63,068 lakhs and other works constitutes Rs. 1,200 lakhs. In addition, we are also executing projects in our various joint ventures/ in SPV in which our share of contract value to be executed, works out to around Rs. 1,35,335 lakhs which includes our share of contracts amounting to Rs. 15600 lakhs on BOT basis and Rs. 63115 lakhs on annuity basis. In addition our Company has been awarded a contract on July 7, 2006 for Rs 6517.85 lakhs for Rehabilitation and upgrading of Ambikapur (km 4) to Semersot (km 65) Section in Chhattisgarh by Director, PIU, ADB Project, Raipur. Most of these projects would be completed within period of 36-42 months.

Our Company is an ISO 9001 – 2000 engaged in execution of major Civil Works including Concrete/Masonry Dams, Earth Filling Dams, National Highways, Bridges, Canals, Aqueducts, Ports, etc.

Factors affecting our results of operations

Our financial condition and results of operations are affected by the following factors:

Growth in the infrastructure sector

Our business is significantly dependent on the general economic condition and infrastructure sector activity in India and Government policies relating to infrastructure development projects. The Government of India's focus on and sustained increase in budgetary allocation for the infrastructure sector and the development of a structured and comprehensive infrastructure policy that encourages greater private sector participation as well as increased funding by international and multilateral development financial institutions for infrastructure projects in this region have resulted in or is expected to result in several large infrastructure projects in this region. Our ability to benefit from the considerable investments proposed in the infrastructure sector in the medium and long term will be key to our results of operations.

Regulatory environment

Our operations may be exposed to uncertain political, legal and economic environment, government instability and complex legal systems and laws and regulations regionally. Our ability to manage, evolve and improve our operational, financial and internal controls across the organization and to integrate our widespread operations and derive benefits from our operations is key to our growth strategy and results of operations.

Competition

We compete against major engineering and construction companies as well smaller regional engineering construction companies. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is executed.

Our capabilities to participate and execute

The nature of the Government's tendering process is such that the pre qualifications obtained in the past play an important role in allowing companies to bid for the new projects. The ability to execute strategically with other players will also determine the success in award of some key projects the company will be / is bidding for. The project management capability will also determine the profitability.

Market price behaviour of key materials

Our project cost mainly comprises of construction related materials i.e. steel and cement. These being commodities, changes in prices during the execution of the project may alter profitability on contracts, which are not covered by escalation provisions.

Seasonality and weather conditions.

Our business operations may be adversely affected by severe weather, which may require us to evacuate personnel or curtail services and it may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations and may prevent us from delivering materials to our jobsites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and extremely high temperatures during summer months and during monsoon which restrict our ability to carry on construction activities and fully utilize our resources.



Our Results of Operations

As a result of the various factors discussed above that affect our income and expenditure on specific projects, our results of operations may vary from period to period depending on the nature of projects undertaken by us, their completion schedules, the nature of expenditure involved in a particular project and the specific terms of the contract, including payment terms. In addition, profitability margins generally tend to be higher in the irrigation projects in comparison to road projects and therefore, our intent is to target larger irrigation infrastructure projects with higher profitability margins, where there is likely to be lesser competition.

The following table sets forth certain information with respect to our results of operations for the periods indicated:

(Rs. in Lakhs)

PARTICULARS	As at 31.03.2006	As at 31.03.2005	As at 31.3.2004	As at 31.3.2003
INCOME				
Gross Contract Receipts	37,117.74	30,125.79	31,356.67	34,066.34
Other Income	105.49	205.37	555.28	128.76
Increase / (Decrease) in Work in Progress	417.54	25.36	(1,508.99)	380.16
TOTAL INCOME:	37,640.77	30,356.52	30,402.96	34,575.26
EXPENDITURES				
Work Expenditure	29,637.44	24,200.99	25,450.25	29,467.06
Staff Cost	615.65	530.14	552.18	550.64
Administration Expenses	733.45	725.26	642.04	564.17
Financial charges	447.27	322.71	287.05	420.13
TOTAL EXPENDITURE:	31,433.81	25,779.10	26,931.52	31,002.00
Profit Before Interest, Depreciation and I.Tax	6,206.96	4,577.42	3,471.44	3,573.26
Interest	2,407.69	2,267.04	1,699.84	1,672.40
Depreciation	1,039.79	985.25	857.26	827.02
Net Profit before tax and Extra- Ordinary items	2,759.48	1,325.13	914.34	1,073.84
Taxation				
Current tax and FBT	535.66	402.48	251.56	218.88
Deferred tax	415.85	(11.69)	81.42	131.67
Net Profit before Extra-ordinary items (net of tax)	1,807.97	934.34	581.36	723.29
Extra-ordinary items (net of tax)	-	-	-	-
Net Profit after Extra-ordinary items	1,807.97	934.34	581.36	723.29
Adjustment on account of prior period expenses #	-	(39.13)	(57.89)	-
Adjusted Profit	1,807.97	895.21	523.47	723.29

Income

We derive our income from (i) sales and contract revenue that consists of our operating income, (ii) other income that consists of commission and income from royalty on activities related to construction, share of profit from Joint ventures and miscellaneous income.

Revenues from our engineering and construction contracts are recognized on the percentage of completion method, that is based upon the proportion of the cost incurred as of a specific date to the total estimated contract cost, and revenues are not recognized until there is reasonable progress on a contract. Accordingly, our revenues from a project are dependent on the completion schedule of the project. Our backlog comprises anticipated revenues from the uncompleted portion of existing

GAYATRI PROJECTS LIMITED

contracts (which are signed contracts for which all pre-conditions to entry into force have been met including letters of intent issued by the client prior to execution of the final contract). The amount of our backlog does not necessarily indicate future earnings related to the performance of that work. Owing to changes in project scope and schedule, we cannot predict with certainty when or if the backlog will be performed and will generate revenues. In addition, even where a project proceeds on schedule, it is possible that contracting parties may default and fail to pay amounts owed. There may also be delays associated with collection of receivables from our clients. Any delay, cancellation or payment default could materially harm our cash flow position and/or revenues.

Our revenues are also dependent on the stage of the project and the nature and level of activity involved during each stage. In addition, our operations are also adversely affected during summer months by difficult working conditions and extremely high temperatures and during monsoon, which restricts our ability to carry out construction activities and fully utilize our resources. Accordingly, revenues recorded in the first half of our financial year between April and September are traditionally lower than revenues recorded during the second half of our financial year. During periods of curtailed activity due to adverse weather conditions or otherwise, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced.

Our revenues are also dependent on the payment terms involved in a project. Our contracts typically stipulate payment terms on the basis of achievement of specified milestones and schedules for the project, but in some contracts, the payment terms could include reduced advance payments, and payment schedules that are back-ended resulting in increased requirement of working capital requirements.

Expenditure

Our expenditure comprises of (i) work expenditure (ii) staff cost (iii) administration expenses, (iv) financial charges, (v) Interest and (vi) depreciation.

Comparison of our financial results

Year ended March 31, 2006 compared to year ended March 31, 2005

Our results of operations in the year ended March 31, 2006 were affected by, amongst other factors, the following:

- The development in infrastructure sector has taken a shift during 2005-06 through award of many contracts to companies and thus during the FY 2005-06 our company has received various orders, some on stand alone basis and some on joint venture basis.
- We experienced marginally increase in the average purchase price of steel, cement and other construction materials in the year ended March 31, 2005 and is continued for the FY 2005-06 also.
- We experienced significant unanticipated cost escalation on certain projects resulting from contract variations and delays attributable to our clients. We have raised claims on our clients for such contractual variations and during FY 2005-06, there is a significant progress in the claims made by the company however, these claims have not been recorded as income in our financial statements as they are yet to be finally accepted by our clients. We expect to record the income on account of these claims in our financial statements in future periods on final acceptance of these claims by our clients.

Income

Gross Contract Receipts

Our income is increased by 23.21% from Rs. 30125.79 lakhs in the year ended March 31, 2005 to Rs. 37117.74 lacs in the year ended March 31, 2006, on account of completion of backlog and works-on-hand as per the schedule.

Other Income

There is significant reduction of 48.63% in other income from Rs.205.37 lakhs in the year ended 31st March, 2005 to Rs. 105.49 lakhs in the year ended March 31, 2006 primarily due to reduction in the income generated from the joint venture contracts.



Expenditure

Our expenditure consists of materials consumed and costs of goods sold, operating and administrative expenses, financial charges incurred, depreciation and amortization charges and miscellaneous expenditure written off. Total expenditure is increased by 21.93% from Rs. 25779.10 lakhs in the year ended 31st March, 2005 to Rs. 31,433.81 lakhs in the year ended 31st March, 2006.

Work Expenditure

Work expenditure relating to projects increased by 22.46% from Rs. 24200.99 lakhs in the year ended March 31, 2005 to Rs. 29637.44 lacs in the year ended March 31, 2006 which was mainly on account of increase in the value of works done during the year 2005-06.

Staff Cost

The staff cost which consists of salaries, wages and bonus payment to employees, contribution to provident fund and other funds and expenses incurred in connection with workmen and staff welfare increased by 16.12% from Rs. 530.14 lacs in the year 31st March 2005 to Rs. 615.65 lacs in the year 31st March, 2006 on account of increase in the manpower and emolument packages provided by the company.

Administration Expenses

Our administration expenses include project related expenses, personnel related expenses and administrative and establishment expenses. The administration expenses have increased marginally by 1.13% from Rs. 725.26 lacs in the year ended 31st March, 2005 to Rs. 733.45 lacs in the year ended 31st March, 2006 on account of increase in the traveling expenses, project consultancy fee, tender expenses and other general administration expenses.

Financial charges

Expenditure on account of financial charges comprising of bank/financial charges, paid for letters of credit, and performance guarantees and other misc. financial transitions have increased by 38.60% from Rs. 322.71 lakhs in the year ended March 31, 2005 to Rs. 447.27 lakhs in the year ended March 31, 2006 on account of additional exposure availed by the Company in terms of Term Loans, bank guarantees and Letters of Credit.

Interest

Interest charges increased by 6.20% from Rs. 2267.04 lacs in the year ended March 31, 2005 to Rs. 2407.69 lacs in the year ended March 31, 2006, primarily due to increase in interest payable on working capital facilities, long term loans availed from the bank and interest paid in debentures.

Depreciation

Depreciation increased by 5.53% from Rs. 985.25 lakhs in the year ended March 31, 2005 to Rs. 1039.79 lakhs in the year ended March 31, 2006, primarily due to the acquisition of additional equipment.

Profit before tax

Profit before taxes increased by 108.24% to Rs. 2759.48 lacs in the year ended March 31, 2006 from Rs. 1325.13 lacs in the year ended March 31, 2005.

Provision for Taxes

Provision for taxes includes current tax liabilities, fringe benefit taxes and deferred tax liabilities. Provision for taxes increased by 143.49% to Rs. 951.51 lacs in the year ended March 31, 2006 from Rs. 390.79 lacs in the year ended March 31, 2005, primarily due to increase in our taxable profit.

Year ended March 31, 2005 compared to year ended March 31, 2004

Our results of operations in the year ended March 31, 2005 were affected by, amongst other factors, the following:

- The pace of development in the Infrastructure sector temporarily slowed down and led to delays in the award of certain contracts bid by us by several months. This resulted in materialization of fewer contracts and consequent weaker growth in our revenues during the year ended March 31, 2005. Many of the contracts that were delayed

GAYATRI PROJECTS LIMITED

were awarded to us towards the end of the year ended March 31, 2005 and during the year 2005. Our ability to capitalize on our backlog as on December 31, 2005 will be key to our result of our operations.

- We experienced marginally increase in the average purchase price of steel, cement and other construction materials in the year ended March 31, 2005 as compared to the year ended March 31, 2004.
- We experienced significant unanticipated cost escalation on certain projects resulting from contract variations and delays attributable to our clients. We have raised claims on our clients for such contractual variations; however, these claims have not been recorded as income in our financial statements as they are yet to be finally accepted by our clients. We expect to record the income on account of these claims in our financial statements in future periods on final acceptance of these claims by our clients.

Income

Gross Contract Receipts

Our income marginally decreased by 3.83% from Rs.31356.67 lakhs in the year ended March 31, 2004 to Rs.30125.79 lacs in the year ended March 31, 2005, primarily due to delay in materialization of few contracts.

Other Income

There is significant reduction in other income from Rs.555.28 lakhs in the year ended 31st March, 2004 to Rs.205.37 lakhs in the year ended March 31, 2005 primarily due to reduction in the royalty income on SRSP projects which were completed.

Expenditure

Our expenditure consists of materials consumed and costs of goods sold, operating and administrative expenses, financial charges incurred, depreciation and amortization charges and miscellaneous expenditure written off. Total expenditure decreased by 4.27% from Rs.26931.52 lakhs in the year ended 31st March, 2004 to Rs. 25779.10 lakhs in the year ended 31st March, 2005.

Work Expenditure

Work expenditure relating to projects decreased marginally from Rs. 25450.25 lakhs in the year ended March 31, 2004 to Rs. 24200.99 lacs in the year ended March 31, 2005 on account of reduction in the cost of steel, cement and work executed by the Sub-contractors.

Staff Cost

The staff cost which consists of salaries, wages and bonus payment to employees, contribution to provident fund and other funds and expenses incurred in connection with workmen and staff welfare has decreased by 3.98% from Rs. 552.18 lacs in the year 31st March 2004 to Rs. 530.14 lacs in the year 31st March, 2005 on account of rationalization of manpower.

Administration Expenses

Our administration expenses include project related expenses, personnel related expenses and administrative and establishment expenses. The administration expenses have increased by 12.96% from Rs.642.04 lacs in the year ended 31st March, 2004 to Rs.725.26 lacs in the year ended 31st March, 2005 on account of increase in the traveling expenses, project consultancy fee, tender expenses and other general administration expenses.

Financial charges

Expenditure on account of financial charges comprising of bank/financial charges, paid for letters of credit, and performance guarantees and other misc. financial transitions have increased by 12.19% from Rs. 287.05 lakhs in the year ended March 31, 2004 to Rs. 322.71 lakhs in the year ended March 31, 2005 on account of increase in the bank guarantees and Letters of Credit.

Interest

Interest charges increased by 33.43 % from Rs.1699.84 lacs in the year ended March 31, 2004 to Rs.2267.04 lacs in the year ended March 31, 2005, primarily due to increase in interest payable on working capital facilities, long term loans availed from the bank and interest paid in debentures.

Depreciation

Depreciation increased by 14.93% from Rs.857.26 lakhs in the year ended March 31, 2004 to Rs.985.25 lakhs in the year ended March 31, 2005, primarily due to the acquisition of additional equipment.

Profit before tax

Profit before taxes increased by 44.96% to Rs.1325.13 lacs in the year ended March 31, 2005 from Rs.914.34 lacs in the year ended March 31, 2004.

Provision for Taxes

Provision for taxes includes current tax liabilities and deferred tax liabilities. Provision for taxes increased by 17.36% to Rs.390.79 lacs in the year ended March 31, 2005 from Rs.332.98 lacs in the year ended March 31, 2004, primarily due to increase in our taxable profit.

Profit After Taxes

Profit after tax increased by 60.71% from Rs.581.36 lacs in the year ended March 31, 2004 to Rs.934.34 lacs in the year ended March 31, 2005.

Year ended March 31, 2004 compared to year ended March 31, 2003**Income****Gross Contract Receipts**

Our income marginally decreased by 7.94% from Rs.34066.34 lakhs in the year ended March 31, 2003 to Rs.31356.67 lacs in the year ended March 31, 2004, primarily due to delay in materialization of few contracts.

Other Income

There is significant increase in other income from Rs.128.76 lakhs in the year ended 31st March, 2003 to Rs.555.28 lakhs in the year ended March 31, 2004 primarily due to increase in the royalty income on SRSP projects which were in progress.

Expenditure

Our expenditure consists of work expenditure, operating and administrative expenses, financial charges incurred, depreciation and amortization charges and miscellaneous expenditure written off. Total expenditure decreased by 13.12% from Rs.31002.00 lakhs in the year ended 31st March, 2003 to Rs.26931.52 lakhs in the year ended 31st March, 2004.

Work Expenditure

Work expenditure relating to projects decreased by 13.63% from Rs.29467.06 lakhs in the year ended March 31, 2003 to Rs.25450.25 lacs in the year ended March 31, 2004 on account of decrease in the cost of HSD oils, lubricants and bitumen.

Staff Cost

The staff cost which consists of salaries, wages and bonus payment to employees, contribution to provident fund and other funds and expenses incurred in connection with workmen and staff welfare Rs.552.18 lacs in the year 31st March 2004 as against Rs.550.64 lacs for the year ended 31st March, 2003.

Administration Expenses

Our administration expenses include project related expenses, personnel related expenses and administrative and establishment expenses. The administration expenses have increased by 13.82% from Rs.564.17 lacs in the year ended 31st March, 2003 to Rs.642.04 lacs in the year ended 31st March, 2004 on account of increase in the traveling expenses, project consultancy fee, tender expenses and other general administration expenses.

Financial charges

Expenditure on account of financial charges comprising of bank/financial charges, paid for letters of credit, and performance guarantees and other misc. financial transitions have decreased by 31.67% from Rs.420.13 lakhs in the year ended March 31, 2003 to Rs.287.05 lakhs in the year ended March 31, 2004 on account of reduction in the bank charges and commission payable on the less number of bank guarantees and Letters of Credit.

GAYATRI PROJECTS LIMITED

Interest

Interest charges increased by 1.59% from Rs.1672.40 lacs in the year ended March 31, 2003 to Rs.1699.84 lacs in the year ended March 31, 2004, primarily due to increase in interest payable on working capital facilities, long term loans availed from the bank and interest paid in debentures.

Depreciation

Depreciation increased by 3.62% from Rs.827.02 lakhs in the year ended March 31, 2003 to Rs.857.26 lakhs in the year ended March 31, 2004, primarily due to the acquisition of additional equipment.

Profit before tax

Profit before taxes decreased by 14.90% to Rs.914.34 lacs in the year ended March 31, 2004 from Rs.1073.84 lacs in the year ended March 31, 2003.

Provision for Taxes

Provision for taxes includes current tax liabilities and deferred tax liabilities. Provision for taxes decreased by 5% to Rs.332.98 lacs in the year ended March 31, 2004 from Rs.350.55 lacs in the year ended March 31, 2003, primarily due to decrease in our taxable profit.

Profit After Taxes

Profit after tax decreased by 19.62 % from Rs.723.29 lacs in the year ended March 31, 2003 to Rs.581.36 lacs in the year ended March 31, 2004.

Other Matters

Unusual or infrequent events or transactions

Financial or other disability of the clients to honor the contractual payments can effect the timely completion of the project and lead to erratic payment structure. We had received a project from Maharashtra State Road Development Corporation in the month of May, 2002. This project was stopped in June, 2005 and was restarted in January, 2006 due to floods, damage to road works undertaken by the company and inability of MSRDC to honor the bills for an amount of Rs.130.83 lacs raised by the company during the period June, 2005 to September, 2005.

Significant economic changes that materially affected or are likely to affect income from continuing operations

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations except for changes in steel and cement prices (for non-escalation contracts).

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the section titled "Risk Factors" on page no. iii and in "Management Discussion and Analysis of Financial Condition and Results of Operations" in this Prospectus, to Company's knowledge.

Future changes in relationship between costs and revenues

Other than as described in the section titled "Risk Factors" and "Managements Discussion and Analysis of Financial Conditions and Results of Operation" in this Prospectus, to our knowledge there are no future relationship between cost and income that have or had or expected to have a material adverse impact on our operations and finances.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of construction activity carried out by the Company.

Total turnover of each major industry segment in which the Company operated

The Company operates in only one Industry Segment i.e. Construction Industry.



Status of any publicly announced New Products or Business Segment

The Company has not announced any new products or business segment.

Seasonality of Business

Execution of work on construction sites may be affected by heavy monsoons / extreme weather. Usually, the company has experienced lower overall construction progress in July-September quarters due to southwest monsoons, which affects most parts of India.

Dependence on a single or few suppliers or customers

We are not dependent on any single or few suppliers or customers.

Competitive conditions

We will face competition from existing players in construction industry in India.

GAYATRI PROJECTS LIMITED

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or civil proceedings or criminal or prosecutions, proceedings or tax liabilities against the Company, and there are no defaults, non payment of statutory dues, overdues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debentures, bonds or fixed deposits, and arrears on preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/ and other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act) that would result in a material adverse effect on our consolidated business taken as a whole.

Outstanding Litigations

Filed by Gayatri Projects Limited

Civil Cases

1. **M/s Gayatri Engineering Co. vs. State of Andra Pradesh [YLMC] (E.P. No. 125/2003 in O.P 113/1992 and E.P. No.126/2003 IN , O.P. NO.112/199 and E.P. No.127/2003 IN O.P. NO.114/1992.) at 1st Senior Civil Judge, City Civil Court, Hyderabad**

The Company commenced work at Yeluru Left Main Canal in Jan. 1987 and completed the same by April 1990 except for a small quantity of 2000 cum of excavation of hard rock. However, on 5th May 1990 due to cyclonic storm the canal under construction stood inundated with water resulting in major destruction. The same was duly intimated to the Employer who acknowledged the damage and accordingly, agreed to bear the expenses for dewatering @ Rs.5/- per hour and Rs. 90/- for desilting. Backed by aforesaid assurance from the Employer, the Company continued with the execution of work thereof. However, the Employer refused to pay the bills agreed as aforesaid. Consequently, the company submitted the claims to Superintending Engineer (SE) which were rejected by the Employer. As a result of which the company referred the aforesaid dispute to arbitration. The arbitrator passed the Award in favour of the company. The same was confirmed by the Additional Senior Civil Judge, Visakhapatnam. Consequently, the petitioner preferred the present Executive Petition (EP)The amount involved is Rs. 131.63 lakhs with interest @ 6% P.A, Rs. 6.68 lakhs with interest @6% P.A and Rs. 6.30 lakhs with interest @6% P.A.

All the three cases are linked and the Hon'ble High court has granted conditional stay in favour of the Judgment Debtor. The judgment debtors complied the condition imposed by the court by depositing 50% of the decretal amount. Consequently, the matter has been stayed. The appeal is pending for adjudication before the Hon'ble Judge.

2. **Gayatri Engineering Co. vs. Govt. of A.P (O.P. No.33/1987) at Sr.C.J, Sub-Court, Markapur, Prakasham District.**

Gayatri Projects Limited executed the works project Earth Work Excavation of N.S.R.C. (Canal Work) from: M.115/0 to 118/0 and from M.124-7-222 to M.126-0-186 including structures located at Kurichedu, Prakasham District, Andhra Pradesh with effect from February 6, 1978 and completed the same on December 31, 1979. During execution of the above works project, Gayatri Engineering Co. made certain claims of around Rs.2.79 Lakhs which were rejected by the Executive Engineer, Q.C. & I Division, Vinukonda, Prakasham Dist., A.P (Employer) and as a result of the same the matter was referred to arbitration. The arbitrator gave award in favour of Gayatri Engineering Co. and accordingly, the State of A.P. deposited Rs.2.64 Lakhs. Govt. of A.P. deposited the Decreed amount of Rs. 2.79 lakhs. Gayatri Engineering Co. has filed petition for permission to withdraw the said amount which is pending for adjudication.

3. **Gayatri Engineering Co. vs. M/s Rashtriya Ispat Nigam Ltd. (EP No. 102 of 1999) at Senior Civil Judge, Gajuvaka.**

The Gayatri Engineering Co. executed civil engineering works in Medium Merchant Structural Mill Part-II located at Visakhapatnam, Andhra Pradesh. In the said work the Gayatri Engineering Co. submitted the claims:

Claim No.1: Price variation due to changes in labour, wages (Rs. 5.02 lakhs). Claim No. 2: Payment of Price variation (full escalations) due to revision of daily minimum wages of unskilled worker. Amount of Claim of Rs.42.41

lakhs (for value of work done upto 31.01.1991) and also prayed for direction to the Respondent for release payment of Price variation due to revision of daily minimum wages of unskilled workers for all the quantities of work done upto 31.01.1991.

Claim No. 3: Interest on the above Claims. The said Claims were rejected by the Employer. Consequently, the Claimant referred the disputes to the arbitration. The umpire allowed claims Nos. 1 and 3 vide Award dated: 27.02.1993 the Hon'ble Court of the Senior Civil Judge, Gajuwaka made the award Rule of Court. The Employer failed to honour the Decree. Consequently, GPL preferred subject execution Petition. The matter is pending for adjudication.

4. Gayatri Engineeing Co. vs. .M/s Rashtriya Ispat Nigam Ltd. (CMA No. 899 of 2005) at High Court of A.P., Hyderabad.

The Gayatri Engineering Co. executed civil engineering works in Medium Merchant Structural Mill Part – II located at Visakhapatnam, Andhra Pradesh. In the said work the Gayatri Engineering Co. submitted the claims:

Claim No.1: Price variation due to changes in labour, wages (Rs. 5.02 Lakhs). Claim No. 2: Payment of Price variation (full escalations) due to revision of daily minimum wages of unskilled worker. Amount of Claim of Rs.42.41 Lakhs (for value of work done upto 31.01.1991) and also prayed for direction to the Respondent for release payment of Price variation due to revision of daily minimum wages of unskilled workers for all the quantities of work done upto 31.01.1991. Claim No. 3: Interest on the above Claims. The said Claims were rejected by the Employer. Consequently, the Claimant referred the disputes to the Arbitration. The Umpire allowed claims Nos. 1 and 3 vide Award dated: 27.02.1993 the Hon'ble Court of the Senior Civil Judge, Gajuwaka made the Award Rule of Court. However, the Hon'ble Court did not grant the interest on the aforesaid Claims. Consequently, the Appellant preferred the present Appeal and the same is pending for adjudication.

5. M/s Scanska Cementati-on India Ltd. vs. Kakinada Ports & Ors. (O.S. No.33/2005) at IVth Addl. District Judge, Kakinada.

Gayatri Projects Limited executed work(Construction of Approach Berths and Back-up Area for Development of Deep Water Port) at Kakinada Port, which started in the year 1992 and was completed by March 1997. Pending payment of final bill, the employer made the allegation that Gayatri Projects Limited has defaulted in payment of seignior age charges and accordingly imposed a penalty of Rs.166.79 Lakhs. The employer further alleged that the Company had failed and ignored to pay the balance seignior age charges along with penalty of Rs.166.79 Lakhs and invoked the Bank Guarantee furnished on behalf of JV Partners Gayatri Projects Limited, Essar Projects Limited and Scanska Cementation India Limited .Consequently, GPL become one of the affected party. As a result of the same, the Joint Venture Partners Gayatri Projects Limited, Essar Projects Limited and Scanska Cementation India Limited preferred suit for permanent injunction.

The matter is pending at trial stage since the appeal (CMA 4152 of 2004) preferred by the Kakinada Court is pending for final arguments before the Hon'ble High Court of A.P. Gayatri Projects Limited submitted an application for reconsideration of the imposition of penalty which application was considered by the Govt. of A.P. who after due consideration gave a direction to Kakinada Port not to impose penalty and to collect normal seignior age charges. The Kakinada Port agreed to recover-normal Seignior age charges along with agreeing to withdraw the letter of invocation of Bank Guarantee vide Minutes of Meeting dated: 19.12.2005. The company paid normal seigniorage charges of Rs.10.67 Lacs/- towards full and final settlement of seigniorage claim and also settled the Final Bill by adjusting the outstanding dues. Accordingly, parties agreed to withdraw all the pending cases. The withdrawal of the aforesaid matter is a mere formality.

6. Gayatri Projects Limited vs. Air Port Authority of India (OMP NO.196/2001.) at High Court of Delhi

The Gayatri Projects Limited executed Calicut Airport Work, which commenced on January 1st 1996 and was completed on November 30 2001. The Company made following Claims,

Claim No. 1: For reimbursement of difference in amount of additional levy imposed on 30/40 grade bitumen. Claim No. 2: For Idling of Machinery and loss of progress. Claim No. 3: For watering of public roads from borrow areas to the site due to illegal acts of villagers. And as extra expenditure due to one way traffic on roads arising out of illegal acts of villagers. Claim No. 4: For Loss arising out law and order problems, riots etc., due to un-authorized

GAYATRI PROJECTS LIMITED

parking at fish market by persons on main approach roads. Claim No. 5: For Losses due to Respondents insistence on working in prolonged monsoon seasons. The said Claims were rejected by the Employer as a result of which the claims were referred to Arbitration. The total amount of the claim is Rs.892.85 Lakhs. The Hon'ble Arbitrator rejected the claims of Gayatri Projects Limited. Consequently Gayatri Projects Limited challenged the Award by filing an Application U/s 34 of Arbitration and Conciliation Act 1996, wherein prayed to set aside the Award. Matter is pending for Final Arguments.

7. Gayatri Projects Limited vs. The State of Andhra Pradesh & Anr. (O.S. No.111/2000) at Sr. Civil Judge, Guntur.

Gayatri Projects Limited purchased Earth Moving Machine i.e. L&T 580, Machine SL No. 042 in the year 1991. On 26.11.1999 the Motor Vehicle Inspector inspected the site at Mangalagiri and seized the said machine alleging that the company failed registration of the Vehicle (Earth Moving Machine) as well payment of road tax. Gayatri Projects Limited filed the present suit for declaration of the Vehicle Check Report issued by the RTO in respect of the Vehicle (Earth Moving Machine) as well for the seizure of the same on the ground that the same is illegal. The Matter is coming up for hearing on 15.06.2006 for Plaintiff's evidence.

8. Gayatri Projects Limited vs. The Government of A.P. & Ors. (Civil Appeal No. 1443 of 2004) at Supreme Court of India, Delhi

Gayatri Projects Limited executed work "Site leveling and Gradation Work" at Simhadri Thermal Power Project, Visakhapatnam which was started on January 4, 1999 and completed on January 31, 2000. For execution of the work the Petitioner used Earth/Soil. However, the Department of Mines and Geology alleged that, the material used by the Gayatri Projects Limited falls in the category of Gravel/ Ordinary Clay and is thus liable to pay seignior age charges with penalty. The said contention of the Department was appreciated by the High Court who directed Gayatri Projects Limited to pay normal seignior age charges of Rs.173.92 lakhs and 5 time penalty of Rs.869.59lakhs. The said order of the High Court was challenged by Gayatri Projects Limited before Hon'ble Supreme Court. The Hon'ble Supreme Court granted stay in favour of Gayatri Projects Limited and allowed the Special Leave Petition (SLP). The Civil appeal is pending for final arguments.

9. Gayatri Projects Limited vs. Kapil Earthcon Pvt. Ltd. (A.A. No.18/2005) at High Court of A.P., Hyderabad

Gayatri Projects Limited appointed the Kapil Earthcon India Limited, as Piece Rate Worker for execution of Kolhapur Road Work. However, the Respondent after taking the advance amount; without intimation and without repaying the amount payable by it to Gayatri Projects Limited closed the work and vanished from the site.

Gayatri Projects Limited issued a notice, demanding Rs.49.23 lakhs along with interest @ 24% p.a. and also demanded Rs.10.00 lakhs towards damages for breach of trust and agreement. However, no reply was received from the Respondent. As a result, Gayatri Projects Limited preferred an application U/s 11(5) of Arbitration and Conciliation Act 1996 read with Section 151 of CPC. The said application was allowed by the Hon'ble High Court which appointed Hon'ble Justice C.V.N. Sastri Retd. Judge, High Court of A.P., as Sole Arbitrator.

The claim amount is Rs.59.23 lakhs as per the Statement of Claim submitted by Gayatri Projects Limited on February 13, 2006. The Respondent appeared before the Tribunal and requested for adjournment to file reply. Accordingly, the matter has been adjourned to 12.06.2006 and now the matter is listed for final arguments.

10. Gayatri Projects Limited vs. State of A.P. & Ors. (O.S.No.1/2001) at 1st Addl. District Judge, Karim Nagar

Gayatri Projects Limited was awarded canal works of Sri Ram Sagar Project (SRSP) Projects by the State of A.P which was completed on May 31, 2004. Time factor was the major essence of the contract. However, the employer failed to give the work fronts as a result of which the Contractor (Gayatri Projects Limited) could not achieve the target of the 1st mile-stone. The employer without considering the reasons for delay imposed liquidated damages of Rs.55.78 lakhs stating that, the contractor failed to execute the works on time. Gayatri Projects Limited initially filed Suit for permanent injunction. However, the Hon'ble court refused to grant temporary injunction. And consequently, the employer collected the liquidated damages from the bills of the Company.

Gayatri Projects Limited has amended the suit and has prayed for recovery of Rs.66.66 lakhs with interest. The Hon'ble Court granted decree in favour of Gayatri Projects Limited.

11. Gayatri Projects Limited vs. State of A.P. & Ors. (O.S.No.2/2001) at 1st Addl. District Judge, Karim Nagar

Gayatri Projects Limited was awarded canal works of Sri Ram Sagar (SRSP) Projects by the State of A.P, which was completed on July 31, 2004. Time factor was the major essence of the contract. However, the employer failed to give the work fronts as a result of which the Contractor (Gayatri Projects Limited) could not achieve the target of the 1st mile-stone. The employer without considering the reasons for delay imposed liquidated damages of Rs.43.68 lakhs stating that, the contractor failed to execute the works on time. Gayatri Projects Limited initially filed Suit for permanent injunction. However, the Hon'ble court refused to grant temporary injunction. And consequently, the employer collected the liquidated damages from the bills of the Company. Gayatri Projects Limited has amended the suit and has prayed for recovery of Rs.47.80 lakhs with interest. The Hon'ble Court granted decree in favour of Gayatri Projects Limited.

12. Gayatri Projects Limited vs. State of A.P. & Ors. (O.S.No.15/2000) at 1st Addl. District Judge, Karim Nagar

Gayatri Projects Limited was awarded canal works of Sri Ram Sagar (SRSP) Projects by the State of A.P, which was completed on July 31, 2004. Time factor was the major essence of the contract. However, the employer failed to give the work fronts as a result of which the Contractor (Gayatri Projects Limited) could not achieve the target of the 1st mile-stone. The employer without considering the reasons for delay imposed liquidated damages of Rs. 281.82 lakhs stating that, the contractor failed to execute the works on time. Gayatri Projects Limited initially filed Suit for permanent injunction. However, the Hon'ble court refused to grant temporary injunction. And consequently, the employer collected the liquidated damages from the bills of the Company. Gayatri Projects Limited has amended the suit and has prayed for recovery of Rs. 333.38 lakhs with interest. The Hon'ble Court granted decree in favour of Gayatri Projects Limited. .

13. M/S. Gayatri Projects Limited vs. The State Of A.P. & Others (OSSR 10576/2005) at District Judge,Kakinada,A.P

The Company executed road work at Jonnada-Ramchandra Puram, A.P. which was completed on December 31, 2001 wherein the employer wrongly imposed liquidated damages and also failed and ignored to pay the price escalation as per the agreement. Consequently, the Company preferred the present civil Suit for recovery on 05-12-2005. The amount involved is Rs.160 Lakhs- .The Hon'ble Court has issued notice to the Defendants and the matter came up for appearance of the Defendants on 19.06.2006. The Defendant has yet to file the written statement.

14. M/s Gayatri Projects Limited vs. M/s Kay Kay Enterprises and Anr. (Suit No. 32 of 2005) at Civil Judge, Dungapur, Rajasthan

The Defendant Company wrongly invoked the bank guarantee furnished by Gayatri Projects Limited. Consequently, the Company preferred the subject Suit. The amount involved is Rs. 35.00 lakhs and the matter is pending adjudication.

Filed against Gayatri Projects Ltd.

Civil Cases

Smt Dasmi Naik vs. Gayatri Engineering Co. (Misc, Appeal No. 583/1994) at High Court of Orissa.

The Petitioner (Smt. Dasmi Naik) alleged that on 23.10.1992 she was injured in a dynamite blast while working under Gayatri Projects Limited and prayed for compensation of Rs. 0.76 Lakhs. However, Gayatri Projects Limited denied the contention of Petitioner. The Deputy Commissioner appreciated the contention of Gayatri Projects Limited and rejected the claim of the Petitioner. Consequently, the Petitioner approached the High Court of Orissa and the matter is pending for final arguments.

Ongolo Municipality vs. Gayatri Joint Venture (O.S. No.33/2003) at District Judge, Ongolu

The plaintiff (Ongolo Municipality) preferred a suit in May, 2003, for permanent injunction restraining the defendant (Gayatri Projects Limited) from excavating earth, damaging the pipeline for widening the NH-5 road from Ongole to Chilakaluripet in the State of Andhra Pradesh .No amount is involved in this case.

Vanaparthi Anath Vijay Kumar vs. Gayatri Projects Limited (O.S. No.415/2003) at 2nd Sr. C.J, City Civil Court, Hyderabad

The Plaintiff (Vanaparthi Anath Vijay Kumar) was an employee of Gayatri Projects Limited, who failed to perform his duties. Consequently, the Company terminated his services, during the probationary period. However, the plaintiff alleged that he

GAYATRI PROJECTS LIMITED

was not paid a sum of Rs. 0.34 lakhs towards his salary and also claimed Rs.1.30 lakhs towards the loss of earning, as he was jobless for 6 to 7 months. Accordingly plaintiff claimed Rs. 1.87 lakhs. The Hon'ble Court dismissed the suit. .

Smt. Dr. Radha Madhavi & Anr vs. P. Kama Raju & Ors.(M.V.O.P 393/2003) at MACT at Vijayawada.

The Claimant's Husband Dr. Ravi Balagani died in an accident with company's vehicle driven by P.Kama Raju on 03.03.03 at about 4.30 p.m. Consequently, the Petitioner preferred Motor Vehicles Original Petition (M.V.O.P) and claimed an amount of Rs.70.00 lakhs. The vehicle of Gayatri Projects Limited, which was involved in the accident, is duly insured. The Tribunal has passed an award in favour of the petitioner directing the Company to pay Rs. 35 Lakhs and Rs. 39.235 as costs. New India Assurance Company has been directed to indemnify the Company.

Rayapati Mehar Vara Prasad vs. Kanireddy Ganesh & Gayatri Projects Limited. (MVOP of 2003) at MACT, Eluru, West Godavari District

The Petitioners Mother died in a road accident with the company's vehicle on 13.11.2002 leaving behind her son and daughter as her legal heirs. Consequently, the petitioners claimed Rs.1.00 Lakh with interest @ 12% per annum as compensation. The Hon'ble Court has passed Decree in favour of Petitioner and copy of the Decree is awaited.

The Chief Engineer, Kakinada Port vs. Cemindia, Gayatri Projects Limited & Ors. (No. 2949/2004 against, O.P. No. 137/1998) at High Court of A.P. Hyderabad

Gayatri Projects Limited executed works at Kakinada Port and completed the same on June 30, 1996. As per the Agreement Gayatri Projects Limited is entitled for reimbursement of foreign exchange. However, when Gayatri Projects Limited claimed for reimbursement of foreign exchange the employer refused the claim. Consequently, the matter was referred to a consultant, who recommended the aforesaid reimbursement of foreign exchange in favour of Gayatri Projects Limited. The employer did not accept the recommendation of the consultant. Consequently, the dispute was referred to arbitration who gave the award in favour of Gayatri Projects Limited. Thereafter, the employer challenged the award before the Principal Civil Judge, Kakinada. The said Court upheld the award passed by the Arbitral Tribunal vide order dated: 22.03.2004. The said Judgment/Decree was challenged by the Petitioner through the present Civil Revision Petition challenging the Judgement and Decree dated 22-03-2004. Notice has been served but the matter is not yet listed The amount involved is Rs. 357 Lakhs.

The Chief Engineer, Kakinada Port vs. Cemindia,Gayatri Projects Limited & Anr.(CMA No.1653/2004 against,O.P. No. 137/1998) at High Court of A.P. Hyderabad

Gayatri Projects Limited executed works at Kakinada Port and completed the same on June 30, 1996. As per the Agreement Gayatri Projects Limited is entitled for reimbursement of foreign exchange. However, when Gayatri Projects Limited claimed for reimbursement of foreign exchange the Employer refused the claim. Consequently, the matter was referred to a Consultant who recommended reimbursement of foreign exchange in favour of Gayatri Projects Limited. The employer did not accept the recommendation of the consultant. Consequently, the dispute was referred to arbitration who gave the award in favour of Gayatri Projects Limited. Thereafter, the employer challenged the award before the Principal Civil Judge, Kakinada. The said Court upheld the award passed by the Arbitral Tribunal vide order dated: 22.03.2004. The said Judgment/Decree was challenged through the present Appeal challenging the Judgement and Decree dated 22-03-2004. . Notice has been served but the matter is not yet listed. The amount involved is Rs. 357 Lakhs

Amarnath. T.S. vs. Gayatri Projects Limited (O.S.No.4019/2004)at City Civil Judge, Bangalore

The Plaintiff (Amarnath. T.S.) executed certain works as sub-contractor at T.K. Halli, Bangalore which was completed on January 21, 2003. He alleged that Gayatri Projects Limited failed and ignored to pay his dues. Consequently, he preferred the present suit. The Company paid Rs.0.83 lakhs towards full and final settlement on October 21, 2004, the same was accepted by the Plaintiff.

BJR Earth Movers vs. M/s. Crystal Construction Corporation & Gayatri Projects Limited (O.S. No. 2692/2004) at 2nd Senior Civil Judge, Hyderabad

The Plaintiff (BJR Earth Movers) supplied certain materials to the Defendant Cristal Construction Corporation. However, the Defendant failed to pay amount payable to the Plaintiff. The Plaintiff made Gayatri Projects Limited as Respondent No. 2 and prayed for interim injunction not to release payments to the Defendant as Defendant is working as sub-contractor with the Gayatri Projects Limited. It is to be noted that no relief is prayed against Gayatri Projects Limited and Gayatri Projects Limited was not made as defendant in the main suit. Gayatri Projects Limited is not a party in the Plaint. However, Gayatri Projects Limited was made party (Respondent No. 2) in interim Application U/o XXXIX Rule 1 of CPC.



V. Ramulamma vs. Gayatri Projects Limited & Anr.(No. 349/2000)at Nalgonda

The Petitioner's Husband died in road accident with vehicle of our company on 18.02.2004 . Consequently, the petitioner filed the subject petition for compensation for Rs.1 Lakh against Gayatri Projects Limited, the owner of the vehicle and insurance company ICICI Lombard General Insurance Company Ltd.. Prayed for compensation of Rs. 1 Lakh. The matter is pending for adjudication.

M/s. James Exporting Co. vs. Gayatri Projects Limited (No.2801/2004) at High Court of Bombay

The Plaintiff (M/s James Exporting Co.) alleged that upon the receipt of purchase orders it supplied goods to Gayatri Projects Limited and further alleged that Gayatri Projects Limited is liable to pay in amount of Rs.16.42 lakhs together with interest on Rs.10.98 lakhs @ 15% per annum from the date of the suit. Accordingly, the Plaintiff filed the suit for recovery of Rs.16.42 lakhs. Summons for Judgment has not yet been served upon Gayatri Projects Limited.

A.P.S.R.T.C & Anr. vs. Bikkam Rama Rao & Ors.(M.A.C.M.A. No. 2770 of 2005) at High Court of A.P., Hyderabad

That Bikkam Rama Rao, Respondent No. 1 was injured in road accident between our company's vehicle and vehicle of APSRTC. Consequently, the respondent filed petition u/s 166 (1) (c) of M.V. Act and claimed compensation. The Hon'ble Tribunal granted compensation for Rs.2.12 lakhs and also granted Rs.0.10 lakhs towards expenses. The said award dated: 02.05.2005 was challenged by APSRTC through this appeal praying for dismissal of the Award, wherein the Hon'ble Tribunal directed the Appellant to pay Rs.2.12 lakhs towards compensation. Gayatri Projects Limited is the 2nd Respondent.

Uma Maheshwari & Ors. Vs. Gayatri Projects Limited& Anr.(O.P. No. 289 of 2001) at MACT, Anantpur

Uma Maheshwari, the Petitioner's No. 1 husband and father of Petitioner's Nos. 2 to 4 died in a road accident with company's vehicle on 22.2.2001. Consequently, the Petitioners filed a petition U/s 140 and 161 (C) of M.V. Act for a compensation of Rs.10.00 lakhs. The Hon'ble Court granted award in-favour of Petitioners, wherein directed the Respondent No.2 i.e. Oriental Insurance Company to pay Rs.8.38 lakhs and future interest @9% from the date of Petition. However, the Court gave liberty to the Insurance Company to recover the amount, which it paid to the Petitioners from the 1st Respondant (Gayatri Projects Limited). Against the award, the Company has preferred a civil miscellaneous appeal before the High Court of A.P and matter is pending for adjudication.

Gouranga Rath vs. (1) Chiranjiv Rao of Ratna Constructions of Srikakulam and M/s Gayatri Projects Limited NALCO Project Damanjodi (C.S. No. 38/2005) at District Court Koraput.

Gayatri Projects Limited had appointed M/s Ratna Construction Company of Srikakulam as a Sub-Contractor to execute Civil Package-III of NALCO Damanjodi. Gouranga Rath was appointed as a sub-contractor by Ratna Constructions for supply of construction material. Ratna Construction had issued a Cheque of Rs.6.50 lakhs to Gouranga Rath, the Plaintiff, which was dishonoured. Consequently, the Plaintiff preferred the Present Suit, Gayatri Projects Limited being the main contractor has been impleaded as Defendant No. 2. The matter is pending for adjudication.

M/s Rashtriya Ispat Nigam Ltd vz. Gayatri Engineeing Co (CRP 6823/2005) at High Court of A.P. Hyderabad

Gayatri Engineering Co. executed civil engineering works in Medium Merchant Structural Mill Part - II. In the said work the Gayatri Engineering Co. submitted the following claims:

- a) Claim No.1: Price variation due to changes in labour, wages (Rs. 5.02 lakhs).
- b) Claim No. 2: Payment of Price variation (full escalations) due to revision of daily minimum wages of unskilled worker.
- c) Claim No. 3: Interest on the above Claims.

The claim amounted to Rs.42.41 lakhs (for value of work done upto 31.01.1991) and the Company also prayed for direction to the Respondent for release payment of Price variation due to revision of daily minimum wages of unskilled workers for all the quantities of work done upto 31.01.1991.

The said Claims were rejected by the Employer. Consequently, the Claimant referred the disputes to the arbitration. The umpire allowed claims Nos. 1 and 3 vide Award dated: 27.02.1993. The Hon'ble Court of the Senior Civil Judge, Gajuwaka made the award Rule of Court. The Petitioner challenged the aforesaid Decree before the Hon'ble High Court. The amount involved is Rs.47.433 Lakhs. The Hon'ble High Court granted interim stay in favour of the Petitioner, thereby the Hon'ble

GAYATRI PROJECTS LIMITED

Court directed the Petitioner to deposit half of the Award amount within a period of six weeks from the date of the order i.e. 20-12-2005. However, M/s.Rashtriya Ispat Nigam Limited failed and ignored to comply the interim order. The Company is now pursuing the Execution Petition pending before the trial Court.

State of Andhra Pradesh vs.Gayatri Engineering Co.(CRP 2631/2000) at High Court of A.P.,Hyderabad

The Company executed the works at Yeluru Left Main Canal which commenced in Jan. 1987 and completed the same by April 1990 except for a small quantity of 2000 cum of excavation of hard rock. However, on 5th May 1990 there was a cyclone. Because of the said cyclonic storm the water inundated the canal under construction and caused huge damage. The same was intimated to the Employer. The Employer recognized the damage and agreed to pay @ Rs.5/- per hour for dewatering and Rs.90/- for desilting. After assurance of the Employer the company executed the works. However, the Employer refused to pay the bills as per the above said agreed prices. Consequently, the company submitted the claims to Superintending Engineer (SE) which were rejected by the Employer. As a result of which the company referred the disputes to the arbitration. The arbitrator passed the Award in favour of the company. The same was confirmed by the Additional Senior Civil Judge, Visakhapatnam. The State of A.P. challenged the Decree in the present Civil Revision Petition challenging the Award of Rs.6.68 lakhs. The matter is pending for final Arguments.

State of Andhra Pradesh vs. Gayatri Engineering Co.. (CRP 2630/2000) at High Court of A.P., Hyderabad

The Company executed the works at Yeluru Left Main Canal which commenced in Jan. 1987 and the completed the same by April 1990 except for a small quantity of 2000 cum of excavation of hard rock. However, on 5th May 1990 there was a cyclone. Because of the said cyclonic storm the water inundated the canal under construction and caused huge damage. The same was intimated to the Employer. The Employer recognized the damage and agreed to pay @ Rs.5/- per hour for dewatering and Rs.90/- for desilting. After assurance of the Employer the company executed the works. However, the Employer refused to pay the bills as per the above said agreed prices. Consequently, the company submitted the claims to Superintending Engineer (SE) which were rejected by the Employer. As a result of which the company referred the disputes to the arbitration. The arbitrator passed the Award in favour of the company. The same was confirmed by the Additional Senior Civil Judge, Visakhapatnam. The State of A.P. challenged the Decree in the present Civil Revision Petition challenging the Award of Rs.131.62 lakhs. The matter is pending for final Arguments.

State of Andhra Pradesh vs. Gayatri Engineering Co.. (CRP 2623/2000) at High Court of A.P., Hyderabad

The Company executed the works at Yeluru Left Main Canal which commenced in Jan. 1987 and the completed the same by April 1990 except for a small quantity of 2000 cum of excavation of hard rock. However, on 5th May 1990 there was a cyclone. Because of the said cyclonic storm the water inundated the canal under construction and caused huge damage. The same was intimated to the Employer. The Employer recognized the damage and agreed to pay @ Rs.5/- per hour for dewatering and Rs.90/- for desilting. After assurance of the Employer the company executed the works. However, the Employer refused to pay the bills as per the above said agreed prices. Consequently, the company submitted the claims to Superintending Engineer (SE) which were rejected by the Employer. As a result of which the company referred the disputes to the arbitration. The arbitrator passed the Award in favour of the company. The same was confirmed by the Additional Senior Civil Judge, Visakhapatnam. The State of A.P. challenged the Decree in the present Civil Revision Petition challenging the Award of Rs.6.30 lakhs. The matter is pending for final Arguments.

Govt. of Andhra Pradesh vs. Gayatri Engineering Co.(CMA1773/2000against,O.P.NO.108/1992) at High Court of A.P., Hyderabad

The Company executed the works at Yeluru Left Main Canal which commenced in Jan. 1987 and the completed the same by April 1990 except for a small quantity of 2000 cum of excavation of hard rock. However, on 5th May 1990 there was a cyclone. Because of the said cyclonic storm the water inundated the canal under construction and caused huge damage. The same was intimated to the Employer. The Employer recognized the damage and agreed to pay @ Rs.5/- per hour for dewatering and Rs.90/- for desilting. After assurance of the Employer the company executed the works. However, the Employer refused to pay the bills as per the above said agreed prices. Consequently, the company submitted the claims to SE which were rejected by the Employer. As a result of which the company referred the disputes to the arbitration. The arbitrator passed the Award in favour of the company. The same was confirmed by the Additional Senior Civil Judge, Visakhapatnam. The State of A.P. challenged the Decree by preferring this Appeal. The matter is pending for final Arguments.



Govt. of Andhra Pradesh vs. Gayatri Engineering Co.(CMA 1774/2000 against, O.P.NO.106/1992) at High Court of A.P., Hyderabad

The Company executed the works at Yeluru Left Main Canal which commenced in Jan. 1987 and the completed the same by April 1990 except for a small quantity of 2000 cum of excavation of hard rock. However, on 5th May 1990 there was a cyclone. Because of the said cyclonic storm the water inundated the canal under construction and caused huge damage. The same was intimated to the Employer. The Employer recognized the damage and agreed to pay @ Rs.5/- per hour for dewatering and Rs.90/- for desilting. After assurance of the Employer the company executed the works. However, the Employer refused to pay the bills as per the above said agreed prices. Consequently, the company submitted the claims to Superintending Engineer (SE) which were rejected by the Employer. As a result of which the company referred the disputes to the arbitration. The arbitrator passed the Award in favour of the company. The same was confirmed by the Additional Senior Civil Judge, Visakhapatnam. The State of A.P. challenged the Decree by preferring this Appeal. The matter is pending for final Arguments.

Govt. of Andhra Pradesh vs. Gayatri Engineering Co.(CMA 1777/2000 against, O.P.NO.107/1992) at High Court of A.P., Hyderabad

The Company executed the works at Yeluru Left Main Canal which commenced in Jan. 1987 and the completed the same by April 1990 except for a small quantity of 2000 cum of excavation of hard rock. However, on 5th May 1990 there was a cyclone. Because of the said cyclonic storm the water inundated the canal under construction and caused huge damage. The same was intimated to the Employer. The Employer recognized the damage and agreed to pay @ Rs.5/- per hour for dewatering and Rs.90/- for desilting. After assurance of the Employer the company executed the works. However, the Employer refused to pay the bills as per the above said agreed prices. Consequently, the company submitted the claims to Superintending Engineer (SE) which were rejected by the Employer. As a result of which the company referred the disputes to the arbitration. The arbitrator passed the Award in favour of the company. The same was confirmed by the Additional Senior Civil Judge, Visakhapatnam. The State of A.P. challenged the Decree by preferring this Appeal. The matter is pending for final Arguments.

Kakinada Port vs. Cemindia, Gayatri Projects Limited & Anr.(CMA No.4152/200 IN, O.S. No.33/2003) at High Court of A.P. Hyderabad

The Gayatri Projects Limited executed work at Kakinada Port the works were started in the year 1992 and completed by March 97. The final bill is pending. However, the Employer alleged that the Gayatri Projects Limited defaulted in payment of seigniorage charges. Accordingly imposed penalty and further alleged that Gayatri Projects Limited failed and ignored to pay the balance seigniorage charges with penalty i.e Rs.166.79 lakhs and invoked the Bank Guarantee. Consequently, the Joint Venture preferred suit for permanent injunction. The Hon'ble Court confirmed the interim injunction in-favour of Plaintiff. The said order was challenged by the Kakinada Port through this subject appeal. The Kakinada Port Challenged the Order dated 02.08.2004. The matter is settled. Withdrawal of the Appeal is a formality.

Shri. M.K. Avhat Vs. Gayatri Projects Limited (Arbitration Petition No. 12/2005) before the Hon'ble Court at Bombay

The petitioner (M.K. Avhat) was one of the Sub-Contractor to whom Ch.624.500 to Ch. 627.000 of Kolhapur Road work was awarded by Gayatri Projects Limited vide Work Order dated 07.09.2002. The petitioner vanished from the site without prior intimation to the Company in November, 2002, thereby violating the terms of the said Work Order. As per the records of the Company the petitioner is not entitled for any amount and is liable to pay damages for illegal termination of the contract, which caused delay in execution of the work by the Company. The Respondent (Gayatri Projects Limited) would defend the matter on merits. The matter is pending for adjudication.

Debt Recovery Tribunal

UTI vs. Gayatri Projects Limited (DRT NO.1,O.A. No.70/2004.) at Mumbai

Gayatri Projects Limited obtained long term loan with specific repayment schedule. However, due to certain difficulties Gayatri Projects Limited failed to repay certain installments on time. Consequently, the UTI preferred an application for debt recovery before the Debt Recovery Tribunal claiming for Rs. 1617.26 lakhs. Gayatri Projects has settled the matter out of the Debt Recovery Tribunal and is making the payment as per the revised schedule. The matter is still to be withdrawn from the DRT and is adjourned sinedio.

GAYATRI PROJECTS LIMITED

Sales Tax

A number of appeal cases of the Company-Gayatri Projects Limited pertaining to Sales Tax are pending before the Sales Tax Authorities as per details given below:

DETAILS OF SALES TAX APPEAL CASES WORK WISE

Calicut Airport Work: Kerala

(Rs. In Lacs)

Accounting Year	Liability / Refund as per S.Tax Return	Refund / Liability as per Return	Date of Return	Amount Involved	Current Status
1995-96	0.70	Liability	27/10/1999	9.57	Appeal dated 20/09/2004 pending before the Dy.Commissioner, Ernakulam, for final Order
1996-97	1.56	Refund	28/10/1999	60.48	Appeal dated 19/10/2004 pending before the Dy.Commissioner, Ernakulam, for final Order
1997-98	12.92	Refund	09/09/2000	84.07	Appeal dated 05/05/2006 pending before the Dy.Commissioner, Ernakulam, for final Order
1998-99	2.11	Liability	15/10/2000	162.71	Pending before the CTO, Malappuram, for Revision Order.
1999-00	1.61	Refund	18/10/2000	45.13	Appeal dated 04/10/2004 pending before the Dy.Commissioner, Ernakulam, for final Order
2000-01	2.64	Liability	30/10/2001	28.17	Appeal dated 19/10/2004 pending before the Dy.Commissioner, Ernakulam, for final Order
2001-02	0.46	Refund	26/09/2005	1.88	Appeal dated 24/03/2006 pending before the Dy.Commissioner, Ernakulam, for final Order
WTP Works, T.K. Halli, Karnataka :					
2000-01	12.66	Liability		24.80	Before the Appellate Tribunal, Bangalore, Karnataka for Final Order
Nalco, Angul:					
2001-02					Revision Petition before the Commissioner of Commercial Taxes, Cuttack

ARBITRATION-GAYATRI PROJECTS LIMITED

M/s.Gayatri Projects Ltd executed the 270MLD Water Treatment plant at T.K.Halli, Bangalore which was completed on January 31, 2003. As a consequence of the delays by the M/s.Onedeo Degorment Ltd.,(Respondent) and/or its principles, what was to be a 12-month contract for the Gayatri Projects Ltd (Claimant) became a 36month venture, putting the Claimant to great loss. Further, in the course of the Contract, the scope and nature of the contract was greatly varied and, for all intends and purposes, it became a rate contract Because of these reasons claims arose: Claim for the amount outstanding under the final account bill after making all adjustments, Claim for additional expenses incurred by the Claimant due to delay in the contract by the Respondent, Claim for account of deemed export excise duty benefit receivable by the Claimant, and Claim



for Loss of Profit suffered by the Claimant. The total amount involved is Rs. 871.75 lakhs. The Statement of Claim along with documents on behalf of the Claimant has been submitted to the Arbitral Tribunal on March 8, 2004. The decision of Arbitral Tribunal is awaited.

List of Outstanding cases against the Directors of Gayatri Projects Limited

Civil Cases

Sakaraboina Sathemma and others vs. T.V. Sandeep Kumar Reddy (No.B/3483/2002-04)

Sakaraboina Sathemma, the Petitioner No. 1 Claimed that she is legally wedded wife of Mr. S.Sailu alias Sakli Bedda Saiga and the Petitioners No. 2 & 3 are her sons and S. Sailu. They claimed that Bedda Saiga cultivated the land in Survey No. 880 as her protected Tenant. They further stated that Bedda Saiga died on 19.09.1987 leaving behind the petitioners as his legal heirs and as such the petitioners are entitled to get the sanction of succession of petty land survey no. 880. However, the said fact was disputed by the respondent Mr. T.V. Sandeep Kumar Reddy who is the Managing Director of Gayatri Projects Limited. The matter has been dismissed by the MRO Medchal Mandal Ranga Reddy district vide order dated; 30.04.2004. (Why respondent disputed the fact, does he has any interest in the said property, and when the matter has been dismissed by MRO then why we are giving the case. Also in which court the case has been filed has not been given)

Ms.Sathemma has not filed any Appeal against MRO's Order. Hence, this matter can be dropped from the list.

Paturu Venkata Seshaih and Ors vs. Gunapati Panduranga Reddy, T. Indira and Ors. at Transfer Civil Misc. Petition 249 of 2005 in the High Court of A.P. Hyderabad

The Appellant No. 1 is 15th Petitioner in A.S. 79 of 2002 pending on the file of Third Additional District Judge, Nellore. The Appellants filed I.A. No. 569/1977 in O.S. No. 157 of 1946 for partition, possession and mesne profit (as per the civil procedure code, mesne profits are profits arising out of the use of property) in the year 1946. The Petitioners also filed I.A. No. 116/1977 in O.S. No. 89 of 1947 for appointment of Commissioner and Partition of I.T. No. 1 of Schedule Property and for possession and for determination of mesne profits before Senior Civil Judge, Nellore. The said interim applications were dismissed by the Hon'ble Senior Civil Judge, Nellore vide common order dated:16.03.2001. The Petitioners herein challenged the said order by preferring A.S. 79 of 2002 against the I.A. No. 569 of 77 in O.S. 157 of 46 before the Third Additional District Judge, Nellore and A.S. No. 2110 of 2002 against L.A No. 116/77 in O.S. No. 89/47 before the Hon'ble High Court. Both the appeals are pending for adjudication in respective Courts. However, the Petitioners herein preferred this C.M.P. for transfer of A.S. 79 of 2002 pending on the file of Third Additional District Judge, Nellore to the Hon'ble High Court and to be heard along with A.S. No. 2110 of 2002. In this case Smt. T. Indira Reddy named as Respondent No. 5. The matter is pending for adjudication. Smt. T. Indira Reddy is not claiming any interest whatsoever in the suit Schedule Property.

Cases pending against Promoter Group Companies

Except as described below, there are no outstanding litigation, suits or criminal proceedings or civil prosecutions or tax liabilities against companies promoted by our Promoters, and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions, defaults in dues payable to holders of any debentures, bond or fixed deposits and arrears on preference shares issued by the group companies (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956).

Outstanding cases filed against Gayatri Capital Limited

Civil Cases

Venkateswara Rao vs. Gayatri Capital Limited (CD NO.68/2002) at A P State Consumer forum, Hyderabad.

The claimant has declared himself as a client of Gayatri Capital Limited and is making a claim of sale proceeds of an amount of Rs. 15.97 Lakhs. The claimant was never registered as a Client and the Client Code Number (Account No. V:006) alleged to be allotted was a fictitious number. Consequently, the Hon'ble State Consumer Forum dismissed the complaint against Gayatri Capital Limited. However the complainant approached the National Consumer Dispute Redressal Commission by filing Appeal (F.A.No.239/2006). The Hon'ble National Dispute Redressal Commission has issued Notice to Gayatri Capital Limited to appear on 10-11-2006.

Venkateswarlu vs. Gayatri Capital Limited (FA NO.23/2003) at A P State Consumer forum, Hyderabad.

The claimant has declared himself as a client of Gayatri Capital Limited and is making a claim for an amount of Rs 4.16

GAYATRI PROJECTS LIMITED

Lakhs for delivery of shares. Gayatri Capital Limited denied the allegation that the complainant purchased the shares through them by investing Rs. 3,50,723.85 and kept Rs. 30,000/- margin money. Consequently A.P. State Commissioner Disputes Redressal Commission allowed appeal and the order of District forum passed in CD No. 7 of 2001, dated 09.12.2002 was dismissed in so far as it is against the appellants. No relief whatsoever is granted against Gayatri Capital Limited. Accordingly, the matter was disposed of vide order dated 07.03.2006. Now the complainant has approached the National Consumer Dispute Redressal Commission by filing Appeal (R.P. No.1679 – 1680/2006). The Hon'ble National Dispute Redressal Commission has issued Notice to Gayatri Capital Limited to appear on 18.01.2007.

Ekonarayana vs. Gayatri Capital Limited (FA NO.1101/2005/ CC No.581/2004) at A P State Consumer forum, Hyderabad.

The claimant has declared himself as a client of Gayatri Capital Limited and has made a claim of sale proceeds amounting to Rs. 2.64 Lakhs. However, Gayatri Capital Limited denied the contention of the Complainant and preferred a petition under Section 482 of Cr.P.C. for quashing of the Complainant (Cr. P. no. 1081 / 2001). After appreciating the arguments of the Gayatri Capital Limited, the Hon'ble High Court granted stay of the Trial Court proceedings as well as granted exemption from personal appearance of accused (Representative of Gayatri Capital Limited).

Outstanding Cases Filed against Gayatri Starchkem Limited

Criminal Cases

Pact Securities and Financial Service Ltd. vs. Gayatri Starchkem Limited & Anr. (C.R.L.A. 363 of 2004) at High Court of A.P., Hyderabad

The applicant alleged that Gayatri Starchkem Limited issued cheques towards monthly lease rentals. Which were dishonored on presentation of the same. Consequently, the applicant after issuing statutory notice filed a compliant u/s 138 of N.I. Act on the file of 23rd M.M. City Criminal Court, Hyderabad. However, the said compliant was dismissed in default. Consequently, the applicant preferred the present appeal. The matter is pending for final arguments. Amount involved is Rs. 6.54 lakhs.

Civil Cases

Escorts Finance (EFL) vs. Gayatri Starchkem Limited & Ors (CRP 101 of 2005) at New Delhi

The Petitioner (Escorts Finance) claimed that they had supplied certain equipments under lease/hire purchase Financing Scheme, the amount under the Scheme was repayable by Gayatri Starchkem Limited in 60 installments. It further alleged that the Gayatri Starchkem Limited failed to pay a few installments. Accordingly, the Petitioner appointed arbitrator to resolve the disputes. The said appointment was challenged by the Gayatri Starchkem Limited. Accordingly, the arbitrator dismissed the petition stating that the entertainment of the same was out of jurisdiction. Thereafter, Escorts Finance Limited approached District Judge, Tishazari Courts, Delhi. The Hon'ble Court dismissed the Petition U/s 11 (5) of Arbitration Act 1996 preferred by EFL. Consequently, EFL preferred the present CRP. The Hon'ble Court issued notice to Gayatri Projects Limited. The matter is pending for adjudication.

Escorts Finance vs. Gayatri Starchkem Limited & Ors (CRP 108 of 2005) at New Delhi.

The Petitioner claimed that they supplied certain equipments on lease/hire purchase Financing Scheme, which was repayable by Gayatri Starchkem Limited in 60 installments. It further alleged that Gayatri Starchkem Limited failed to pay the agreed amount. The EFL appointed arbitrator to resolve the disputes. The said appointment was challenged by the Gayatri Starchkem Limited. Accordingly, the arbitrator dismissed the petition stating that the entertainment of the same was out of jurisdiction. Thereafter, EFL approached District Judge, Tishazari Courts, Delhi. The Hon'ble Court dismissed the Petition U/s 11 (5) of Arbitration Act 1996 preferred by EFL. Consequently, EFL preferred the present CRP. The Hon'ble Court issued notice to Gayatri Projects Limited. The matter is pending for adjudication.

Plasti-con Industry vs. Gayatri Starchkem Limited (38/1/5/35, dated: 5.0 at3.2005) Commissionerate of Industries, Hyderabad

The Claimant supplied plastic barrels of Rs. 13.39 lakhs to M/s Gayatri Starchkem and further alleged that Gayatri Starchkem Limited failed and ignored to pay the said amount. However, Gayatri Starchkem alleged that some of the materials are defective and disputed the payment payable by them. Consequently, the Claimant approached the A.P. Industry Facilitation Council for Arbitration which referred Gayatri Starchkem Limited to BIFR. Amount involved is Rs. 19.96 lakhs. The Hon'ble Tribunal heard the arguments on preliminary issues i.e., jurisdiction of the Hon'ble Tribunal to adjudicate the matter and the



whether the claimant is a small scale industry or not. The Respondent prayed for dismissal of the subject case on the aforementioned and other grounds. The Hon'ble Tribunal after hearing the arguments and adjourned the matter till 02.09.2006.

Latesh Carbons vs. Gayatri Starchkem Limited (dated 26.02.2005) at Civil Judge Sr. Division, Hoshiarpur.

The Plaintiff Claimed that, they supplied activated carbons to the Defendants and Defendants failed and ignored to pay the consideration of Rs.2.56 lakhs towards principal amount and Plaintiff also prayed for interest of Rs.1.34 lakhs @ 12 %. For appearance.

Rama Petro Chemicals Ltd. vs. Gayatri Starchkem Limited (Suit No. 3711/1997) at High Court of Bombay

The Plaintiff alleged that, they supplied machinery on lease to the Defendant and further alleged that, the Defendant Company is attempting to transfer/assign the same to third parties. By making the aforesaid allegation the plaintiff filed the present suit, wherein praying to the Hon'ble Court for injunction to restrain the Defendant from selling, transferring and/or assigning the machinery to third parties. Upon receipt of the summons the Defendant appeared before the Hon'ble court and filed its written statement, wherein it specifically pleaded that, since there is no Lease Agreement between the Plaintiff and Defendant and that they bought the machinery in question from different companies by obtaining term loans. The Defendant categorically stated the present suit frivolous and mis-conceived and accordingly prayed for the dismissal of the suit with costs. Matter is pending for trial.

Ray Constructions Limited vs. Gayatri Starchkem Limited (Summary Suit No. 453 of 2001) at High Court of Bombay.

The Plaintiff alleged that, they were awarded a Civil Construction work to the tune of Rs.130.23 lakhs by the Defendant. The Plaintiff further stated that, they could not complete the said construction work because the Defendant failed to issue the drawings in time and also failed to handover the work site, apart from delay in payments and of the same the Plaintiff vacated the site. However, the Plaintiff raised the final bill for an amount of Rs.91.65 lakhs (Against a contract value of Rs.130.23 lakhs) for the work done and for compensation towards losses suffered by them. The Defendant disputed the said bill and consequently, the Plaintiff invoked the arbitration clause and appointed arbitrator. However, in the mean time the parties amicably settled the dispute, whereby the defendant agreed to pay Rs. 25.00 Lakhs towards full and final settlement. As against the settlement the Defendant paid Rs.10.50 lakhs only and failed to pay the balance amount of Rs.14.5 Lakhs because of financial constraints since the Company had been referred to BIFR. Now the Plaintiff filed summary suit for recovery of principal amount of Rs.14.50 Lakhs and interest of Rs.7.81 lakhs and also prayed for future interest of 19% per annum. The said suit was decreed by the Hon'ble Court for an amount of Rs.23.60 lakhs and also decreed interest of 19% on principal amount from the date of filing of the suit till the date of realization.

Polycab Industries Vs. M/s Gayatri Starchkem Limited (OS No. 583/2002) at City Civil Court, Secunderabad. – File at III Sr.Civil Judge, Hyderabad.

Polycab Industries have supplied cables to the company. Due to financial constraints the company could not pay the suppliers. Therefore, Polycab Industries filed Summary suit for recovery of Rs.4.57 lakhs. Filed petition for dismissal for suit in view of BIFR orders.

Samratmal K. Doshi vs. Gayatri Starchkem Limited (Suit No. 2639 of 2000) at High Court, Bombay.

The petitioner alleged that they have not received the final payment for the supply of steel pipes to the company and prayed for judgment decree of principle amount of Rs.61.43 lakhs and interest @ 21% P.A. on 21.40 lakhs. The defendant filed its return statement, wherein stated-counter submitted that the material supplied were inferior and defective in quality and also the suit is barred by limitation. Now the matter is pending for adjudication.

Starch Sales Corporation vs. Gayatri Starchkem Limited (OS No. 85/2003) at City Civil Court, Hyderabad.

It was alleged by the Plaintiff that they had supplied Tapioca Starch to the Defendant, for which the payment was not received by them. The defendant appeared before the Court and filed petition for dismissal of the suite stating that the defendant company was referred to BIFR. Petition for dismissal of the suit is filed in view of BIFR order. The same is pending for adjudication. Amount involved is Rs. 45.51 lakhs.

Efficient Roadlines vs. Gayatri Starchkem Limited (OS No. 5976 of 2005) at City Civil Court, Hyderabad

The Defendant Company engaged the services of Plaintiff for transporting its product to various places. However, the Plaintiff alleged that the Defendant failed to pay the transportation charges. Posted for written statement. Amount involved is Rs 0.40 lakhs. Compromised on 14-03-2006 and the company has paid disputed amount.

GAYATRI PROJECTS LIMITED

Gatiman Transport vs. Gayatri Starchkem Limited (OS No. 53/2004) at Civil Court, Pune.

The Defendant Company engaged the services of Plaintiff for transporting its product to various places. However, the Plaintiff alleged that the Defendant failed to pay the transportation charges. Posted for written statement. Amount involved is Rs. 1.49 lakhs.

Customs Case

Director Revenue Intelligence vs. Gayatri Starchkem Limited (File No. 5(27)/ECA/2003/04/HYD) at JDGFT, Hyderabad.

The company imported capital goods like autoclave, electrolyser, etc., under EPCG license under EXIM Policy. As per the policy the company was under obligation to export 4 times the value of the capital goods imported i.e Rs.433.52 lakhs x 4 times = Rs.1734.09 lakhs (converted into 54.96 lakhs US \$) within 5 years from the date of import. The company submitted that the non-fulfillment of export obligation is not willful but only due to low international market conditions. The company further requested for inclusion of starch and other by-products as additional export items. The department has not agreed for this. Action contemplated under sections 11 and 14 of Foreign Trade (P & R) Act, 1992. Requested to keep the matter in abeyance pending adjudication of the customs matter.

Outstanding Cases Filed By Gayatri Starchkem Limited

Custom Case

Gayatri Starchkem Limited vs. Director Revenue Intelligence (F.No. CAU/CRI (Hyd)/25/2000) at Commissioner of Customs (Exports), Chennai

The Chief Commissioner of Customs, Chennai demanded for recovery of Customs Duty for non-fulfillment of export obligation under EPCG scheme. The Chief Commissioner of Customs did not consider the submissions of the company and denied the benefit of exemption under notification No. 160/92, dated: 20.04.1992, demanding the differential duty of Rs.148.43 and interest 24% per annum on the above duty and penalty of Rs.7.5 lakhs and redemption fine of Rs.30.00 lakhs U/S 135 of the Customs Act. In the Appeal to Customs Tribunal the following points were raised:

- i) The export obligations under EPCG scheme could not be performed due to the reasons beyond the control of the company.
- ii) The proceedings are barred by limitation.
- iii) The technical know-how contract and the contract for supply of Auto-Clave Equipment are two independent transactions.
- iv) As per revised classification proposed the benefit under project import category are available for "Electrolyser" equipment.
- v) Company is a BIFR company and prayed for financial hardship. The tribunal remanded the matter to commissioner of customer for Denovo adjudication who heard the matter. The Hon'ble Commissioner heard the arguments and reserved the order.

Outstanding Cases Against Gayatri Sugars Limited

Civil Case

Govt. of India and South Indian Sugar Mills Association vs. Gayatri sugars limited at Honorable High Court of Andhra Pradesh, Hyderabad

Government of India has announced additional SMP of Rs 50 for the sugar season 2002-03 and the same was contested by the sugar mills association. Total impact has demanded by Govt. of A P through Asst. Cane Commissioner amounting to Rs 334.50 Lakhs. The Matter is still pending with the court, however the company has agreed to pay Rs 50 Additional cane price to the cane growers for the year 2002-03 in an oral understanding. Any differential further payment if any will be considered by the company only after settlement of the case in the court.



Govt. of India and South Indian Mills Association vs. Gayatri sugars limited(. WP No. 6623 of 2004) at Honorable High Court of Andhra Pradesh, Hyderabad

For the year 2003-04 the company along with other members of South Indian Sugar Mills Association (SISMA) filed writ petitions challenging the Statutory Minimum Price (SMP) as declared by Central Government on various reasons. State Government filed its counter affidavit with writ petition no.6623 of 2004 which is pending before the Honorable High Court for arguments. It may be noted that the company has already paid the SMP as declared by the Government. Hence no further liability on this account arises.

Govt. of India vs. Gayatri sugars limited at Honorable High Court of Andhra Pradesh, Hyderabad and High Court of Delhi.

Release order mechanism. The company has challenged the release order mechanism of the central government by applying provisions of sugar control order of 1966 made under Sec. 3 of essential commodities act for the year 2002-03. Interim orders received by the High Courts, however main WP are still pending for final hearing and disposal. There is no change in the Status so far.

APERC, AP Transco vs. Gayatri sugars limited at Honorable High Court of Andhra Pradesh, Hyderabad

Gayatri Sugars Limited filed appeal before Appellant Tribunal, at New Delhi, vide appeal no.67 of 2005 along with other Sugar Mills Association of South India (SISMA), against order dated 20th March, 2004 in RP no 84 of 2003 in OP no 1075 of 2000 passed by APERC wherein the tariff payable to the energy developers by AP Transco was revised. The Company filed appeal before Appellant Tribunal, New Delhi against the orders passed by APERC. Appeal is posted for final hearing.

Ganapathi Sugars vs. Cane Commissioner and Gayatri sugars limited

Ganapathi Sugars a neighboring sugar factory challenged the zone declaration issued by Cane Commissioner in favour of GSR Sugars on the ground that the Company is not in existence. GSR Sugars has filed its counter to the same and the matter is pending before Honorable High Court of Andhra Pradesh.

Labour Case

Mr. D Shyam Sunder vs. Gayatri sugars limited (WC no. 265 of 2004.) at Asst. Commissioner of Labour, Nizamabad

One Sri D Shyam Sunder on Nominal Muster Roll (NMR) of the company filed petition under Workmen Compensation Act before Assistant Commission of Labour, Nizamabad, for workmen compensation .He claimed compensation of Rs 4 Lakhs. The Company filed a reply. As all the workmen are covered under insurance policy the Company prayed the court for inclusion of the insurance company in the above case as opposite party. Company filed a reply and the matter is referred to Asst. Commissioner of Labour, Nizamabad. There is no change in the Status so far.

GAYATRI PROJECTS LIMITED

Purchase Tax

Background	Principal Parties	Place of litigation	Charges / Allegations	Current Status	Claims
Purchase tax was levied by Govt. of AP for the cane supplied by the farmers. The purchase tax for the year 2000-01 of Rs. 153.70 Lakhs and a penalty of Rs. 21.55 Lakhs. Letter ref: B/388/2005, dt: 27.9.2005 and earlier correspondence	Govt. of AP represented by Cane Com-missioner and the company	Cane Commissioner, Govt. of A P, Hyderabad	The Govt. demanded payment of purchase tax for the year 2000-01 and imposed penalty for the same.	The total purchase tax dues from the sugar season 1997-98 to 2000-01 (incl. Rs 153.70 Lakhs) was Rs. 542.82 Lakhs. The interest payable on the above was Rs 151.74 Lakhs The company has so far paid Rs 522.99 Lakhs The company has requested the Govt. to treat the amount paid by the company as principal amount paid and to waive the interest charged in view of the financial difficulties faced by the company during that time. The company has also requested to waive the penalty imposed by the Govt. in view of the facts mentioned above.	Govt. claimed Rs 153.70 Lakhs towards Purchase tax dues for the 2000-01 and penalty of Rs. 21.55 Lakhs.
Cane Development Council (CDC) Payment of Rs 6,43,074 for the season 2004-05. Letter ref: B/388/2005, dt: 27.9.2005 and earlier correspondence	Cane Commissioner, Govt. of A P and Company	Cane Commissioner, Govt. of A P	The company collects Rs 2/- from the farmer and contributes another Rs 2 making a total of Rs 4/- per MT for cane supplied to fund created by Govt. of A P known as Cane evelopment Council	The company has paid the amount on 21.12.2005.	Rs 6.43 Lakhs.

Outstanding Cases Filed By IJM-Gayatri JV

M/s.IJM-Gayatri JV is executing the Contract Package-AP-13, NH-5. The work was commenced on May'2001 and the Extended Completion date is 24.03.2006. The dispute relate to the Price Adjustment payable to the Claimant under Clause 70.1 and 70.3 of PART-II, COPA of agreement. The total amount under consideration is Rs. 14,774.01 LakhsThe Statement of Claim submission and written submissions all is completed. The Claim of the company was rejected by the Arbitration Tribunal with majority decision of 2:1. The contractor preferred an Application under Section 34 of Arbitration and Conciliation Act-1996. An application has been preferred challenging the Award before the Hon'ble High Court of Delhi on 17-03-2006. The matter is pending for adjudication.

Arbitration -M/S IJM-Gayatri JV

1. M/s.IJM-Gayatri JV executed the Contract Package-I,NH-5 (Widening to four lanes and Strengthening of existing two lane road from km 355/00 to 380/000 of Chilakaluripet - Vijayawada Section of NH-5). The work commenced in March'1999 and the work completed by the extended date of December'2002. During Execution contractor faced many hindrances and consequently the Original Contract period was extended. The Contractor is entitled for compensation due to prolongation of the Contract Period. The nature of Claims are, Claim for Compensation of Loss of Profit and infructuous overheads due to prolongation of Contract, Claim for costs of Idle Plant and Equipment, Claim for Loss sustained due to Locking of securities during the extended period of contract, Claim for Payment of import duty to be paid to Central excise Department , Claim for price Escalation towards HSD not covered by POL

and Other Claims. The total amount under consideration is Rs. 2717.48 Lakhs. The Statement of Claim is submitted to Arbitral Tribunal on 03-12-2005. The matter is pending for adjudication.

2. M/s.IJM-Gayatri JV is executed the Contract Package-II,NH-5 (Widening to four lanes and Strengthening of existing two lane road from km 380/00 to 395/000 (KM 0/00 to 15/2 of Guntur Bypass) of Chilakaluripet - Vijayawada Section of NH-5). The work commenced in March'1999 and the work completed by the extended date of December'2002. During Execution contractor faced many hindrances and consequently the Original Contract period was extended. The Contractor is entitled for compensation due to prolongation of the Contract Period. The nature of Claims are, Claim for Compensaion of Loss of Profit and infructuous overheads due to prolongation of Contract, Claim for costs of Idle Plant and Equipment , Claim for Loss sustained due to Locking of securities during the extended period of contract, Claim for Payment of import duty to be paid to Central excise Department , Claim for price Escalation towards HSD not covered by POL and Other Claims. The total amount under consideration is Rs. 2633.09 Laks. The Statement of Claim is submitted to Arbitral Tribunal on 12-01-2006. The matter is pending for adjudication.
3. M/s.IJM-Gayatri JV is executed the Contract Package-III, NH-5 (Widening to four lanes and Strengthening of existing two lane road from km 380/00 to 395/000 (KM 0/00 to 15/2 of Guntur Bypass) of Chilakaluripet - Vijayawada Section of NH-5). The work commenced in March'1999 and the work completed by the extended date of December'2002. During Execution contractor faced many hindrances and consequently the Original Contract period was extended. The Contractor is entitled for compensation due to prolongation of the Contract Period. The nature of Claims are, Claim for Compensaion of Loss of Profit and infructuous overheads due to prolongation of Contract, Claim for costs of Idle Plant and Equipment , Claim for Loss sustained due to Locking of securities during the extended period of contract, Claim for Payment of import duty to be paid to Central excise Department , Claim for price Escalation towards HSD not covered by POL and Other Claims. The total amount under consideration is Rs. 2711.80 Laks. The Statement of Claim is submitted to Arbitral Tribunal on 14-02-2006. The matter is pending for adjudication.
4. The Contract Package-APSH-7 (Widening and Strengthening of Tallada - Devarapalli Road) is executed by M/s.IJM-Gayatri (JV). The Work was Commenced on Mar'1999. During the Execution of the contract certain claims have arisen. The nature of claims are, Claim for Payment of interest on the reduced amounts paid by the Employer without releasing full amounts as certified by the Engineer in the iterim payment certificates, Claim for Price adjustment amount payable due to wrong calculation of the amount by deducting the seigniorage charges, Claim for refund of extra seigniorage charges recovered from IPCS on account of wrong arriving at the volume of materials considering swell / bulkage factor and Claim for Payment of interest on the advance loan amount recovered at excess percentage rate than prescribed under the contract. The total amount involved is Rs. 227.17 Lakhs. The Hon'ble Tribunal issued notice under clause 67.1 to both the parties. The Arbitration Tribunal commenced the hearings and the matter is pending for adjudication.
5. The Contract Package-APSH-8 (Widening and Strengthening of Warangal - Khammam - Tallada Road) was executed by M/s.IJM-Gayatri JV. The work was Commenced on Mar'2000.During the Execution of the contract certain claims have arisen. The nature of claims are, Claim for Payment of interest on the reduced amounts paid by the Employer without releasing full amounts as certified by the Engineer in the iterim payment certificates, Claim for Price adjustment amount payable due to wrong calculation of the amount by deducting the seigniorage charges, Claim for refund of extra seigniorage charges recovered from IPCS on account of wrong arriving at the volume of materials considering swell / bulkage factor and Claim for Payment of interest on the advance loan amount recovered at excess percentage rate than prescribed under the contract. (Claim No-1 to 5). The total amount involved is Rs. 175.38 Lakhs. Notice under 67.1 issued both parties. The Arbitration Tribunal commenced the hearings and the matter is pending for adjudication.

Case before Director Mines & Geology- M/S IJM-Gayatri JV

IJM-Gayatri Joint Venture Vs. Asst. Director before Director, Mines and Geology, Government of Andhra Pradesh.

The Asst. Director of Mines and Geology, Warangal issued a demand No. 2844/V&E/97 dated 11.02.2004 demanding payment of Rs. 257.60 Lakhs towards five times penalty on normal seigniorage fee. The aforesaid notice was on the ground that the Joint Venture illegally and without paying the seigniorage charges used the minerals for execution of Road work of APSH-8. The said allegation was totally wrong and contrary to record. The said fact is evident from the fact that the Employer

GAYATRI PROJECTS LIMITED

(APSH) is deducting the normal seigniorage charges from bills. The IJM-Gayatri Joint Venture challenged the aforementioned notice by preferring appeal under Rule – 35 or 35-A read with Rule 35-C of Andhra Pradesh Minor Mineral Concession Rules – 1966 before the Director (Minister of Mines and Geology) of Mines and Minerals. The Government granted stay of the Director of Mines and Geology, Warangal Demand Notice No. 2844/V&E/97, dated 11.02.2004 vide its order dated 21.03.2006. Now the matter is pending for adjudication.

Arbitration -M/S Simplex -Gayatri JV

The Contract Package-II, NH-4 (Four laning of Sathara - Kolhapur Road works of NH-4, Package - II from Ch. 616km to 639km) - Claim for borrow of Earth materials from leads beyond reasonable lead for the items of BOQ (Bill of Quantities) 2.6 & 2.7.

The rates in tender for the items of BOQ 2.6 and 2.7 as mentioned under clause 8.0 of supplementary information in Vol-I of bid document. The reasonable lead for murrum required for embankment work was assumed for 4- 5 Kms but during execution the fill material was not available for 4 – 5 Kms and accordingly had to be borrowed from more lead of about 19 Kms. The amount involved in this claim for Rs.411.74 Lakhs. The award was given in favour of Gayatri projects Limited in the said arbitration and submitted to (Maharashtra State Road Development Corporation) MSRDC, Mumbai for further orders and is awaited for decision.



GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Offer and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Offer or continue our business activities. The Company has also received approvals from those of its lenders whose financing arrangements required it to obtain approvals in connection with the Offer. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus.

A. Incorporation

1. Certificate of Incorporation bearing no. 01- 10461 of 1989-1990 dated September 15, 1989 from the Registrar of Companies, Andhra Pradesh for incorporation of our Company with the corporate name "Andhra Coastal Construction Private Limited".
2. Fresh Certificate of Incorporation consequent to change of name certifying the change of corporate name from "Andhra Coastal Construction Private Limited" to "Gayatri Projects Private Limited" dated March 31, 1994 issued by the Registrar of Companies, Andhra Pradesh.
3. Fresh Certificate of Incorporation consequent to change of name certifying the change of corporate name from "Gayatri Projects Private Limited" to "Gayatri Projects Limited", dated December 2, 1994 issued by the Registrar of Companies, Andhra Pradesh.
4. Certificate of Registration of the order of Company Law Board, Southern Regional Bench confirming transfer from the State from the State of Andhra Pradesh to the State of Maharashtra, bearing no. 11- 112579, dated December 19, 1997.

B. Industrial/Tax/Labour

1. Our Company has been allotted Code No. AP/ 11720 by the Assistant Provident Fund Commissioner, Vishakapatnam under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.
2. Our Company has been allotted Code No. KH/BLR/28201 by the Assistant Provident Fund Commissioner, Bellary for the unit at Bellary under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. As per the letter dated 1st March, 2004 issued by the Commissioner, the Bellary unit is to be treated as a branch of our Company and not as a separate independent unit.
3. Registration under Contract Labour (Regulation and Abolition) Act, 1970 for the unit of the Company by the Government of Karnataka dated March 31, 2004. This license is valid till March 30, 2007.
4. Our Company has been allotted Permanent Account Number: AAACG8040K under the Income Tax Act by the Income Tax Department.
5. Our Company has been allotted Tax Deduction Account Number: HYDG00595A under the Income Tax Act by the Income Tax Department.
6. Certificate of Enrolment dated 14th January 2004 under the Maharashtra Sales Tax on Professions, Trade, Calling and Employment Act, 1975 bearing no. PT/E/2/6/8/12401 and it has to pay tax on or before 30th September of every year.
7. A Certificate of Registration dated 15th January 2004 and bearing no. W32K 00072 has been issued to our Company under the name of Mr. Pradeepkumar Omprakash, Manager under the Maharashtra State Tax Act on the Transfer of Property in Goods involving the Execution of Works Contract Act, 1985 w.e.f. 12th December, 2005, wherein it has been registered as a dealer.
8. Certificate of Registration bearing no. ABS/06/PT/0778 dated 17th April, 1997 has been issued to our Company under the Andhra Pradesh State Tax on Professions, Trade, Calling and Employment Act, 1987 wherein it has been registered as an employer and it has to pay tax on or before 30th September of every year.

GAYATRI PROJECTS LIMITED

9. Certificate of Enrolment bearing no. ABS/06/PT/0630 dated 17th April, 1997 has been issued to our Company under the Andhra Pradesh State Tax on Professions, Trade, Calling and Employment Act, 1987 under which it has to pay tax on or before 30th September of every year.
10. The Superintendent (Service Tax), Customs and Central Excise, Hyderabad has issued a Certificate of Registration under Section 69 of the Finance Act, 1994 bearing no. AAACG8040KST001 and dated 23rd March 2005 which is valid for the below mentioned premises at B-1 6-3-1090 S.R. Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082, Andhra Pradesh only. The Commissionerate Location Code is 52000.
11. Professional tax Registration in the State of Karnataka vide Registration Number: 7100780-5 dated April 29, 2004.
12. Our Company has been issued a VAT Registration Certificate bearing no. 28190175370 dated 23rd March 2005, w.e.f. 1st April 2005 under the Andhra Pradesh Value Added Tax Act, 2005
13. Certificate of Registration bearing no. DKL.28 has been issued by the District Labour Officer to Gayatri Project Limited Motor Transport Undertaking under the Motor Transport Workers Act, 1861 and the same is valid till December 12, 2005. Since we have executed the project and had not engaged any labour on the said work, we had informed District Labour Officer accordingly. We had not received any further communication from them in this regard.
14. Our Company has been allotted Code No. AP/ 11720 by the Assistant Provident Fund Commissioner, Vishakapatnam under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.
15. Our Company has been allotted Code No. KH/BLR/28201 by the Assistant Provident Fund Commissioner, Bellary for the unit at Bellary under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. As per the letter dated 1st March, 2004 issued by the Commissioner, the Bellary unit is to be treated as a branch of our Company and not as a separate independent unit.
16. Registration under Contract Labour (Regulation and Abolition) Act, 1970 for the unit of Gayatri Projects Limited at Karnataka dated March 31, 2004. Valid till March 30, 2007.
17. The Karnataka State Pollution Control Board has issued its consent to our Company vide its letter dated June 19, 2006 and the same is valid till June 30, 2007 for operation of the plant under section 21 of the Air (Prevention and Control) of Pollution Act, 1981 for the unit of Gayatri Projects Limited at Molkalmuru, District Chitradurga, Karnataka.
18. License bearing no. P/SC/KA/14/2116(P62048) dated September 6, 2004 issued by the Office of Joint Chief Controller of Explosives, South Circle Office, Chennai, store petroleum in tanks in connection with pump outfit for fueling motor conveyances for the unit of Gayatri Projects Limited at Molkalmuru, District Chitradurga, Karnataka under the Petroleum Act, 1934. This license was last renewed on December 23, 2003 and is valid till December 31, 2006.
19. Registration number LO3/HYD/105/2004 issued by Office of the Inspector and Labour Officer under Andhara Pardesh Shop and Establishment Act, 1988 vide letter dated August 11, 2006 which is valid upto December 31, 2006.
20. Our Company is registered under the Sales Tax Acts of various states in India for local sales tax. At present the Company has local sales tax registrations in Karnataka, Maharashtra, Orissa, Madhya Pradesh, Chattisgarh, Gujarat, Uttar Pradesh, Uttaranchal, Assam and Kerala. Following are the details of all sales tax related registrations which are valid until cancelled:

S. No.	Name of State	Type of registration	Registration No.	Letter Date/ Effective Date
1.	Karnataka	State Sales Tax	KST No. 80209336	July 23, 2003
2.	Karnataka	Central Sales Tax	CST No. 80259339	July 23, 2003
3.	Karnataka, Bellary	VAT	29230243598	April 1, 2005
4.	Maharashtra	Local sales tax	41612 2/S/1218	December 12, 2003
5.	Maharashtra	Central Sales Tax	416122/C/1173	December 12, 2003
6.	Orissa	VAT	21171601084	December 22, 2005
7.	Madhya Pradesh	Local sales tax	070732322S	July 8, 2002

S. No.	Name of State	Type of registration	Registration No.	Letter Date/ Effective Date
8.	Chattisgarh	Local sales tax	1103-2300-7-S	January 31, 2003
9.	Gujarat	Local sales tax	2416020046G	June 21, 2002
10.	Gujarat	Central Sales Tax	2466020046G	June 21, 2002
11.	Uttar Pradesh, Jhansi	Local sales tax	JH-0173970	September 24, 2005
12.	Uttar Pradesh, Jhansi	Central Sales tax	JH-5100746	September 24, 2005
13.	Uttar Pradesh, Meerut	Local sales taxNot found	ST 0024963	December 23, 2005
14.	Uttar Pradesh, Meerut	Central sales tax	SD 5014926	December 01, 2005
15.	Assam	VAT	18660048573	June 27, 2005

GAYATRI PROJECTS LIMITED

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

a) The Company

The Fresh Issue of Equity Shares by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on September 26, 2005, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act, 1956. The shareholders approved the fresh issue at the Extra-Ordinary general meeting of the Company held on November 4, 2005.

b) The Selling Shareholders

The Board of Directors of Videocon Appliances Limited and Videocon Industries Limited at its meeting held on March 20, 2006 approved the offer for sale of equity shares by them.

The Selling Shareholders have appointed Mr. V.N. Dhoot and Mr. Ravindra Kataria to act as duly constituted attorney with respect to any matter in connection with the offer.

The Selling Shareholders assume no responsibility for any of the statements made by the Company in this Prospectus relating to the company, its business and related disclosures, except statement relating to the Selling Shareholders.

Prohibition by SEBI

Neither our Company, nor our Promoters, our directors or the Selling Shareholders, or any of our Promoter Group Companies the companies or entities with which our directors are associated with, as directors or promoters, have been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI.

Neither we nor our Directors, our Promoters, Promoter Group Companies or relatives of Promoters have been detained as willful defaulters by RBI/ government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past except as disclosed in the "Risk Factors" appearing on page no. iii of this Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer as per Clause 2.2.1 of SEBI Guidelines as explained hereinunder:

- We have a net tangible assets of atleast Rs. 300 lakhs in each of the 3 preceding full years (of 12 months each) of which not more than 50% is held in monetary assets.
- We have a track record of Distributable Profits as per Section 205 of the Companies Act, 1956, for atleast three out of immediately preceding five years.
- We have a pre-Offer Net Worth of atleast Rs. 100 lakhs in each of the preceding 3 full years (of 12 months each).
- The proposed Offer size does not exceed five (5) times the pre-Offer net worth of the Company as per the audited accounts for the year ended March 31, 2006.

The following table shows the net tangible assets, monetary assets, distributable profits (as restated) and net worth (as restated) as derived from the restated financial statements prepared in accordance with SEBI Guidelines and Indian GAPP included in this Prospectus under the section titled "Financial Statement of the Company" on page no. 120 of this Prospectus, as on and for the last five financial years ended March 31, 2006 is set forth below:



(Rs. in lakhs)

Financial Year	2001-02	2002-03	2003-04	2004-05	2005-06
Net Tangible Assets	6977.05	7683.37	8346.15	9068.38	11099.14
Monetary Assets	2636.31	2669.28	2798.85	3565.84	4613.87
Distributable Profits (as restated)	671.28	723.29	523.47	895.21	1807.97
Net Worth (as restated)	5764.37	6339.02	6920.38	7654.30	9269.21

- (1) Net Tangible Assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities) and secured as well as unsecured long term liabilities and non-trade investments.
- (2) Monetary Assets are defined as the sum of cash on hand, Non Trade Investments, Balance with Scheduled Bank in Current accounts and Fixed Deposits and balance with Post Office Savings account.
- (3) Net Worth includes equity share capital and reserves (net off miscellaneous expenditure not written off)

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ALLIANZ SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES 2000, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER M/S ALLIANZ SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 12, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.
- (3) WE CONFIRM THAT:
 - A. THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS OFFER;
 - B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;

GAYATRI PROJECTS LIMITED

- C. THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER;
 - D. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND
 - E. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
- (4) WE CERTIFY THAT A WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS A PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE OFFER WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT, 1956.

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI, FURTHER, RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

DISCLAIMER FROM THE ISSUER AND THE BOOK RUNNING LEAD MANAGER

Our Company, our Directors, the Selling Shareholders, the Book Running Lead Manager accepts no responsibility for statements made otherwise than in this Prospectus or in the advertisement or any other material issued by or at our instance and that anyone placing reliance on any other source of information, including our website, www.gayatri.co.in , would be doing so at his or her own risk.

The Book Running Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead Managers, our Company and the Selling Shareholders (acting through their duly constituted attorney) dated March 27, 2006 and the underwriting agreement to be entered into between the underwriter and us.

All information shall be made available by us, the Book Running Lead Manager to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at bidding centres or elsewhere.

Neither we nor BRLMs or Syndicate Members shall be liable to the Bidders for any failure in downloading the bids due to faults in any software/ hardware system or otherwise.

CAUTION

Investors that bid in this Offer will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India (including Indian nationals resident in India, who are majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks,



Regional Rural Banks, Co-operative Banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares), permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FII's registered with SEBI. This Prospectus does not, however, constitute an Offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Prospectus comes into is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for observations and SEBI has given its observations and the final Prospectus has been filed with RoC as per the provisions of the Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED

(The Designated Stock Exchange)

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated July 03, 2006, permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

- a. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

FILING OF PROSPECTUS WITH THE BOARD AND ROC

A copy of this Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai - 400021.

A copy of Prospectus, along with the documents to be filed under Section 60B of the Companies Act, 1956 will be delivered to the RoC, Maharashtra situated at 100, Everest, Marine Lines, Mumbai-400002. A copy of the Prospectus, required to be filed under section 60 of the Companies Act, 1956 would be delivered for registration to the Registrar of Companies, Maharashtra, 100, Everest, Marine Lines, Mumbai-400002

GAYATRI PROJECTS LIMITED

IMPERSONATION

As a matter abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 1956 which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a Company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years.”

LISTING

The initial listing applications have been made to Bombay Stock Exchange Ltd. (BSE) for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. Bombay Stock Exchange Limited will be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares and for official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Selling Shareholder and our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of this Prospectus and if such money is not repaid within eight days after the day from which the Company becomes liable to repay it from the date of refusal or within 70 days from the Bib/Offer closing date whichever is earlier, then the Selling Shareholder and our Company and every director of the Company who is an officer in default shall, on and from such expiry of 8 days, be jointly and severally liable to repay the money with interest prescribed under Section 73 of the Companies Act 1956.

Our Company and the Selling Shareholder with the assistance of the Book Running Lead Managers shall ensure that all steps for the completion of necessary requirements for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for the Offer.

CONSENTS

Consents in writing of: (a) our Directors, the Company Secretary, Compliance Officer, the Auditors, Bankers to the Company, the Bankers to this Offer; and (b) Book Running Lead Manager to the Offer and syndicate members, Registrars to the Offer and Legal advisors to the Offer and the Underwriters, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the Registrar of Companies, Maharashtra, Mumbai as required under Section 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of a copy of this Prospectus, for registration with the Registrar of Companies, Maharashtra, Mumbai.

M/s C.B. Mouli & Associates, Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Prospectus and also tax benefits accruing to the Company and to the members of the Company in the form and context in which it appears in this Prospectus and such consent and report have not been withdrawn up to the time of delivery of this Prospectus for registration with the Registrar of Companies, Maharashtra at Mumbai..

EXPERT OPINION

No opinion of any expert has been obtained by the Company.

OFFER RELATED EXPENSES

The expenses for this Offer includes issue underwriting & management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Offer are estimated at approximately Rs. 684.92 Lakhs, details of which are as under:



Activity	(Rs. In Lakhs)	% of Total Offer Size
Offer Management	149.71	1.75%
Registrars fees	3.43	0.04%
Printing & Distribution of Offer Stationery	171.30	2.00%
Advertising and Marketing expenses	153.12	1.79%
Brokerage and Selling commission	106.94	1.25%
Other expenses	100.42	1.18%
Total	684.92	8.01%

Other than the listing fee, which will be paid by our Company, all expenses with respect to the Offer will be shared between us and the Selling Shareholder in the ratio of 34.48% and 65.52% respectively.

Fees Payable to the BRLMs, Underwriting, Brokerage and Selling Commission

The total fees payable to the Book Running Lead Manager, and Syndicate Members including brokerage and selling commission for the Offer will be as per the Memorandum of Understanding executed between us, Selling Shareholder and the BRLMs dated March 27, 2006, copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar

The total fees payable to the Registrar to the Offer will be as per the Memorandum of Understanding executed between our Company, Selling Shareholder and the Registrar dated March 27, 2006, copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Offer for making refunds to unsuccessful applicants as per the mode disclosed under para "Dispatch of Refund Orders" appearing on page no. 196.

Previous Public and Rights Issues

Our Company has not made any public or rights issue since its inception.

Previous Issues of Shares Otherwise than for Cash

The has not issued shares for consideration other than for Cash except issue of bonus shares as stated in section titled "Capital Structure" on page 16.

Commission and Brokerage paid on Previous Issues

Since this is an initial Public Offering of the Equity Shares, no sum has been paid/ is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its incorporation.

Companies under the Same Management

We do not have any other company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 which has made any capital issue during the last three years.

PROMISE VIS-A-VIS PERFORMANCE

(A) LAST THREE ISSUES MADE BY GAYATRI PROJECTS LTD.

The Company has not made any issue of equity shares to the public prior to the present Public Issue.

(B) LAST ISSUE OF THE LISTED VENTURES OF PROMOTER GROUP

- i. Gayatri Starchkem Limited (erstwhile Starchkem Limited) came out with a public issue of 54,00,000 equity shares of Rs. 10/- each for cash at par aggregating to Rs. 540 lakhs in April, 1994. The actual performance achieved by the Company against the projections mentioned in the Offer Document are as under :

GAYATRI PROJECTS LIMITED

(Rs.in lakhs)

	1995-96		1996-97		1997-98		1998-99		1999-2000	
	I Operating Year		II Year		III year		IV year		V Year	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Installed Capacity	8550	-	8550	8550	8550	8550	8550	8550	8550	8550
Capacity Utilisation	60%	70%*	70%	70%	80%	82%	80%	77.5%	80%	78%
Production	5130	807	5985	4382	6840	7081	6840	6630	6840	6635
Sales & Other Income	1247	186	1455	1061	1663	1742	1663	1706	1663	2817
Profit before Interest, Depreciation & Tax	565	80	659	(579)	754	(536)	751	(961)	749	(2197)
Interest	290	52	302	342	292	388	248	479	204	897
Depreciation	200	19	200	122	200	131	200	166	200	267
Profit before Tax	71	9	153	(359)	258	(278)	299	(648)	341	(1482)
Profit After Tax	71	9	153	(359)	258	(278)	299	(648)	333	(1567)
Dividend	-	-	-	203	-	243	-	243	-	-
Equity Share Capital	1350	1350	1350	1350	1350	1450	1350	1450	1350	1450
Reserves & Surplus	71	-	224	-	279	-	335	7.50	425	10
EPS (Rs.)	0.53	-	1.13	-	1.91	-	2.21	-	2.46	-
Book Value(Rs.)	10.53	10	11.66	10	12.07	10	12.48	10	13.15	10

* Only two months of operation.

Main Object of Issue	Promise in respect of implementation	Performance and remarks
To part finance the cost of project for manufacture of 8550 TPA of Sorbitol. The project was appraised by IDBI.	The project was expected to start commercial production from December, 1994.	Commercial production of Sorbitol Unit commenced from February, 1996 after delay of 13 months mainly on account of delayed receipt of imported equipments.



- ii. Gayatri Sugars Limited (erstwhile NCS Gayatri Sugars Limited) came out with a public issue of 62,50,000 equity shares of Rs. 10/- each for cash at par aggregating to Rs. 625 lakhs in November, 1997. The actual performance achieved by the Company against the projections mentioned in the Offer Document are as under :

(Rs.in lakhs)

	1997-98		1998-99		1999-2000	
	Projected	Actual	Projected	Actual	Projected	Actual
Cane Crushed (lakh MT)	2.25	1.00	3.40	3.27	4.28	4.64
Total Income	2657	1432	4138	5098	5281	7198
Gross Profit	943	86.32	1432	1434	1869	1724
Interest on Working Capital	53	210	202	1089	254	1364
Interest on Term Loans	355		710		665	
Depreciation	223	68	267	280	267	292
Preliminary expenses written off	7	2	7	7	7	7
Profit before Tax	305	10	246	32	676	12
Tax	32	1	26	3	71	1
Profit after Tax	273	9	220	29	605	11
Equity Share Capital	2500	2500	2500	2500	2500	2500
Free Reserves (net off preliminary expenses not written off)	210	9	437	38	674	49
Net Worth	2710	2371	2937	2353	3174	2419
EPS (Rs.)	1.09	0.05	0.88	0.11	2.42	0.05
Book Value (Rs.)	10.84	9.48	11.75	9.41	12.70	9.68
Dividend and its percentage	0	-	0	-	375(15%)	-

Main Object of Issue	Promise in respect of implementation	Performance and remarks
To part finance the project cost (project for manufacture of White Crystal Sugar with an installed capacity of 2500 TCD) of Rs. 5800 lakhs including margin money for working capital. The project was appraised by IDBI.	The project was expected to start commercial production from November, 1997.	Project completed on time in November, 1997. However, there have been certain teething problems and minor breakdowns of plant during the initial period and the company could overcome these problems. Ultimately, the company could commence the commercial crushing from January 1, 1998.

Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments

The Company has not issued any Redeemable Preference shares and debentures, bonds or other instruments except for issue of 14% Non-Convertible Debentures of face value of Rs. 100 each aggregating to Rs. 1500 lakhs on private placement basis to Unit Trust of India. The amount outstanding on these NCDs is Rs. 1000 lakhs.

GAYATRI PROJECTS LIMITED

Option to Subscribe

Equity Shares being offered through this Prospectus can be applied for in Dematerialized Form only.

Stock Market Data for our Equity Shares

This being the Initial Public Offering of our Company, no Stock Market Data is available.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Offer, the Selling Shareholders and us, will provide for retention of records with the registrar to the Offer for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the registrar to the Offer for the redressal of their grievances.

All grievances relating to the Offer may be addressed to the registrar to the Offer, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant number and beneficiary account number, and the bank branch or bidding center where the application was submitted.

Disposal of Investor Grievances

We and the Selling Shareholders estimate that the average time required by us, the Selling Shareholders or the Registrar to the Offer for the redressal of the routine investor grievances should be fifteen days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Selling Shareholders and we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. P. Shreedhar Babu, Vice President (Finance) as Compliance Officer and he may be contacted in case of any pre offer/post offer related problems. The Compliance Officer can be contacted at the following address:

Mr. P. Sreedhar Babu,
6-3-1090, TSR Towers,
Rajbhawan Road, Somajiguda,
Hyderabad- 500082
Tel: +91 40 23310330,
Fax: +91 40 23398435
Email: publicissue@gayatri.co.in
Website : www.gayatri.co.in

Changes in Auditors

There has been no change in the Auditors of the Company during the last three years.

Capitalization of Reserves or Profits (during the last five years)

We have not capitalized our profits or reserves at any time except as stated in the Section titled "Capital Structure" on page no. 16 of this Prospectus.

Revaluation of Assets (during the last five years)

The Company has not revalued its assets during the last five years.



OFFER STRUCTURE

Public Issue of 29,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 295 per Equity Share aggregating Rs. 8,555 lakhs, comprising of a Fresh Issue of 10,00,000 Equity Shares by our Company and an Offer for Sale of 19,00,000 Equity Shares by Selling Shareholders. The Offer will constitute 29% of the fully diluted post offer paid-up capital of our Company.

1,00,000 Equity Shares of Rs. 10 each will be reserved in the issue for subscription by eligible employees.

	QIBs	Non-Institutional Bidders	Retail individual Bidders	Employee Reservation Portion
Number of Equity Shares*	Not more than 14,00,000 Equity Shares	Not less than 4,20,000 Equity Shares	Not less than 9,80,000 Equity Shares	Upto 1,00,000 Equity Shares
Percentage of Offer Size Available for allocation	Upto 50% Net Offer to Public or Net Offer to Public less allocation to Non-Institutional Bidders and Retail Individual Bidders. However, upto 5% of the QIB portion shall be available for allocation proportionately to mutual funds.	Minimum of 15% of Net Offer to Public or Net Offer to Public less allocation to QIB Bidders and Retail Individual Bidders	Minimum of 35% of Net Offer to Public or Net Offer to Public less allocation to QIB Bidders and Non-Institutional Bidders	Upto 3.45% of Offer size
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: a. Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion: b. The balance Equity Shares of the QIB portion shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of 20 so that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 20 Equity Shares thereafter.	Such number of Equity Shares in multiples of 20 so that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 20 Equity Shares thereafter	20 Equity shares and in multiples of 20 Equity Share thereafter	20 Equity shares and in multiples of 20 Equity Share thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Net Offer to the Public, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Offer to Public, subject to applicable limits.	Such number of Equity Shares whereby the Bid amount does not exceeds Rs. 1,00,000	Not exceeding 1,00,000 equity shares
Mode of Allotment	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	20 Equity Shares and in multiples of 20 Equity Shares	20 Equity Shares and in multiples of 20 Equity Shares	20 Equity Shares and in multiples of 20 Equity Shares	20 Equity Shares and in multiples of 20 Equity Shares

GAYATRI PROJECTS LIMITED

	QIBs	Non-Institutional Bidders	Retail individual Bidders	Employee Reservation Portion
Who can apply***	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lakhs (subject to applicable laws) and pension funds with minimum corpus of Rs. 2500 lakhs in accordance with applicable laws.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for Equity Shares such that the Bid amount does not exceed Rs. 100,000 in value.	Eligible Employees
Terms of Payment	Margin Money applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Non institutional Bidders shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Retail Individual Bidders shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to eligible employee shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members
Margin Amount	10% of the bid amount	100% of the Bid amount on Bidding	100% of the Bid amount on Bidding	100% of the Bid amount on Bidding

* Subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any portion, would be allowed to be met with spillover from any other portions or combination of portions at the Company's and Selling Shareholder's discretion, in consultation with the BRLMs.

*** In case the Bid cum Application Form is submitted in Joint names, the Investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Any under-subscription in Equity shares, if any, reserved for Employees would be included in the Net Offer and allocated in accordance with the description in the Section titled 'Basis of Allocation' as described in page 194 of this Prospectus.



OFFER PROCEDURE

Book Building Procedure

This Offer is being made through the 100% Book Building Process where in up to 50% of the Net Offer to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, including upto 5 % of the QIB Portion shall be available for compulsory allocation to mutual funds only and the remainder of the Qualified Institutional Buyers portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Offer price. Further, not less than 15% of the Net Offer to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

Bidders are required to submit their Bids through the the Syndicate members. We and the Selling Shareholder, in consultation with the BRLMs, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of receipt of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, we and the Selling Shareholder would have a right to reject the Bids only on technical grounds.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Eligible Employees	Red

Who Can Bid?

- Indian nationals resident in India who are majors, or in the name of their minor children as natural/legal guardians, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
- Indian Mutual Funds registered with SEBI;

GAYATRI PROJECTS LIMITED

- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- NRIs on a repatriation basis or a non- repatriation basis subject to applicable local laws;
- FIIs registered with SEBI;
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares; and
- Permanent Employees of the Company who are on the pay-roll of our Company as on February 28, 2005.

Note:

The BRLMs and Syndicate Members shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligation if any.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

As per existing regulations, OCBs cannot Bid in this Offer.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-Offer paid-up capital (i.e., 10% of 1,00,00,000 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.



The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Bidders are advised to make their independent investigation and ensure that the number of Equity Shares bid for do not exceed the applicable limit under laws or regulation, and our Company, the Selling Shareholders and the BRLMs shall on no grounds what so ever be liable for or responsible for any breach of applicable regulations by any investors or category of investors.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, members of the Syndicate or the Registrar to the Offer.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color). All instruments accompanying bids shall be payable in Mumbai only.

Bids by non-residents including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis.

Bids and Revision to Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of 20 Equity Shares thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page no. 179 of this Prospectus.
- In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Maximum and Minimum Bid size

For Retail Bidders: The Bid must be for minimum 20 number of Equity Shares and in multiples of 20 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Offer Price as determined at the end of the Book Building Process.

GAYATRI PROJECTS LIMITED

For Others Bidders (Non-Institutional Bidders and QIBs): The Bid must be for a minimum of such number of Equity Shares in multiples of 20 Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of 20 Equity Shares thereafter. A Bid cannot be submitted for more than the net offer to the public. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI DIP guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Offer Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. The maximum Bid in this portion cannot exceed 1,00,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 1,00,000 may bid at Cut-off price. The allotment in the employee reservation portion will be on proportionate basis.

Information for the Bidders

- a) The Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Offer Opening Date.
- b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
- c) Any investor (who is eligible to invest in the Equity Shares) who would like to obtain a copy of the Red Herring Prospectus and/or the Bid-cum- Application Form can obtain the same from the registered office of the Company or from a member of the Syndicate.
- d) Eligible Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bid.
- e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of bidding

1. We, with the BRLMs shall declare the Bid/Offer Opening Date, Bid/Offer Closing Date and the Price Band at the time of filing the Red Herring Prospectus with RoC and publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Marathi). This advertisement, subject to the provisions of Section 66 of the Companies Act and shall be in the format prescribed in Schedule XX-A of SEBI DIP Guidelines, as amended.
2. The members of the Syndicate shall accept Bids from the Bidders during the Offer Period in accordance with the terms of the Syndicate Agreement.
3. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
4. The Bidding Period shall be a minimum of 3 (three) working days and shall not exceed 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and the Bidding Period may be extended, if required, by an additional 3 (three) working days, subject to the total Bidding Period not exceeding ten working days.
5. During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.



6. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” on page no. 181 of this Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares bid for by a Bidder at or above the Offer Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid amount, will become automatically invalid.
7. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation/allotment of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph “Build up of the Book and Revision of Bids” on page no. 184 of this Prospectus.
8. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.
9. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into the Escrow Account” on page no. 182 of the Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 275 to Rs. 295 per Equity Share of Rs. 10 each, Rs 275 being the lower end of the Price Band and Rs. 295 being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of 20 Equity Shares.
2. We and the Selling Shareholder, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three working days, subject to the total Bidding Period not exceeding ten working days. The higher end on the Price Band should not be more than 20% of the lower end of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Prospectus.
3. In case of revision in the Price Band and the Bid/ Offer Period will be extended for 3 (three) additional working days after revision of Price Band subject to maximum of 10 working days. Any revision in the Price Band and the revised Bidding /Offer Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites of the BRLMs, Company and the terminals of the members of the Syndicate and the Bidding Period shall be extended for a further period of 3(three) working days, subject to the total Bidding Period not exceeding 10 working days.
4. We and the Selling Shareholder, in consultation with the BRLMs, can finalise the Offer Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at “Cut-off” price. However, bidding at “Cut-off” price is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
6. Retail Individual Bidders who bid at the Cut-off price agree that they shall purchase the Equity Shares at offer price as finally determined, which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-off price shall deposit the Bid Amount based on the Cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the allocation amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Offer multiplied by the Offer Price), who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

GAYATRI PROJECTS LIMITED

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 for the Retail Individual Bidders, if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1,00,000, the Bid will be considered for allocation under the Non-Institutional category in terms of this Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size will be revised in order to ensure that the Bid Amount payable on such Application is in the range of Rs. 5,000 to Rs.7,000. The changes, regarding the same will be published and advertised in accordance with the provisions of SEBI guidelines.

Application in the Offer

Equity Shares being offered through this Prospectus can be applied for in the dematerialized form only.

Escrow Mechanism

1. Our Company and the Selling Shareholder and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Offer. The Escrow Collection Banks will act in terms of this Prospectus and an Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Offer Account and the Refund Account as per the terms of the Escrow Agreement and this Prospectus.
2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and has been established between us, the Selling Shareholders, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Registrar to the Offer to facilitate collection from the Bidders

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder shall pay the applicable margin amount, with the submission of the Bid-cum-Application Form draw a cheque, demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on page 189 of this Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Offer from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Banker(s) to the Offer. The balance amount after transfer to the Public Offer Account, lying credited with Escrow Collection Banks shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds. No later than 15 days from the Bid / Offer Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Money payable by each category of Bidders is mentioned under the heading "Offer Structure" on page 175 of this Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Offer Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

QIB bidders will be required to deposit a margin of 10% at the time of submitting their bids. After the Offer Closing Date / Bid Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called from QIBs.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had applied for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Offer Closing Date, failing which the Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of BSE/NSE. There will be at least one on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) BSE/NSE will offer a screen-based facility for registering Bids for the Offer. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on the electronic facilities of BSE/NSE will be uploaded on regular interval in accordance with SEBI guidelines and market practices, consolidated and displayed on-line at all the bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - **Name of the investor(Investors should ensure that the name given in the bid cum application form is exactly the same as the number in which the Depository Account is held. In case the Bid cum Application Form is submitted in Joint names, investors should ensure that the Depository account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)**
 - **Investor Category –Individual, Corporate, NRI, FII, or Mutual Fund, etc.**
 - **Numbers of Equity Shares bid for.**
 - **Bid Amount.**
 - **Bid-cum-Application Form number.**
 - **Whether payment is made upon submission of Bid-cum-Application Form.**
 - **Margin Amount and**
 - **Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.**
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid

GAYATRI PROJECTS LIMITED

by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) In case of QIB bidder, member of the Syndicate also have the right to accept the bid or reject it. However such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of non-institutional bidders and retails individual bidders who bid, bids would not be rejected except on the technical grounds listed on page 191 of this Prospectus.
- (h) It is to be distinctly understood that the permission given by BSE/NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or BRLMs are cleared or approved by BSE/NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by BSE/NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE mainframe on a regular basis.
- (b) The book gets build up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- (e) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid.
- (f) Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- (h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (i) In case of discrepancy of data between BSE and members of the Syndicate, the decision of the BRLMs based on the physical records of Bid cum Application Forms, shall be final and binding to all concerned.



Price Discovery and Allocation

1. After the Bid/Offer Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. Our Company and the Selling Shareholder, in consultation with the BRLMs shall finalise the "Offer Price", the number of Equity Shares to be allotted in each category to Bidders.
3. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35% of the Net Offer to the Public respectively, the allocation to QIBs for upto 50% of the Net Offer to Public would be proportionate basis in the manner specified in the SEBI guidelines and this Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price.
4. Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Company, in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 70,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.
5. Allocation to NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable laws.
6. The BRLMs, in consultation with our Company and Selling Shareholder shall notify the Syndicate Members of the Offer Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
7. Our Company and the Selling Shareholder reserves the right to cancel the Offer any time after the Bid/Offer Opening Date but before allotment without assigning reasons whatsoever.
8. QIB bidders shall not be allowed to withdraw their bid after the Bid / Offer Closing Date.

Signing of Underwriting Agreement and ROC Filing

- (a) The Company, the Selling Shareholder (acting through their duly constituted attorney), the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Offer Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, our company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Offer Price, Offer Size, underwriting arrangements and would be complete in all material respects.
- (c) We will file a copy of the Prospectus with the RoC, Maharashtra located at 100 Everset Building, Marine Drive, Mumbai, Maharashtra.

Announcement of Pre-Offer Advertisement

Subject to section 66 of the Companies Act, our Company shall after receiving final observation, if any, on the Red Herring Prospectus with SEBI, publish an advertisement, in the form prescribed by the SEBI DIP guidelines in an English national daily with wide circulation, one national newspaper and a marathi newspaper.

Advertisement regarding Offer Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Offer Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

- 1) Upon approval of the basis of allocation by the Designated Stock Exchange, the BRLMs or Registrar to the Offer shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the

GAYATRI PROJECTS LIMITED

Offer. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual and Non-Institutional Bidders. However, Bidders should note that our Company and Selling Shareholder shall ensure that the date of allocation of the Equity Shares to all Bidders, in all categories, shall be done on the same date.

- 2) The BRLMs or members of the Syndicate would despatch a CAN to their Bidders who have been allocated Equity Shares in the Offer. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the Allocation Amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- 3) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Offer subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for the allotment to such Bidder.

Designated Date and Allotment of Equity Shares

1. Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Offer Closing Date. After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date, we would allot the Equity Shares to the allottees. Our Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be completed within two working days of the date of finalization of the basis of allotment. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Offer Closing Date, interest would be paid to the investors at the rate of 15% per annum.
2. **In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Offer.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour)
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialised form only; Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- d) Investors must ensure that the name given in the Bid cum Application form is exactly the same as the name in which the Depository account is held. In case the Bid cum Application Form is submitted in Joint names, it should be ensured that the Depository account is also held in the same Joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that the Bid is within the Price Band.
- h) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment

of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 or 61 as the case may be together with the permissible documents as address proof

- i) Ensure that demographic details (as defined herein below) are updated true and correct in all respects.

Don'ts:

- a. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b. Do not Bid for lower than minimum Bid size;
- c. Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e. Do not pay Bid amount in cash;
- f. Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders);
- g. Do not bid where bid amount exceeds Rs. 1,00,000 (for Retail Individual Bidders)
- h. Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
- i. Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- j. Do not submit bid accompanying with Stock Invest.
- k. Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or revision Forms from the members of Syndicate

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis.)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter subject to a maximum bid amount of Rs. 1,00,000.
- (d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of 20 Equity Shares thereafter. Bids cannot be made for more than the net Offer to Public. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) For bidder in the Employee reservation portion, the bid must be for a minimum of 20 Equity Shares and shall be in multiples of 20 Equity Shares thereafter. The allotment in the employee reservation portion will be on a proportionate basis. However, in case of oversubscription in the employee reservation portion, the maximum allotment in the employee reservation portion will be capped at upto 1,00,000 equity shares.
- (f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

GAYATRI PROJECTS LIMITED

- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

1. For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of our company who are on the pay-roll of our Company as on February 28, 2006.
2. Bids under Employee Reservation Portion by Eligible Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. red colour Form).
3. Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
4. The sole/ first bidder should be Eligible Employees as defined above.
5. Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.
6. Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Offer Price, would be considered for allocation under this category.
7. Bidding at cut-off is allowed only for employees whose bid amount is less than or equal to Rs. 1,00,000. Bids made by the employees under both employee reservation portion as well as in the net offer shall not be treated as multiple bids.
8. If the aggregate demand in this category is less than or equal to 1,00,000 Equity Shares at or above the offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
9. Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net Offer and Allocation to be made in accordance with the description in Basis of Allocation as described in page 194 of this Prospectus.
10. If the aggregate demand in this category is greater than 1,00,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refunds through direct credit or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Bank shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.



By signing the Bid-cum-Application Form, Bidder would have deemed to authorised the depositories to provide, upon request, to the Registrar to the Offer, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither we nor the Selling Shareholder nor the Escrow Collection Bank nor the BRLM's shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered Societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, our company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company and the Selling Shareholders reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 lakhs and pension fund with the minimum corpus of Rs. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company and the Selling Shareholder reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company and the Selling shareholder reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company/BRLMs may deem fit.

Payment Instructions

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLMs and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Offer.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

GAYATRI PROJECTS LIMITED

Payment into Escrow Account to the Offer

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.
2. **In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Offer Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.**
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - (a) In case of resident Bidders: **“Escrow Account – Gayatri Public Offer”**
 - (b) In case of Non Resident Bidders: **“Escrow Account – Gayatri Public Offer - NR”**
 - (c) In case of Eligible Employees : **“Escrow Account – Gayatri Public Offer - Employee”**

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

- In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

4. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Offer Account with the Bankers to the Offer.
7. On the Designated Date and no later than 15 days from the Bid/Offer Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
8. Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form.



No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bidders in the Employee Reservation portion can also bid in the Net Offer to the Public and such Bids shall not be treated as multiple Bids

Our Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Our Right to Reject Bids

In case of QIBs, our Company, the Selling Shareholders and the BRLMs reserve the right to reject any Bid at the time of submission of Bid provided that the reasons for rejection are provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company and the Selling Shareholder would have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

GAYATRI PROJECTS LIMITED

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. In case of Partnership firms, the shares may be registered in the name of individual partners and no firm as such shall be entitled to apply.
3. Age of First Bidder not given;
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. PAN photocopy/ PAN Communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at cut-off price by Non-Institutional and QIB Bidders;
10. Bids for number of Equity Shares, which are not in multiples of 20 Equity Shares;
11. Category of Bidder not ticked;
12. Multiple bids as defined in this Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by Stock invest/money order/ postal order/ cash;
15. Bids not duly signed by the sole/joint Bidders;
16. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
17. Bid-cum-Application Form does not have Bidder's depository account details;
18. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Offer Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and the Bid-cum-Application Form; or
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at 161 of this Prospectus.
20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
21. Bids by OCBs;
22. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act.
23. Bids by NRIs not disclosing their residential status.
24. If GIR number is mentioned instead of PAN number.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Offer shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated March 9, 2006 among NSDL, the Company and the Registrar.
2. An Agreement dated January 23, 2006 among CDSL, the Company and the Registrar

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the as they appear in the depository account of the Bidder(s).
5. Non Transferable allotment advise or refund orders will be directly sent to the Bidders by the registrar to this Offer.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

PRE-OFFER AND POST OFFER RELATED PROBLEMS

We have appointed Mr. P. Sreedhar Babu, as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer-related problems. He can be contacted at the following address:

Mr. P.Sreedhar Babu,
6-3-1090, TSR Towers,
Rajbhawan Road, Somajiguda,
Hyderabad- 500082
Tel: +91 40 23310330,
Fax: +91 40 23398435
Email: publicissue@gayatri.co.in

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY

Our Company shall ensure despatch of allotment advice, refund orders (except for Bidders who receive refunds through Electronic Transfer of Fund) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares.

In case of applicants who receive refund through ECS, direct credit or RTGS, the refund instruction will be given to the clearing system within 15 days from the Bid/ Offer Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund

GAYATRI PROJECTS LIMITED

Our Company shall despatch refund orders, as per the procedure mentioned under section "Dispatch of Refund Orders" on page 196 of this Prospectus, at the sole or First Bidder's sole risk.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Offer.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the basis of allotment. In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI DIP Guidelines, our Company further undertakes that:

- allotment shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Offer Closing Date;
- despatch refund orders within 15 (fifteen) days of the Bid/Offer Closing Date would be ensured; and
- our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not despatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.
- Refunds will be made by cheques, pay orders or demand drafts drawn on the banks appointed by us, as an Escrow Collection Banks and payable at par at places where Bids are received except for Bidders who have opted to receive refunds through ECS facility. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Basis of Allocation

1. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Offer Price.
- The Net Offer size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Offer at a price, which is equal to or greater than the Offer Price.
- If the aggregate demand in this category is less than or equal to 9,80,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 9,80,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of 20 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

2. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Offer Price.
- The Offer size less allocation to QIBs and Retail Portion shall be available for allocation to Non- Institutional Bidders who have bid in the Offer at a price, which is equal to or greater than the Offer Price.
- If the aggregate demand in this category is less than or equal to 4,20,000 Equity Shares at or above the Offer Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 4,20,000 Equity Shares at or above the Offer Price; allocation shall be made on a proportionate basis up to a minimum of 20 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allotment refer below.

3. For QIB Bidders

- Bids received from the QIB Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs will be made at the Offer price.
- The QIB portion shall be available for allocation to QIB bidders who have bid in the Offer at the price that is equal to or greater than the Offer price
- The allotment shall be undertaken in the following manner –
 - a) In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be determined as follows-
 - i) In the event that bids from mutual funds exceeds 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.
 - ii) In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the Offer price.
 - iii) Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;
 - b) In the second instance, allocation to all QIBs shall be determined as follows –
 - i) The number of Equity Shares available for this category shall be the QIB portion, allocation to mutual funds as calculated in (a) above.
 - ii) The subscription level for this category shall be determined based on the overall subscription in the QIB portion less allocation only to mutual funds as calculated in (a) above.
 - iii) Based on the above, the level of subscription shall be determined and proportionate allocation to all QIBs including mutual funds in this category shall be made.

4. For Employee Reservation Portion

- Bids received from the eligible Employees at or above the Offer Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Employees will be made at the Offer Price.
- If the aggregate demand in this portion is less than or equal to 1,00,000 Equity Shares at or above the Offer Price, full allocation shall be made to Employees to the extent of their demand.
- If the aggregate demand in this portion is greater than 1,00,000 Equity Shares at or above the Offer Price, allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer below.
- Only eligible Employees shall apply under the Employee reservation portion.

Undersubscription, if any, in any category would be allowed to be met with spillover from any other category at the sole discretion of our company, Selling Shareholder and the BRLMs.

Method of Proportionate Basis of Allocation

In the event of the Offer being over-subscribed, the basis of allocation shall be finalized by our company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrars to the Offer shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. Allotment to the Bidders shall be as per the basis of allocation as set out in this Prospectus under "Offer Structure"

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) Bidders will be categorized according to the number of Equity Shares applied for.
- (b) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate

GAYATRI PROJECTS LIMITED

basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (d) If the proportionate allotment to a Bidder is a number that is more than 20 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (e) In all Bids where the proportionate allotment is less than 20 Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be Allotted a minimum of 20 Equity Shares;
 - The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
- (f) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within 2 working days of finalisation of the basis of allotment of Equity Shares.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI guidelines, we undertake that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Offer Closing Date;
- Despatch of refund orders or refund instructions to the clearing system shall be done within 15 days from the Bid/Offer Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched to the applicants and/or Demat credit are not made to investors within 14 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner appearing under para "Dispatch of Refund Orders" on page no. 196 within 15 days from the date of Bid / Offer Closing Date.

The company will provide adequate funds for making refunds to unsuccessful applicants as per the mode disclosed under "Dispatch of Refund Order" appearing on page no. 196 to the Registrars to the Offer.

DISPATCH OF REFUND ORDERS

The payment of refund, if any, would be done through various modes in the following order of preference –

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheques leaf from the Depositories. The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.



2. Direct Credit – Applicants having bank accounts with the Refund Bankers, in this case being ICICI Bank Limited, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Bankers for the same would be borne by our Company and the Selling Shareholder.
3. RTGS – Applicants having a bank account at any of the above-mentioned fifteen centers and whose refund amount exceeds Rs. Ten Lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid-cum-Application form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by our Company and the Selling Shareholders. Charges, if any, levied by the applicants bank receiving the credit would be borne by the applicant.
4. For all other applicants, including those who have not updated their bank particulars with the MICR Code, the refund orders will be dispatched under certificate of posting for value upto Rs. 1,500/- and through speed post / registered post for refund orders of Rs. 1,500/- and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where bids are received. Banks charges, if any, for cashing such cheques, pay orders or Demand Drafts at other centers will be payable by the bidder.

Bid/Offer Programme

Bidding Period/Offer Period

BID/OFFER OPEN ON	:	SEPTEMBER 26, 2006
BID/OFFER CLOSE ON	:	SEPTEMBER 29, 2006

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Offer Closing Date, the Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) or uploaded till such time as may be permitted by the BSE on the Bid/Offer Closing Date.

In case of revision in the Price Band, the Bidding/Offer Period will be extended for three additional working days after revision of Price Band. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

UNDERTAKING BY OUR COMPANY

We undertake as follows:

- (a) that the complaints received in respect of this Offer shall be attended to by us expeditiously and satisfactorily;
- (b) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- (c) that the funds required for despatch of refunds to unsuccessful applicants as per the mode disclosed shall be made available to the Registrar to the Offer by us;
- (d) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of Offer, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
- (e) that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- (f) that no further Offer of Equity Shares shall be made until the Equity Shares Offered through this Prospectus are listed or until the Bid Money's are refunded on account of non-listing, under-subscription etc.

GAYATRI PROJECTS LIMITED

Undertaking by the Selling Shareholders

The Selling Shareholders undertake as follows:

- That the Equity Shares being sold pursuant to the Offer for Sale are free and clear of any lien or encumbrances, and shall be transferred to the successful bidders within the specified time.
- That no further offer of equity shares shall be made till the equity shares offered through the Prospectus are listed or until the bid money are refunded on account of non-listing, undersubscription, etc.
- That the funds required for despatch of refunds to unsuccessful applicants as per the mode disclosed shall be made available to the Registrar to the Offer by us;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of Offer, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
- That the Selling Shareholder has authorized the Compliance Officer and Registrars to the Offer to redress complaints, if any, of the investors; and

UTILISATION OF OFFER PROCEEDS

Our Board of Directors certify that:

- (a) All monies received out of the Offer shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) Details of all monies utilised out of the Offer referred above will be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;
- (c) Details of all unutilised monies out of the Fresh Issue, if any, will be disclosed under the appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

We and the Selling Shareholder shall not have recourse to the Offer proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies applicable to our business, foreign investment is allowed up to 100% under the automatic route.

Subscription by Non-Residents

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRIs and FIIs applicant will be treated on the same basis as other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.



As per the current regulations, OCBs cannot participate in this Offer.

No single FII can hold more than 10% of the post-offer paid-up capital of our Company (1,00,00,000 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual.

As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With approval of our Board and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%; however till date no such resolution has been recommended to our shareholders for approval.

The above information is given for the benefit of the Bidders. We, the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

GAYATRI PROJECTS LIMITED

SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Shares and share capital	<p>The share capital of the Company shall be as mentioned in Clause V of Memorandum of Association of the Company.</p> <p>3(a)</p> <p>Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing shares and other securities; rematerialize its shares and other securities held with Depositories and/or offer its fresh shares and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under and on the same being done, the Company shall further be entitled to maintain a register of Members with the details of members holding shares both in material and dematerialized form in any media as permitted by law including any form of electronic media, either in respect of existing shares or any future issue and transfer or transmission of any shares or other securities held in material or dematerialized form.</p> <p>3(b)The shares and other Securities of the Company which are held in dematerialised form shall not be progressively numbered and the provisions relating to the progressive numbering shall not apply to the shares or other Securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form and no share certificates shall be issued in respect of the shares issued/held in rematerialised form with any Depository and the provisions of regulations 7 and 8 of Table A of Schedule I of the Act shall not apply in this regard.</p> <p>3(c). Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the shares/ Securities in the records of the Depository as the absolute owner thereof as regards the receipt of dividends or bonus or service of notice and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claims to or interest in such shares/Securities on the part of any other person whether or not it shall have express or implied notice thereof.</p> <p>3(d)In the case of transfer or transmission of Securities held by Beneficial Owners with the Depository the provisions relating to the normal transfer or transmission of Securities in respect of the Securities held in the physical mode shall not apply to the transfer of Securities effected by the transferor and the transferee both of whom is entered as Beneficial Owners in the records of the Depository. In case of transfer or transmission of shares or other Securities where the Company has not issued any certificates in respect thereof and where such shares or Securities are being held in an electronic and fungible form with a Depository, the provision of the Depository Act, 1996 shall apply.</p> <p>3(1)Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:</p> <p>Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.</p>
--------------------------	--

	<p>Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.</p> <p>The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favor any member may, renounce the shares offered to him.</p> <p>After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that the declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion fit.</p> <p>3(2) Notwithstanding anything, contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.</p> <p>If a special resolution to that effect is passed by the company in General Meeting, or Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or, where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.</p> <p>3(3) Nothing in sub-clause © of (1) hereof shall be deemed: To extend the time within which the offer should be accepted; or</p> <p>3(4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the company:</p> <p>(i) To convert such debentures or loans into shares in the company; or</p> <p>(ii) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise)</p> <p>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:</p> <p>Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and</p> <p>In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.</p>
Further issue of same class of shares	The rights conferred upon the holders of the shares of any class with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari-passu therewith.

GAYATRI PROJECTS LIMITED

Shares at the disposal of the directors	Subject to the provisions of the Companies Act, 1956 and these Articles, the shares shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons, on such terms and conditions, and at such times as the Directors may think fit. Provided that option or right to call on shares shall not be given to any person or persons without the sanction of the Company in General Meeting and where at any time it is proposed to increase the subscribed capital of the company by the issue of new shares then, subject to the provision of Section 81 of the Act, the Board shall issue such shares in the manner provided therein.
Liability of joint holders	The joint holders of the share shall be severally as well as jointly liable for the payment of all instalments and calls and interest on instalments and calls due in respect of such shares.
Address of share holders	Every share holder shall name to the company a place in India to be registered as his address, and such address shall for all purposes be deemed his place of residence.
In whose name shares may be registered	Shares may be registered in the name of any person, the joint holders, or any Limited Company, but not in the name of a minor, nor shall more than three persons be registered as joint holders of any share.
Trust not recognised	<p>Subject to the provisions of Section 153-A, 153-B and 187-B of the Act, and except as required by law, no person shall be recognised by the company as holding any shares upon any trust, and the company shall not, save as ordered by some court of competent jurisdiction be bound by or be compelled in any way to recognise (even when having notice thereof) any benami, equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right thereto in the person or persons from time to time registered as the holder or holders thereof.</p> <p>The Directors may allot and issue shares in the capital of the company in payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the company in or about the formation or promotion of the company, or the conduct of its business and any share, which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed to be fully paid up shares.</p>
Brokerage and commission	The company may on any issue of shares or debentures pay such brokerage as may be reasonable and lawful.
Commission	In addition to the payment of any reasonable sums as brokerage the company, at any time may pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debenture or debenture stock in the company, or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares debentures or debenture stock in the company but so that (if the commission shall be paid or payable out of the capital) the commission shall not exceed 5 per cent of the price at which the shares are issued or 2.5% of the price at which debentures are issued.
Method of payment of commission	The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.
Certificates	Every person whose name is entered as a member in the register of members shall be entitled to receive within ten weeks after closure of subscription list or one month after the application for the registration of the transfer of any share (or within such other period as the condition of issue shall provide) : (a) One certificate

	for all his shares of each class with out payment. or (b) Several Certificates, each for one or more of such shares, upon payment of one rupee for every certificate after the first, or such less sum as the Directors may determine. The expression “transfer” for the purpose of this article means transfer duly stamped and otherwise valid and does not include any transfer which the company is for any reason entitled to refuse to register and does not register.
Signature on certificates	Every share certificate shall be issued under the Common Seal of Company and shall be signed by (i) two Directors (ii) a Secretary or any other person authorised for the purpose by the Board of Directors. Every certificate shall specify the shares to which it relates and the amount paid up thereon.
One certificate for joint holders	In respect of any share or shares held jointly by two persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for share to one of the two joint holders shall be sufficient delivery to both the holders.
Renewal of certificates	If any certificate be worn out, decrepit or defaced, or if there are no further pages on the back thereof for the endorsements of transfer, then upon production thereof to the Directors, they may order the same to be cancelled and may issue a new certificate in lieu thereof free of charge and if any certificate is proved to have been lost or destroyed, then upon proof thereof to the satisfaction of the Directors and such indemnity as the Directors deem adequate being given to the party entitled to such lost or destroyed certificate. Similarly if any share or shares be surrendered to the company for subdivision and split or consolidation, the Board may order the same to be done free of Charge.
Fee for new certificate	The sum of two rupees, the out of pocket expenses incurred by the company in investigation for evidence and the advertisement cost or such less sum as the Directors may determine shall be paid to the company for every such new certificate and the like fee shall be payable in respect of each sub-division of certificates. Provided that no fee shall be charged for sub-division or consolidation of certificates into lots of the market unit or for issue of new certificates in replacement of those which are old, decrepit or worn out or where pages on the reverse for the endorsements for transfer have been fully utilised.
Company's shares not to be purchased	Notwithstanding anything contained contrary in this Article, the Company shall subject to the provisions of the Act, and particularly of sections 77A, 77AA, and 77B thereof, and the Regulations made there under have the power to buy back its own shares or other specified securities.”

CALL ON SHARES

C a l l s	The Board of Directors may by a resolution passed at a Meeting of the Board from time to time, subject to any terms on which any shares may have been issued, make such calls as they think fit upon the share holders in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by instalments. A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed.
When call deemed to have been made	At least thirty clear days' notice of any call shall be given by the company (either by letter to the members or by advertisement) specifying the time and place of payment and to whom such payment shall be paid.

GAYATRI PROJECTS LIMITED

<p>Notice of call amount payable at fixed times or by instalments payable as calls</p>	<p>(i) If by the terms of issue of any share or otherwise any amount is made payable on allotment or at any fixed time or by instalments at fixed times, whether on account of the nominal amount of the share or by way of premium every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice had been given, and all the provisions herein contained in respect of the calls shall relate to such amount or instalment, accordingly.</p> <p>(ii) In the case of non-payment of such sum all the relevant provisions of these Articles to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.</p>
<p>When interest on call or instalment payable</p>	<p>If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the instalment shall be due shall pay interest for the same at the rate of 12 per cent per annum or at such rate as the Directors may determine from time to time not exceeding 18 percent per annum, from the day appointed for the payment thereof to the time of actual payment. The Directors shall be at liberty to waive payment of any such interest, wholly or in part.</p>
<p>Payment of calls in advance</p>	<p>The Directors may, subject to Section 92 of the Companies Act, 1956 receive from any member willing to advance all or any part of money unpaid upon the shares held by him beyond the sums actually called for and exceeds the amount of calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate as the member paying such sum in advance and the Directors agree upon not less than 15 percent per annum. Money so paid in excess of the amount of calls shall not rank for dividend or anticipate in Profits until it is appropriated towards satisfaction of any call. The Directors may at any time repay the amount so advanced.</p>
<p>Amount and time of call</p>	<p>No call shall exceed one fourth of the nominal value of a share, or be payable at less than one month from the date fixed for the payment of the last proceeding call. A call may be revoked or postponed at the discretion of the Board.</p>
<p>Evidence in action for call</p>	<p>On the trial or hearing of any action for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member sued is entered in the register as the holder, or one of the holders of the shares in respect of which such debt accrued; that the resolution making the call is duly recorded in the minute book; and the notice of such call was duly given to the member, in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call or any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.</p>
<p>Forfeiture, surrender And lien if call or instalment Not paid notice to be given</p>	<p>If any Member fails to pay any call, or instalment, on or before the day appointed for payment thereof, the Directors may at any time thereafter, during such time as the call or instalment remains unpaid, serve notice on him to pay the same together with any interest that may have accrued, by reasons of such non-payment, and stating that in the event of non-payment on or before some day to be named in the notice (such day not being less than fourteen days from the date of service of such notice) and at some place (either the Office or a bank) named in such notice, the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.</p>
<p>If notice not complied with shares may be forfeited</p>	<p>If the requisition of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of calls, instalments, and interest may be forfeited by a resolution of the Board of</p>

	Directors, and the forfeiture shall be recorded in the Directors' Minute book; and the holder of such share will thereupon cease to have any interest therein, and his name shall be removed from the register as such holder and thereupon notice shall be given to him of such removal, and an entry of the forfeiture with the date thereof shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice to or to make such entry aforesaid.
Effect of forfeiture	The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.
Arrears to be paid Notwithstanding forfeiture	Any person whose share shall be so forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding the forfeiture, be liable to pay to the company all calls or instalment and interest, or in respect of such shares at the time of forfeiture together with interest at the rate of 12 percent per annum, or at such rate as the Directors may determine. The liability of such person shall cease if and when the company shall have received payment in full of all such amounts due in respect of the shares.
Forfeited share to become property of the Company	Any share so forfeited shall be deemed to be the property of the company and the Board of Directors may sell, re-allot, or otherwise dispose of the same in such manner as they think fit.
Power to annul forfeiture	The Directors may at any time, before any share, is so forfeited, shall have been sold, re-allot or annul the forfeiture thereof upon such conditions as they think fit.
Declaration for forfeiture of shares	A duly verified declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence for the facts, therein stated as against all persons claiming to be entitled to the share.
Lien on shares	The company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonus from time to time declared in respect of such shares. Unless otherwise agreed the registration of shares shall operate as a waiver of the Company's lien if any on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.
As to enforcing a lien by sale	The Director shall be entitled to give effect to such lien by sale or forfeiture and re-issue of the shares subject thereto or by retaining all dividends and profits in respect thereof or by any combination of the said means but no sale or forfeiture shall be made, until such period as aforesaid shall have arrived, and unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell or forfeit shall have been served on such member, his executors, or administrators and default shall have been made by him or by them in the payment, fulfilment, or discharge of such debts liabilities or engagements for seven days after such notice.
Validity of sale	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the power herein before given, the Directors may cause the purchaser's name to be entered in the register in respect of the shares sold, and the purchaser shall not

GAYATRI PROJECTS LIMITED

	be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be impeached by any person.
Application of proceeds of sale	(i) The net proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists, as is presently payable. (ii) The residue, if any subject to a like lien for sums presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale, or to his executors, administrators, committee, curator or other representative.
Directors may issue new certificates	Where any shares under the power in that behalf herein contained are sold by the Directors, and the certificate thereof has not been delivered to the company by the former holders of the said shares, distinguishing it in such manner as they think fit from the certificate not so delivered up, they may issue fresh certificates.
Surrender Of shares	Subject to the provisions of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed, of all or any of his shares.

SHARE WARRANTS

Power to issue share warrants	With the previous approval of the Central Government, the Company issue share warrants subject to and in accordance with the provisions of Section 114 and 115 of the Act, and accordingly, the Board may at its discretion, with respect to any share which is fully paid-up on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any), as the Board may, from time to time, required as to the identity of the person signing the application and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time required, issue a share warrant.
Rights of depositors of share warrants	(i) The bearer of a share warrant may at any time deposit the warrant at the office of the company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the company, and of attending and voting and exercising other privileges of a member at any meeting, held after the expiry of two calendar days from the date of deposit, as if his name were inserted in the register of members as the holder of the share included in the deposited warrant. (ii) Not more than one person shall be recognised as depositor of the share warrant. (iii) The company shall, on two day's written notice, return the deposited share warrant to the depositor.
Rights of bearer of share warrant	(i) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a Meeting of the company or attend, or vote to exercise any other privilege of member at a meeting of the company, or be entitled to receive any notices from the company. (ii) The bearer of a share warrant shall be entitled in other respects to the same privileges and advantages as if he were named in the register of members as the holder of a share included in the warrant, and he shall be a member of the company.



Renewal of share warrant	The board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.
--------------------------	---

TRANSFER AND TRANSMISSION OF SHARES

Transfer of shares	<p>The transfer of shares and debentures shall be effected by an instrument in writing duly stamped, and all the provisions of Section 108 of the Companies Act, and of any modifications thereof for the time being shall be duly complied with in respect of all the transfers of shares and the registrations thereof, and shall be executed both by the transferor and the transferee, whose executions shall be attested by atleast one witness, who shall add his address, and the transferor shall be deemed to remain the holder of such shares until the name of the transferee shall have been entered in the register in respect thereof.</p> <p>46 (a) No fees shall be charged for registration of transfer, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.</p> <p>46 (b) Subject to the Stock Exchange Regulations as may be altered from time to time, transfer of shares shall take place in marketable lots.</p>
Instrument of transfer to be deposited	<p>Every instrument of transfer shall be deposited with the company, and no transfer shall be registered until such instrument shall be deposited together with the certificate of the shares or debentures to be transferred, and together with any other evidence the Directors may require to prove the title of the transferor, or his right to transfer the shares or debentures. The instrument of transfer, shall, after registration be kept by the company, but all instruments of transfer, which the Directors may decline to register, shall be returned to the person depositing the same. One instrument of transfer should be in respect of only one class of shares.</p> <p>The Directors may waive the production of the instrument of transfer of any certificate upon evidence satisfactory to them of its loss or destruction, and on such terms as to indemnify as the Board of Directors may think fit.</p>
Power of board to refuse registration to transfer	The Board may, without assigning any reasons but subject to the right of appeal conferred by Section 111 and Section 22(A) of Securities Contract and (Regulations) Act decline to register any transfer of shares or debentures upon which the company has a lien, and in the case of shares which are not fully paid up, may refuse to register a transfer to a transferee of whom the Board does not approve. Provided registration of the transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons, indebted to the company on any account whatsoever except a lien on shares.
Notice of refusal	If registration of the transfer of a share or debenture of the company is refused, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and the transferor notice of the refusal.
Closing of share transfer books and register	The Directors may, on giving forty two days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the company is situated, close the register of members for any time not exceeding thirty days at a time, but not exceeding in the whole forty-five days in each year.
Transmission of registered shares	The executors or administrators or the holders of a succession certificate in respect of shares of a deceased member (not being one or several joint holders) shall be the only person, whom the company shall recognise as having any title to the

GAYATRI PROJECTS LIMITED

	<p>shares registered in the name of such member, and in case of the death of any one or more of the joint holders of any registered shares, the survivors shall be the only persons recognised by the company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person. Before recognising any executor or administrator or legal heir, the Directors may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation, as the case may be from some competent court provided nevertheless that in any case where the Directors in their absolute discretion think fit, it shall be lawful for the Directors to dispense with the production of probate or letters of administration upon such terms as to indemnity or otherwise as the Directors may consider desirable.</p> <p>Provided further that no fee shall be charged for registration of each of the following documents namely, Trustee in Insolvency, Order of Court, Probate, Proof of Death and Marriage, Power of Attorney, Letters of Administration, Lunacy Order, Affidavit, Statutory declaration or any other documents which in the opinion of the Directors requires registration.</p> <p>Provided, also that, if the member was a member of a Joint Hindu Mitakshara Family, the Directors on being satisfied that the shares standing in his name in fact belonged to the joint family, may recognise the survivors thereof as having title to the shares registered in the name of such member but this provision shall in no way be deemed to modify or nullify the provisions contained in Articles 10 and 11 hereof.</p>
As to transfer of shares of deceased or bankrupt member	<p>Any committee or guardian of a lunatic or infant member, or any person becoming entitled to or to transfer shares or debentures in consequence of the death, bankruptcy or insolvency of any member, or otherwise than by transfer may, with consent of the Directors (which they shall not be under any obligation to give), be registered as a member upon such evidence of his title being produced, as may, from time to time, be required by the Directors, or such person, instead of being registered himself, may subject to the regulations as to transfer herein before contained, transfer such shares. The Board shall, in either case, have the same right to decline or suspend registrations as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.</p>
As to notice of election on transmission	<p>(i) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the shares.</p> <p>(ii) If the person so becoming entitled shall elect to be registered as holder of the share himself he shall deliver or send to the company a notice in writing signed by him stating that he so elects.</p> <p>(iii) All the limitations relating to the right to transfer restrictions and provisions of these regulations and the registration of the transfers of shares shall be applicable to any such notice of transfer as aforesaid, as if the death or insolvency of the member had not occurred, and the notice or transfer were a transfer signed by that member.</p>
Transmission clause	<p>A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share.</p> <p>Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus or other money payable in respect of the share, until the requirements of the notice have been complied with.</p>

ALTERATION OF CAPITAL

Increase of capital	The Company in General Meeting may, from time to time increase the capital by creating and/or issuing new shares. The new capital may be divided into preference shares or equity shares and may be issued upon such terms and conditions, and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation and/or issuing thereof shall direct, and if no direction be given, as the Board of Directors shall determine, and in particular such shares may be issued with preferential or qualified rights to dividends and in the distribution of assets of the company.
Same as original capital	Any Capital raised by the creation and/or issue of new shares shall be considered as part of the original capital in all respects so far as may be, subject to the foregoing provisions, with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien and surrender, unless it may be otherwise resolved by the General Meeting sanctioning the increase.
Reduction of capital	<p>Any company may, subject to confirmation by the Court from time to time, by special resolution, reduce its capital in any way, and in particular and without prejudice to the generality of the foregoing powers by exercising the powers mentioned in Section 100 of the Companies Act, 1956.</p> <p>The company may by Special Resolution, reduce in any manner and with and subject to, any incident authorised and consent required by law :</p> <p>(a) its Share Capital</p> <p>(b) any Capital Redemption Reserve Fund, or</p> <p>(c) any Share Premium Account.</p>
Consolidation of shares	The company may consolidate all or any of its share capital into shares of large amount than its existing shares.
Conversion of shares	The company may convert all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denominations.
Transfer of stock	The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulation under which the shares from which the stock arose.
Right of stock holders	<p>The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, voting at meeting of the company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have inferred that privilege or advantage.</p> <p>Such of the regulations of the company (other than those relating to share warrants) as are applicable to paid up shares shall apply to stock and the words "Shares" and "Shareholders", in these regulations shall include "Stock" and "Stockholder" respectively.</p> <p>The company may sub-divide its shares or any of them into shares of smaller amount than is fixed by Memorandum so however, that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.</p>

GAYATRI PROJECTS LIMITED

Sub-division of shares Cancellation of shares	The company may cancel shares which at the date of the passing of the resolution in that behalf, have not been or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.
Sub-division into preferred and equity	The resolution whereby any share is sub-divided may determine that as between the holders of the resulting shares from such division, one or more of such class of shares shall have same preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others.
Modification of rights	Whenever the capital by reason of the issue of preference shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class in the capital for the time being of the company may be modified, commuted, effected, abrogated or dealt with by agreement between the company and any person purporting to contract on behalf of that class, provided that such agreement is ratified in writing by the holders of at least 75% in nominal value of the issued shares of the class, or is confirmed by a special resolution passed at a separate General Meeting of the holder of shares of that class. The powers conferred upon the company by this Article are subject to Sections 106 and 107 of the Act.

BORROWING POWERS

Power to borrow	<p>(a) Subject to the provisions of the Act, and without prejudice to the power conferred by any other article or articles, the Directors may, from time to time, at their discretion, borrow or secure the payment of any sum or sums of money for the purpose of the company either from any Director or elsewhere on security or otherwise and may secure the repayment or payment of any sum or sums in such manner, and upon such terms and conditions in all respects as they think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property present or future, or the uncalled Capital of the Company, or by the issue of debenture stock of the company perpetual or redeemable, charged upon the undertaking or all or any part of the property of the company, both present and future including its uncalled capital for the time being and the Directors or any of them may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the company or any interest payable thereon, and shall be entitled to receive such payment as consideration for the giving of any such guarantee as may be determined by the Directors with power to them to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or charge on the undertaking of the company or upon any of its property or assets or otherwise.</p> <p>(b) The Directors may at any time by a resolution passed at a Board Meeting delegate to any category of managerial, personnel or any Committee of Directors or any other principal officer of the branch office of the company, the powers specified in sub-clause (a) above provided the resolution delegating powers to such managerial personnel or committee to borrow moneys shall specify the total amount upto which the moneys may be borrowed by him or them. Provided that the right to conversion of loan or debentures in shares shall not be given with out the sanction of the company in General Meeting.</p> <p>67 (c) The Directors shall cause a proper register to be kept in accordance with the provisions of the Act or changes specifically affecting the property of the Company and shall duly comply with the requirements of the Act with regard to the registration of mortgages and charges. The register of charges kept in pursuance of the Act shall be open during business hours, subject to reasonable</p>
-----------------	---

	<p>restrictions as the Company in General Meeting may impose so that not less than two hours in each day are allowed for such inspection to any creditor or member of the Company without fee and to any other person on payment of Re 1/- for each inspection at the Registered Office of the Company.</p> <p>67(d) Subject to the provisions of the Act and Companies (Acceptance of Deposit) Rules, 1975 the Directors may receive deposits on such terms and bearing interest at such rate as the Directors may decide from time to time. The deposits may be received from any person or person including the Directors and the Shareholders of the Company.</p>
Restriction on borrowing powers	The Directors may, subject to the provisions of Section 293 of the Act borrow any sum of money and where the moneys to be borrowed together with the money(s) already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the company and its reserves that is to say, reserves not set apart for any specific purpose, the sanction of the General Meeting should be obtained and every resolution passed by the company in relation to the exercise of the power referred to in the Article shall specify the total amount upto which moneys may be borrowed by the Board of Directors.
Director's loans and guarantees	The Directors shall be entitled to receive interest on loans made by them to the company as may be agreed between the Company and the Directors. The Directors, including the Managing Director may guarantee any loan made to the Company and shall be entitled to receive such payment on account of his having given any such guarantee as may be determined by the Board, and such payment shall not be remuneration in respect of his services as Director.
Mortgage of uncalled capital	If any uncalled capital of the company be included in or charged by any mortgage or security is executed, or any other person in trust for him to make calls on the members in respect of such uncalled capital, and the provisions herein before contained in regard to calls shall mutates mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally made either to the exclusion of the Directors power or otherwise and shall be assignable if expressed so to be.

GENERAL MEETINGS

Annual General Meeting	<p>(a) The Board of Directors shall hold Annual General Meeting of the company in accordance with the Provisions of Section 166 of the Companies Act.</p> <p>(b) The Board of Directors may, suo moto, call any other General Meeting, besides the Annual General Meeting.</p>
Distinction between annual and other general meetings	The Meetings referred to in Article 71 (a) shall be called as Annual General Meetings and all other meetings of shareholders shall be called as Extra Ordinary General Meetings.
Extra-ordinary general meeting	<p>The Board of Directors of the Company, shall on the requisition of such number of members of the company as is specified in sub-section (4) of Section 169 of the Act, forthwith proceed duly to call an Extra-Ordinary General Meeting of the Company and the provisions of Section 169 of the Act, shall apply thereto.</p> <p>Provided If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of the Company may call an Extra-Ordinary General Meeting in the same manner, as nearly as possible, as that in which the Board may call a meeting.</p>

GAYATRI PROJECTS LIMITED

Notice	<p>a) Every notice of meeting of the Company shall:</p> <ul style="list-style-type: none"> i) Specify the place, date and time of the meeting; and ii) Contain a statement of the business to be transacted there at. <p>b) The form of proxy shall be a 'two –way-proxy' as given in IX schedule of the Companies Act, 1956, enabling the Shareholders to vote for/against any resolution.</p> <p>c) The Company shall, in the case of a resolution to be moved as a special resolution, duly specify in the notice calling the General Meeting or other intimation given to the members, of the intention to propose the resolution as a special resolution.</p> <p>d) The Company shall on compliance with Section 190,225,262 and 284 of the Act, give to its members notice of resolution requiring special notice at the same time and in the same manner as it gives notice of the meeting or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having circulation in the State in which the registered office is situate, not less than 21 days before the meeting.</p> <p>e) Subject to the provisions of Section 225 and 284 of the Act, the receipt of representation, if any, made under Section 225 of the Act by a retiring Auditor or under Section 284 by a Director sought to be removed from office as a Director, must be stated in the notice of meeting given to the members of the Company, if the representations are received in time.</p> <p>C) Document to be annexed to the Notice</p> <p>a) Where any items of business to be transacted at the meeting are deemed to be special in accordance with the provisions of the Act, a statement setting out all material facts concerning each such item of business, including in particular the nature and extent of the interest if any therein of every Director, shall be annexed to the notice of the meeting.</p> <p>Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement mentioned above.</p> <p>A copy of every balance sheet including the profit and loss account, the auditors report and every other document required by law to be annexed or attached, as the case may be, to the balance sheet which is to be laid before the Company in General Meeting, shall not less than twenty one days before the date of the meeting, be sent to every member of the Company in accordance with the provisions of Section 219 (1) of the act.</p> <p>A copy of the representations if any, made under Section 225 of the Act by a retiring auditor or under Section 284 of the Act by a Director sought to be removed from office, shall be sent to the members of the Company as provided for in Section 225 and 284 of the Act.</p> <p>Subject to the provisions of Section 188 of the Act, member's resolution shall be circulated to the members of the Company entitled to receive notice of the Annual General Meeting.</p> <p>The Company shall, duly keep and maintain at the Registers at the Registered Office in accordance with the provisions of the Act.</p> <p>Where under any provisions of the Act, any person where a member of the Company or not entitled to inspect any register, return, certificates, deed, instrument</p>
--------	---

	<p>or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of 11 a.m. to 1 p.m. on such business days as the Act requires them to be open for inspection.</p> <p>The Company may, after giving not less than Thirty days previous notice by advertisement in some newspapers, circulating in the districts of the office, close the register of members, or the register of debenture-holders, as the case may be, of any period or periods not exceeding thirty days at any time.</p>
Chairman of general meeting	The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting and if there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act, the members present shall choose another Director as Chairman and if no Director be present or if all the Directors present decline to take the chair, then the members present shall choose one of their members, being a member entitled to vote, to be the Chairman.
When if quorum not present, meeting to be dissolved and when to be adjourned	<p>(a) Five members personally present shall be the quorum for a General Meeting. No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the meeting.</p> <p>(b) Within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and such time and place, as the Board may by notice appoint and if at such adjourned meeting a quorum be not present those members who are present shall be a quorum and may transact the business for which the meeting was called.</p>
Business to be transacted at adjourned meeting	<p>The Chairman with consent of the Meeting, may adjourn any General Meeting from time to time and place to place, but no business shall be transacted at any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place and which might have been transacted at that meeting. It shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.</p> <p>Provided When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at adjourned meeting.</p>
How question to be decided at meeting	Except where otherwise provided by the companies Act, 1956 or by these presents every question to be decided by any General Meeting shall in, the first instance, be decided by a show of hands. In case of an equality of votes, the Chairman shall both on a show of hands and at poll have a casting vote, in addition to the vote or votes to which he may be entitled as a member.
When poll may be demanded	Poll may be demanded and taken in accordance with and subject to the provisions of Sections 179, 184 and 185 of the Companies Act, 1956.
What is to be evidence of the passing of a resolution where poll not demanded	Unless a poll is demanded in accordance with Section 179 of the Companies Act, 1956, before or on the declaration of the result by the show of hands, a declaration of the Chairman that a resolution has been carried unanimously or carried by a particular majority shall be sufficient evidence of the facts so declared, without proof of the number or proportion of the votes given for or against the resolution.
Poll	If a poll is demanded as aforesaid, it shall be taken subject to Sections 180 to 185 of the Companies Act, 1956 in such manner and such time and place as the

GAYATRI PROJECTS LIMITED

	<p>Chairman of the meeting directs, and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.</p> <p>The Company shall cause minutes of all proceedings of every General Meeting and of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of conclusion of every such meeting concerned entries thereof in books kept for that purpose with their pages consecutively numbered. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed</p> <p>(a) In the case of minutes of proceedings of a meeting of the Board or a Committee thereof, by the Chairman of the said meeting or the Chairman of the next succeeding meeting.</p> <p>(b) In the case of minutes of proceedings of a General Meeting by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.</p> <p>In no case, the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.</p>
Vote of members	On a show of hands, every member present in person, or by proxy, or attorney and being a holder of Equity (Ordinary) shares, and entitled to vote shall have one vote. On a poll the voting rights of members shall be as laid down in the Act. Preference share holders shall have right to vote in accordance with provisions of Section 87 of the Act.
Joint holders	If two or more persons are jointly registered as holders of any one share, any one of such persons may vote at any meeting, either personally, or by proxy, or attorney as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy or attorney, one of such persons so present whose name stands first in the register in respect of such share, shall alone be entitled to vote in respect of the same. Several executors or administrators of a deceased member in whose names any share stands shall, for the purpose of this clause be deemed joint holders.
Right of vote under transmission clause	Any guardian or other person entitled under the transmission clause (Article 54 hereof) to transfer any shares, may vote at any General Meeting in respect thereof, as if he was the registered holder of such shares provided that at least 24 hours before the holding of the meeting he shall satisfy the Directors of his right to act in that capacity, unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
No member entitled to vote while call due to company	No Member shall be entitled to be present, or to vote at any General Meeting, either personally, or by proxy, or attorney whilst any call or other sum is due and presently payable to the company, or in regard to which the company has and has exercised any right of lien.
Right of vote to a member of unsound mind	A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his nominee or other legal guardian, and any such nominee or guardian may, on a poll, vote by proxy.
As to objection to a voter	(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.(ii) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.



Proxy	Subject to Section 176 of Companies Act, 1956, Votes may be given either personally or by proxy or by agent acting under a duly executed power of attorney.
Time for deposit of instrument of proxy	The instrument appointing a proxy, and every power of attorney or other authority, (if any) under which it is signed or notorially certified copy of that power or authority, shall be deposited at the registered office of the company, not less than 48 hours before the time of holding the meeting, at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
Form of proxy	An instrument appointing a proxy shall be in the forms in Schedule IX to the Act or form as near thereto as circumstances admit.
Proxy need not be a member	Any member of the company entitled to attend and vote at the meeting of the company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and to vote instead of himself, but a proxy so appointed shall not have any right to speak at the meeting.
As to validity of vote given by proxy	A vote given in accordance with the terms of an instrument of proxy or a power of attorney shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or power of attorney or transfer of share in respect of which the vote is given, unless an intimation in writing of the death, revocation, or transfer, shall have been received at the office of the company before the meeting.

MANAGEMENT

Directors	The business of the company shall be managed by the Directors who may exercise all such powers of the company as are not, by the Companies Act, 1956 or any statutory modification thereof for the time being in force, or by these articles, required to be exercised by the company in General Meeting, subject nevertheless to such regulations, not inconsistent with the aforesaid provisions, as may be prescribed by the Company in General Meeting, but no such regulations shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
Number of directors	Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than 3 or not more than 12, including technical, nominated, and special Directors if any.
First directors	The following persons shall be the Directors of the Company as on the date of Adoption of the Articles. <ol style="list-style-type: none"> 1. SRI T.SUBBARAMI REDDY 2. SRI T.V.SANDEEP KUMAR REDDY 3. SRI J.BRIJ MOHAN REDDY 4. SRI G.SIVA KUMAR REDDY 5. SRI G.SREENIVASULU REDDY
Appointment of directors	The Directors shall have power from time to time and at any time, to appoint any persons to be Directors, but so that the total number of Directors shall not at any time exceed the maximum number fixed as above. But any Director so appointed shall hold the office only until the next following Annual General Meeting of the Company and shall then be eligible for re-election.
Qualification shares	A Director shall not be required to hold any qualification shares.

GAYATRI PROJECTS LIMITED

Directors fee and other remuneration	Unless otherwise determined by the Company in a General Meeting each director other than a managing director or a whole time director shall be entitled to receive out of the funds of the company for his services in attending the meetings of the Board or a committee of the Board, a fee not exceeding the limits specified under section 310 and 640B read with rule 10B of Companies General Rules and Forms as altered from time to time. All other remuneration, if any, payable by the Company to each Director, whether in respect of his service as a managing director or a director in the whole or part time employment shall be determined in accordance with and subject to the provisions of these Articles and the act. The directors shall be entitled to be paid their reasonable traveling, hotel and other expenses incurred in connection with their attending the Board and committee Meeting or otherwise incurred in the execution of their duties as Directors.
Directors commission	The Directors may subject to the provision of Section 198 and 309 of the Companies Act, 1956, also receive remuneration or commission, or participation of profits or partly in one way or partly in another, and such remuneration shall be divided among the Directors, equally or in such other proportion as they may determine from time to time.
As to extra service performed by directors	If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or, residing away from the place of the registered office of the company for any of the purpose of the company, or giving attendance to the business of the company, the company may pay to the Directors so doing either by a fixed sum, or by a percentage on profits or otherwise, as may be determined by the Directors, subject to the provisions of Section 198 of the Companies Act, 1956.
Special Directors	In the event of the company entering into an agreement or agreements for the purchase of machinery and/or promoting technical collaboration and or assistance for the purchase of machinery, installation etc., or for any lease or concession or other contract or agreement for assistance in any form like power supply, water supply, grant of loans, underwriting and/or subscribing for shares of the company, with any State Government, Central Government or any industrial financing and development corporation or financing institution and if the terms of the agreement or contract or arrangement provide for the appointment of person or persons as Director or Directors such person or persons including any State Government, Central Government, or any industrial finance and development corporation or financing institution with whom the said agreements are entered into shall be entitled to appoint such number of Directors hereinafter referred to as special/corporation Directors as may be agreed upon from time to time, and from time to time remove such Director or Directors so appointed and to appoint others in his or their place and to fill in vacancy caused by death or resignation of such Directors or otherwise ceasing to hold office and that such special Directors shall not be required to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company in General Meeting.
Alternate Director	<p>(1) The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called the Original Director) during his absence or for a period of not less than three months from the State in which the meetings of the Board are ordinarily held.</p> <p>(2) An alternate Director appointed under sub-clause(1) above shall vacate office if and when the Original Director returns to the State in which the meetings are ordinarily held.</p> <p>(3) If the term of office of the original Director is determined before he so returns to the State aforesaid any provision for the automatic re-appointment, shall apply to the Original and not to the Alternate Director.</p>

Additional Director	The Board of Directors shall have the power, at any time and from time to time, to appoint any person as additional Director in addition to the existing Directors but so that the total number of Directors shall not exceed the limits fixed by these Articles. Any Director, so appointed shall hold office only till the next Annual General Meeting but shall be eligible there for election as Director.
Removal of Directors	<p>(a) The company, may by ordinary resolution, remove any ordinary Director other than a Director appointed by the Central Government in pursuance of the Section 408 before the expiry of his period of office and fill up the vacancy thus created in the manner and subject to the provision of Section 284 of the Companies Act, 1956.</p> <p>(b) The office of a Director shall be vacated:</p> <p>On the happening of any of the conditions provided for in section 283 of the Act or any statutory modification thereof.</p> <p>On the contravention of the provision of Section 314 of the Act or any statutory modification thereon.</p> <p>If a person is a Director of more than twenty Companies at a timelf he is disqualified under section 274 of the Act or any statutory modification thereof.</p> <p>In case of alternate Directors, on return of the original Director, to the State, under the provisions of Section 313 of the Act or any statutory modification thereof.</p> <p>On resignation of his office by notice in writing</p>
Casual vacancy may be filled by Directors	Any casual vacancy occurring among the Directors may be filled up by the Directors but any person so chosen shall retain his office so long only as the vacating Director would have retained the same, if no vacancy had occurred provided that the director may not fill a casual vacancy by appointing any person who has been removed from the office of Director of the Company under the preceding Article.
Failure to fill casual vacancy	The continuing Director may act, notwithstanding any vacancy in their body, but so that if the number falls below the minimum fixed, the Director shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.
Rotation and retirement of Directors	At the Annual General Meeting of the Company to be held in every year, one-third of such of the Directors as are liable to retire by rotation for the time being or, if their number is not three or a multiple of three, then the number nearest to one third shall retire from office, and they will be eligible for reallocation provided nevertheless that the Managing Director or a Director appointed under Article 117 or the Directors appointed as special Director or ex-officio Director or an Additional Director under Articles 102 and 104 hereof shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one-third shall retire from office under this Article.
Directors may contract with company	Subject to the provision of Sections 297,299,300,302 and 314 of the Act, the Directors shall not be disqualified by reason of his or their office as such from contracting with the company either as vendor, purchaser, lender, agent, broker, lessor or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the company with such Director or with any company or partnership in which he shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of fiduciary

GAYATRI PROJECTS LIMITED

	relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which the contract or arrangement is determined if the interest than exists or in any other case at the first meeting of the Directors after the acquisition of the interest.
When Director of this company appointed Directors of a subsidiary company	A Director of this company may be or become a Director of any company promoted by this company or in which it may be interested as a vendor, share holder, or otherwise, and no such Director shall be accountable for any benefits received as Director or member of such company.

MEETINGS OF DIRECTORS

Quorum casting vote general	The Directors shall meet together at least once in every three months and at least four such meetings shall be held in every year. Two Directors or one third of the total strength of Directors, whichever is higher as provided in Section 287 of the Companies Act, 1956 shall be a quorum. Where at any time, the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of remaining Directors not so interested present at the meeting, being not less than two, shall be the quorum during such time. Any Director or Managing Director may at any time and the Managing Director shall upon the request of any Director at any time convene a meeting of Directors. Questions arising at any meeting shall be decided by a Majority of Votes. In case of an equality of votes, the Chairman shall have a second or casting vote.
Chairman of board	(a) The Board of Directors may elect a Director as Chairman of the Board. (b) If no such Chairman is present within 15 minutes after the time appointed for holding the meeting, the Directors present may choose one of them to be Chairman of the meeting.
Delegation of powers by board	Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to committees of the Board consisting of such member or members of its body, as it thinks fit. Every Committee of the Board so formed shall in exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
Meetings etc. of committee	The meetings and proceedings of any such committee consisting of two or more members shall be governed by the Provisions herein before contained for regulating the meeting and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding clause.
Minutes	All minutes shall be signed by the Chairman of the meeting at which the same are recorded or by the person who shall preside as Chairman at the next ensuing meeting and all minutes purporting to be so signed shall for all purposes whatever be prima facie evidence of the actual passing of the resolution recorded, and the actual and regular transaction or occurrence of the proceedings to be so recorded, and of the regularity of the meeting at which the same shall appear to have taken place.
Resolution without board meeting	Save in those cases where a resolution is required by Sections 262, 292, 297, 316, 372(4) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a

	draft thereof in writing is circulated together with the necessary papers, if any, to all the Directors or to all the members of the Committee of the Board as the case may be then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors, or members of the Committee at their usual address and has been approved by such of them as are in India or by a majority of such of them, as are entitled to vote on the resolution.
Managing Director	The Board may, from time to time and at any time appoint one or more of their body to be a whole time or Managing Director or Directors to manage and conduct the business of the company subject to their control, direction and superintendence, and subject to the provisions of the Act and the articles. The whole time or Managing Director or Directors will not be liable to retire by rotation.
Custody of the Seal	The Directors shall provide a Common Seal for purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. The Directors shall provide for the safe custody of the Seal for the time being and the seal shall never be used, except by the Authority of the Directors or a Committee of the Directors previously given, and one Director at least shall sign every instrument to which the seal is affixed, provided nevertheless, that any instrument 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 Directors to issue the same.
Seal for use in Foreign territory	The Company may have for use in any territory, district or place not situated in India, an official seal which shall be a facsimile of its Common seal with the addition of the name of the territory, district or place.
Foreign register	The Company shall keep in any State or Country outside India, a branch register of members or debenture holders resident in that State or Country (hereinafter called as Foreign Register) and shall, within one month from the date of the opening of any foreign register, file with the Registrar notice of the situation of the office where such register is kept and in the event of any change of situation of such office or of its discontinuance as the case may be file notice with the Registrar of such change or discontinuance. As regards the provisions relating to Foreign Register, the Company shall have regard to Section 158 of the Act.

ACCOUNTS, AUDITS AND DIVIDENDS (a) ACCOUNTS

Books where kept	<p>The Books of accounts shall be kept at the Registered Office of the Company, or at such other place in India as the Directors may think fit.</p> <p>The Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to inspection of members not being Directors. No member (not being a Director) shall have any right to inspect the same except as conferred by the Companies Act, or authorised by the Board of Directors, or by any resolution of the Company in General Meeting.</p>
	(b) AUDIT
Auditors	Once at least in every year the accounts of the company shall be examined, and the correctness thereof and of the balance sheet and profit and loss account ascertained by one or more Auditor or Auditors.

GAYATRI PROJECTS LIMITED

Appointment etc. of auditors	<p>As regards the appointment and remuneration, qualification and disqualification, removal, powers, rights and duties of Auditors, the Directors and the Auditors shall have regard to Sections 224 to 231 of the Companies Act, 1956.</p> <p>Every account of the company when audited and approved by General Meeting shall be conclusive, except so far as regards any error discovered therein before or at the audit of the then next account, and whenever such error is discovered within that period of account shall be conclusive.</p>
	<p>(c) CAPITALISATION OF PROFITS</p>
	<p>(1) The Company in General Meeting may, upon the recommendation of the Board of Directors resolve :</p> <p>(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts or to the credit of the profit and loss accounts or otherwise available for distribution, and</p> <p>(b) that such sum be accordingly set for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>(2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provision contained in clause(3) either in or towards :</p> <p>(i) Paying up any amounts for the time being unpaid on any shares held by such member respectively.</p> <p>(ii) Paying up in full, unissued shares or debentures of the Company to be allotted and distributed as fully paid up to and amongst such members in the proportions aforesaid or,</p> <p>(3) A share premium account and a capital redemption reserve fund may, for the purpose of this article only be applied in the paying up of unissued shares to be issued to members of the company as fully paid up bonus shares.</p> <p>(4) The Board of Directors shall give effect to the resolution passed by the company in pursuance of this Article.</p>
Application of profits	<p>1. Whenever such a resolution as aforesaid shall have been passed, the Board of Directors shall :</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and allotments and issue of fully paid-up shares or debentures, if any, and</p> <p>(b) generally do all acts and things required to give effect thereto. 2. The Board of Directors shall have full power :(a) to make such provision by the issue of fractional certificate or by payment in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fractions, and also.(b) to authorise any person to enter on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares.</p> <p>3. Any agreement made under authority shall be effective and binding on all such members.</p>

Reserve and depreciation funds	<p>The Directors may from time to time set apart any and such portion of the profits of the company as they think fit, as reserve fund applicable, at their discretion for the liquidation of any debentures, debts liabilities of the company, for equalisation of dividends or for any other purposes of the company with full power to employ the assets constituting the Reserve Fund in the business of the company and without being bound to keep the same separate from the other assets.</p> <p>The Directors may also carry forward any profits which they may think prudent not to divide, without setting them aside as a reserve.</p> <p>The Directors may from time to time set apart any and such portion of the profits of the company as they think fit, as a Depreciation Fund applicable at the discretion of the Directors, for rebuilding, restoring, replacing, or altering the building, works, plant, machinery or other property of the company, destroyed or damaged by fire, flood, storms, tempest, accident, riot, wear and tear, or other means or for repairing, altering, and keeping in good condition the property of the company, with full power to employ the assets constituting such depreciation fund in the business of the company, and that without being bound to keep the same separate from the other assets.</p> <p>All moneys carried to the Reserve Fund and Depreciation Fund respectively shall nevertheless remain and be profits, of the company applicable, subject to due provision being made for actual loss or depreciation, for the payment of dividends, and such moneys and all the other moneys of the company, not immediately required for the purpose of the company, may be invested by the board of directors in or upon such investments or securities as they may select or may be used as working capital or may be kept at any bank on deposit or otherwise as they may from time to time think proper.</p>
Dividends	<p>The company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits, and for the purpose of the equalisation of dividends any sums from time to time in accordance with these presents carried to the reserve, depreciation, or other special funds may be applied in payment thereof. The dividends so declared by the General Body shall not exceed the amount, so recommended by the Directors.</p>
Dividend in proportion to amounts paid up on shares	<p>Subject to the rights of person, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect thereof the dividend is paid but if and so long as nothing is paid upon any of the shares in the company dividends may be declared and paid according to the amounts of the shares.</p>
Bonus	<p>If and whenever any Bonus on shares is declared out of the profits and whether alone or in addition to any dividend thereon, the bonus shall for all purposes whatsoever be deemed to be a dividend on the shares.</p>
Debts may be deducted	<p>When any shareholder is indebted to the company for calls or otherwise, all dividends payable to him, or a sufficient part thereof may be retained and applied by the Directors in or towards satisfaction of the debt, liabilities or engagements.</p>
Dividends out of profits only	<p>No dividends shall be payable except out of the profits of the year or any other undistributed profits, and no larger dividend shall be declared than is recommended by the Directors, but, the company in General Meeting may declare a smaller dividend. Before declaring any dividend, the company shall have regard to the provisions of Section 205 of the Act.</p>

GAYATRI PROJECTS LIMITED

Interest out of capital	Subject to the provisions of the Section 208 of the Act, the Company may pay interest on so much of the share capital as is for the time being paid up, for the period and subject to the conditions and restriction mentioned in Section 208 and charge the sum so paid by way of interest, to capital as part of the cost of construction of the work or building or the provision of the plant.
Dividend in specie	No dividend shall be payable except in cash provided that nothing shall be deemed to prohibit the capitalisation of profits or reserves of the company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the company.
Joint holders receipt	In case two or more persons are registered as the joint holders of any share, any of such persons may give effectual receipts for all dividends and payment's on account of dividends in respect of such share. Any Annual General Meeting declaring dividend, may make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the company and the member be set off against the call. The making of call under this Article shall be deemed ordinary business of an ordinary meeting which declares a dividend.
Right to dividend on transfer of share	A transfer of shares shall not pass the rights to any dividend declared thereof before the registration of the transfer.
Mode of Payment	Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by way of transfer to the bank account of the holder/joint holder or by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint-holders, to the registered address of that one of the joint-holders who is the first named in the Register in respect of the joint holding or to such person and such address as the holder or joint-holders, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.
Unclaimed dividend	Where the company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account of Gayatri Projects Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the company to the Investor Education & Protection Fund. Claim to any money so transferred to the said fund be preferred the shareholders.

SERVICE OF DOCUMENTS AND NOTICE

How notice and documents to be served on members	A document may be served by the company to members either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the company for the giving of notices to him.
--	--

Service by post	<p>Where a document is sent by post service of notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the documents provided that where a member has intimated to the company in advance that the documents should be sent to him under certificate of posting or by registered post with or without acknowledgement due and has deposited with the company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member, and such service shall be deemed to have been effected</p> <p>(a) In the case of a notice of a meeting at the expiration of forty eight hours after the same is posted and</p> <p>(b) In any other case at the time at which the letter would be delivered in the ordinary course of post.</p>
Member resident abroad notice of meeting by advertisement in news paper	If a member has no registered address in India and has not supplied to the company an address with in India for the giving of notice to him a document or notice of meeting advertised in a newspaper circulating in the neighbourhood of the Registered Office of the Company shall be deemed to be duly given to him on the day on which the advertisement appears.
Notice to joint holders	A document may be served by the company on the joint holders of a share by serving it on the joint holder named first in the Register in respect of the share.
Notice to person entitled by transmission	A document may be given by the company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name, or by the title of representatives of the deceased or assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the person, claiming to be so entitled of until such an address has been so supplied by giving notice in any manner in which the same might have been given if the death or insolvency had not occurred.
Notice of general meeting	Notice of every meeting shall be given to every member of the company in any manner authorised by Articles 149 to 151 hereof and also to every person entitled to a share in consequence of the death, or insolvency of a member who but for his death or insolvency would be entitled to receive notice of the meeting.
When notice may be given by advertisement	Any notice required to be given by the company to the members or any of them and not expressly provided for by the Act or by these presents shall be sufficiently given if given by advertisement.
Transfers etc. bound by prior notice	Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall previous to his name and address being entered in the register a notice in writing shall be duly given to the person from whom he derives his title to such share.
Notice valid though member deceased	<p>Any notice or document delivered or sent by post or left at the registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the company have notice of his death be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holder thereof and such service shall for the purpose of these presents, be deemed a sufficient service of such notice or document on his or her heirs, executors, or administrators and all persons, if any, jointly interested with him or her in any such shares.</p> <p>The accidental omission to give notice to or non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.</p>
How notice to be signed	The signature on any notice to be given by the company may be written or printed.

GAYATRI PROJECTS LIMITED

WINDING UP

<p>Notice</p>	<p>If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively and if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively.</p> <p>In a winding up the Liquidator may, irrespective of the powers conferred on him by the Companies Act and as an additional power, with the authority of a Special Resolution, sell the undertaking of the company or the whole or any part of its assets, for shares fully or partly paid up or the obligations of or other interests in any other company and may by the contract of sale agreement for the allotment to the members of the proceeds of sale in proportion to their respective interests in the company. Any such sale or arrangement or the special resolution confirming the same may subject to the provisions of Article 11 hereof provide for the distribution or appropriation of the shares or other benefits to be received in compensation otherwise than in accordance with the legal rights of the contributories of the company and in particular, any class may be given preferential or special rights or may be excluded altogether or in part and further by the contract a time may be limited at the expiration of which shares, obligations or other interest not accepted or required to be sold shall be deemed to have been refused, and be at the disposal of the liquidator or the purchasing company.</p> <p>(1) If the company shall be wound-up, the Liquidator may with the sanction of Special Resolution and any other sanction required by the Companies Act, 1956 divide amongst the members in specie or kind the whole or any part of the assets of the company whether or not they shall consist of property of the same kind.</p> <p>(2) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.</p> <p>Every Director, Manager, Trustee, Member of a Committee, Officer, Servant, agent, Accountant, or other persons employed in the business of the company, shall if so required by the Directors or Managing Agents sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.</p>
<p>No share holder to enter the premises of the company without permission</p>	<p>No member or other person (not being a Director) shall be entitled to enter the property of the company or to inspect or examine the company's premises or properties of the company without the permission of the directors of the company for the time being or subject to these articles to require discovery of any information respecting any detail of the company's trading of any matter which is or may be in the nature of a trade secret, mystery of trades or secret process or of any matter whatsoever which may relate to the conduct of the business of the company and which in the opinion of the Directors or Managing Agents it will be inexpedient of the company to communicate to the public.</p>

INDEMNITY

	<p>Every Director, Auditor, Officer or the Servant of the Company shall subject to Section 201 of the Companies Act, 1956 be indemnified out of its fund for all costs, charges, travelling or other expenses, losses and liabilities incurred by them or him in the conduct of the company's business or in the discharge of their or his duties, and neither any Director nor Officer or Servant of the Company shall be held liable for joining any receipt of other act for conformity sake or for any loss or expenses happening to the company by insufficiency or deficiency of any security on, if or upon which any of the moneys of the company shall be invested, or for any loss or damage or misfortune whatsoever, which happen in the execution of their or his, office or in relation thereto, unless the same shall happen through their or his own dishonesty.</p>
--	--

	<p>Every Director, Auditor, Secretary, Agent and Officer of the Company shall also be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Companies Act, 1956, in which relief is granted to him by the Court.</p>
--	--

GAYATRI PROJECTS LIMITED

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Prospectus, have been delivered to the Registrar of Companies, Maharashtra, for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of the Company situated at B-1, T.S.R Towers, 6-3-1090 Rajbhavan Road, Somajiguda, Hyderabad- 500 082, from 10.00 a.m. to 4.00 p.m. on any working day from the date of the Prospectus until the Bid / Offer Closing date.

Material Contracts

1. Memorandum of Understanding, dated September 7, 2006 signed between the Company, Allianz Securities Limited and IL&FS Investsmart Limited, the Book Running Lead Managers to the Offer and Videocon Appliances Ltd. and Videocon Industries Ltd, the Selling Shareholders.
2. Memorandum of Understanding, dated March 27, 2006 signed between the Company and Karvy Computershare Private Limited, the Registrar to the Offer.
3. Copy of the Tri-partite Agreement dated March 9, 2006 between NSDL, the Company and Karvy Computershare Private Limited.
4. Copy of the Tri-partite Agreement dated January 23, 2006 between CDSL, the Company and Karvy Computershare Private Limited.
5. Escrow Agreement dated September 19, 2006 among the Company, the Selling Shareholders, the BRLMs, Escrow Collection Banks and Registrars to the Offer.
6. Syndicate Agreement dated September 19, 2006 among the Company, the Selling Shareholder, the BRLMs and the Syndicate Members.
7. Underwriting Agreement dated October 3, 2006 among the Company, the Selling Shareholder and the BRLMs and Syndicate Members.

Documents for Inspection

1. Memorandum and Articles of Association of Gayatri Projects Limited
2. Certificate of Incorporation of Gayatri Projects Ltd. dated September 15, 1989.
3. Fresh certificate of incorporation consequent to change of name from "Andhara Costal Construction Private Limited" to "Gayatri Projects Private Limited" dated March 31, 1994.
4. Fresh certificate of incorporation consequent on the conversion of company from Private Limited. to Public Limited dated December 2, 1994.
5. Copy of Special Resolution passed at EGM dated November 4, 2005 u/s 81 (1A) authorizing the Issue of Equity Shares.
6. Copy of resolution passed at the meeting of Board of Directors of Videocon Appliances Limited and Videocon Industries Limited dated March 20, 2006 authorizing the Offer for Sale.
7. Copies of Auditors Reports issued by Statutory Auditors of the Company, M/S C.B.Mouli & Associates, Chartered Accountants, regarding reinstated financial of the company for last five financial years dated September 1, 2006.
8. Certificate from Statutory Auditors dated September 1, 2006 regarding the deployment of funds in relation to the Fresh Issue.
9. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company, M/S C.B.Mouli & Associates., Chartered Accountants, dated June 10, 2006.
10. Copy of letter dated September 8, 2006 from Legal Advisors for the vetting and approval of the Red Herring Prospectus.

11. Consent letters from Promoters, Directors, Book Running Lead Managers to the Offer, Bankers to the Offer, Bankers to the Company, Auditors, Legal Advisors to the Offer, Registrar to the Offer, Compliance Officer to act in their respective capacities and for inclusion of their names in the Prospectus.
12. Copies of Annual Reports of the Company for the last 5 accounting periods i.e. FY 2002, FY 2003, FY 2004, FY 2005 and FY 2006.
13. Copies of Annual Reports of the Group Companies for the last 3 accounting periods i.e. FY 2003, FY 2004, FY 2005 & FY 2006 (as applicable).
14. Due Diligence Certificate dated June 12, 2006 issued by Book Running Lead Managers to the Offer viz. Allianz Securities Limited.
15. Copy of letter dated June 14, 2006 to BSE regarding In-principle approval for Listing.
16. Copy of In-principle approval from BSE dated July 03, 2006.
17. General Power of Attorney executed by the Selling Shareholders in favour of their respective, duly constituted attorney for signing and making necessary changes to the Red Herring Prospectus and other related documents.
18. A copy of the SEBI observation letter no. CFD/DIL/ISSUES/PB/MKS/75381/2006 dated August 28, 2006.

GAYATRI PROJECTS LIMITED

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF GAYATRI PROJECTS LIMITED

T Indira Subbarami Reddy T
Chairperson

T V Sandeep Kumar Reddy
Managing Director

J Brij Mohan Reddy*
Director

Ravindra K Katariya**
Nominee Director, Videocon Group

G Siva Kumar Reddy
Director

Hari Vittal Rao Cinthalapati
Director

Dr. Linga Moorthy Vajjhala
Director

S M A A Jinnah
Director

Dr Archana Hingorani*
Nominee Director, IL&FS Private Equity Trust

P. Sreedhar Babu
Vice-President (Finance)

***Through duly constituted Attorney Mr. T.V. Sandeep Kumar Reddy, Managing Director**

****SIGNED BY MR. RAVINDRA KATARIA ON BEHALF OF VIDEOCON APPLIANCES LIMITED & VIDEOCON INDUSTRIES LIMITED (THE SELLING SHAREHOLDERS)**

Date : October 3, 2006

Place : Hyderabad

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK