

**20th ANNUAL REPORT  
2008-09**



# CONTENTS

Corporate information .....	01
Financial Highlights .....	02
Notice .....	03
Directors' Report .....	08
Management's Discussion and Analysis .....	15
Report on Corporate Governance .....	22
CEO/CFO Certification .....	30
<b>Stand Alone Financials</b>	
Auditors' Report .....	32
Balance Sheet .....	35
Profit & Loss Account .....	36
Cash flow Statement .....	37
Schedules .....	38
Company's General Business Profile .....	55
<b>Consolidated Financials</b>	
Auditors' Report .....	64
Balance Sheet .....	65
Profit & Loss Account .....	66
Cash flow Statement .....	67
Schedules .....	68

**CORPORATE INFORMATION**

**Board of Directors**

Smt. T. Indira	Chairperson
Sri T. V. Sandeep Kumar Reddy	Managing Director
Sri J. Brij Mohan Reddy	Executive Vice Chairman
Sri G. Siva Kumar Reddy	Director
Dr. V. L. Moorthy	Director
Sri Ch. Hari Vittal Rao	Director
Sri SMAA. Jinnah	Director

**Company Secretary & Compliance Officer**

CS I.V.Lakshmi

**Chief Financial Officer**

CA P Sreedhar Babu

**Statutory Auditors**

C.B. Mouli & Associates  
Chartered Accountants  
125, M.G. Road  
Secunderabad – 500 003

**Bankers**

Bank of Baroda  
Canara Bank  
Syndicate Bank  
Indian Overseas Bank  
Andhra Bank  
Corporation Bank  
IDBI  
Oriental Bank of Commerce  
Federal Bank

**Registered & Corporate Office**

B-1, T.S.R. Towers, 6-3-1090  
Raj Bhavan Road, Somajiguda  
Hyderabad – 500 082  
Tel: 040 – 23314284  
Fax: 040 – 23398435  
Email: [gplhyd@gayatri.co.in](mailto:gplhyd@gayatri.co.in)  
Website: [www.gayatri.co.in](http://www.gayatri.co.in)

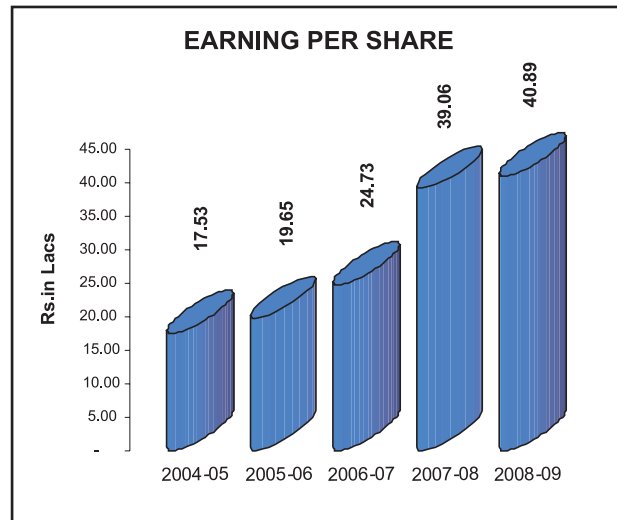
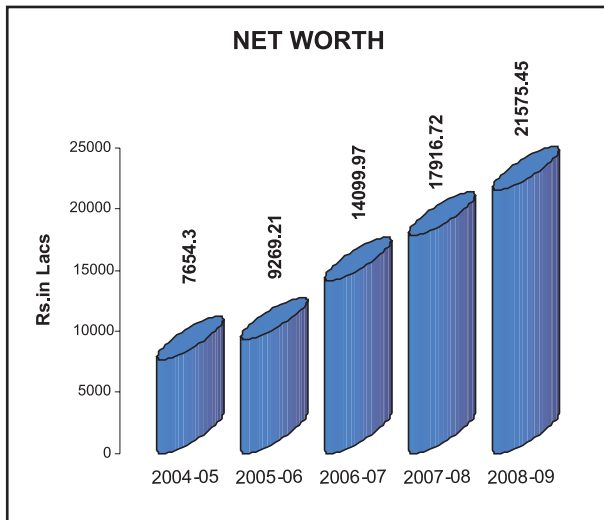
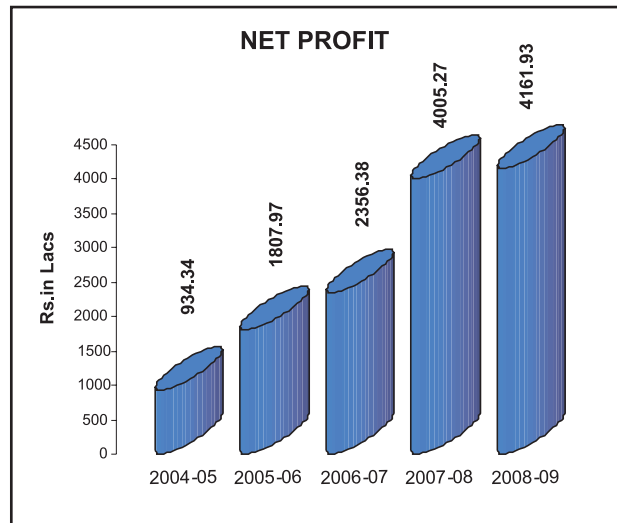
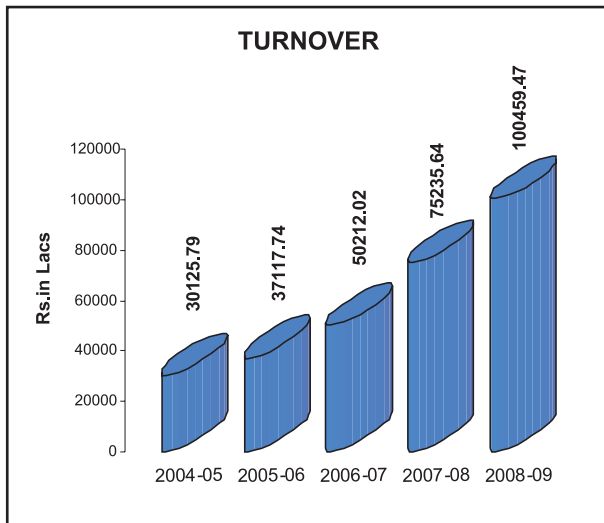
**Registrars & Transfer Agents**

Karvy Computershare Private Limited  
“Karvy House”, 46  
Avenue 4, Street No.1  
Banjara Hills, Hyderabad – 500034  
Tel: 040 – 23312454  
Fax: 040 – 23311968  
Email: [mailmanager@karvy.com](mailto:mailmanager@karvy.com)  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

**FINANCIAL HIGHLIGHTS**

(Rs.in Lacs)

DESCRIPTION	2008-09	2007-08	2006-07	2005-06	2004-05
Turnover	100,459.47	75,235.64	50,212.02	37,117.74	30,125.79
Profit Before Tax	6,343.62	6,118.18	3,582.36	2,759.48	1,325.13
Profit After Tax	4,161.93	4,005.27	2,356.38	1,807.97	934.34
Equity Capital	1,010.48	1,010.48	1,000.00	900.00	500.00
Reserves & Surplus	20,564.97	16,906.24	13,099.97	8,369.21	7,154.30
Net Worth	21,575.45	17,916.72	14,099.97	9,269.21	7,654.30
Gross Block	27,478.52	25,729.36	20,698.48	16,430.72	13,815.66
Net Block	16,066.86	16,287.83	12,858.49	9,830.42	8,167.01
Book Value (Rs.) Per Share	213.52	177.31	141.00	102.99	153.09
EPS (Rs.) Basic	40.89	39.06	24.73	19.65	17.53
Dividend	40%	25%	20%	15%	25%



## NOTICE

**NOTICE** is hereby given that the 20th Annual General Meeting of Gayatri Projects Limited will be held on 24<sup>th</sup> day of September, 2009 at 11.30 a.m. at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004, to consider the following items of business.

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009 and the Balance Sheet as at that date together with the Report of the Board of Directors and Reports of Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2009.
3. To appoint a Director in place of Ms. T. Indira, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ch. Hari Vittal Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
5. **TO APPOINT AUDITORS AND FIX THEIR REMUNERATION**

To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution

**“RESOLVED THAT** M/s C.B. Mouli & Associates, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company.”

### **SPECIAL BUSINESS:**

#### **6. BORROWINGS IN EXCESS OF PAID-UP CAPITAL AND FREE RESERVES**

To consider and if though fit to pass with or without modifications the following Resolution as an Ordinary Resolution :

**“RESOLVED THAT** the consent of the Company under the provisions of Section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company for borrowing any sum(s) of money from time to time as it may consider fit, on such terms and conditions as the board may deem fit, not withstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained/ to be obtained from the Company’s Bankers in the ordinary course of business) will exceed the aggregate of the paid up Capital of the Company and its free reserves, so that the total amount of monies so borrowed at any time shall not exceed a sum of Rs. 3500 Crores (Rupees Three Thousand Five Hundred Crores only).”

**“FURTHER RESOLVED THAT** for the purpose of giving effect to this resolution, the Board of Directors be and are hereby authorised to do all such acts/deeds/ matters in its absolute discretion as it may deem necessary and to settle any doubt/question or difficulty that may arise in creation of such mortgage/ charges or Hypothecation or disposals in favour of any lender as aforesaid and to finalise, execute any such deeds, agreements or documents as may be required or desirable or deem fit”

#### **7. RE-APPOINTMENT AND REVISION IN REMUNERATION OF SRI T. V. SANDEEP KUMAR REDDY, MANAGING DIRECTOR**

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

**“RESOLVED THAT** pursuant to provisions of sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the members in General Meeting and such approvals/ permissions from any authorities as maybe necessary and subject to such modifications or stipulations as may be advised / stipulated by such authorities, approval be accorded for re-appointment of **Sri T. V. Sandeep Kumar Reddy**, as Managing Director of the Company for a period of Five Years with effect from 01/10/2009 on the following terms and conditions:

## Twentieth Annual Report

The remuneration payable by way of salary, perquisites and commission is as follows:

Name & Designation	Salary (Rs. P. M.)	Perquisites and Allowances (p.a.)	Commission
<b>Sri T. V. Sandeep Kumar Reddy</b> Managing Director	<b>Rs. 20,00,000/-</b> per month (in the pay scale of Rs. 20,00,000/- to Rs. 40,00,000/-) (With an increment not exceeding Rs. 5,00,000 p.a.)	<b>Rs. 15,00,000/-</b>	1% of the net profits of the company computed pursuant to Section 349 & 350 of the Companies Act, 1956

The perquisites and allowances payable to the whole time director shall include medical allowance, leave travel allowance for self and family including dependants, club fees, accident/medical reimbursement, encashment of leave and such other perquisites and / or allowances, up to the amounts specified above, subject to an overall ceiling of remuneration stipulated in Sections 198 and 309 of the companies Act, 1956.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the income tax act, 1961, and the rules framed there under (including any statutory modifications or re-enactment thereof for the time being in force). **However the company's contribution to Provident fund, Superannuation or Annuity fund, to the extent these singly or together are not taxable under the Income Tax Act, 1961, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration which includes salary, perquisites and allowances.**

The terms and conditions and payment of remuneration within the limits specified herein may be altered and varied from time to time by the Board of Directors of the company as it may, at its discretion deem fit. The Board is also entitled to revise the salary, perquisites and allowances payable to the said Managing Director shall not exceed the limits specified under **Section 309 read with Schedule XIII of the Companies Act, 1956** (including any statutory modifications or re-enactment thereof for the time being in force) or any amendment made thereto.

The Managing Director will not be entitled for sitting fees.

### COMMISSION:

In addition to the salary and perquisites, commission will also be payable up to 1% of the net profits of the Company calculated as per the provisions of section 198 of the Companies Act, 1956.

### MINIMUM REMUNERATION:

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

### 8. RE-APPOINTMENT AND REVISION IN REMUNERATION OF SRI J. BRIJ MOHAN REDDY, EXECUTIVE VICE CHAIRMAN

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

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), as amended or re-enacted from time to time, read with Schedule XIII to the Act, the Company hereby approves the re-appointment of Sri J. Brij Mohan Reddy as Executive Vice Chairman of the Company for a period of three years commencing from October 1, 2009 to September 30, 2012 with the following terms and conditions”.

- 1) **Period:** For a period of 3 years commencing from 1<sup>st</sup> October 2009 to 30<sup>th</sup> September 2012.
- 2) **Nature of Duties:** Sri J. Brij Mohan Reddy shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company

and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Board and/or subsidiaries or any other executive body or any committee of such a Company.

- 3) **Remuneration:** Salary of Rs. 11,00,000/- per month and other perquisites as applicable to the senior management of the Company. The remuneration may be reviewed by the board from time to time.
- 4) The terms and conditions of the appointment of the Appointee may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Appointee, subject to such approvals as may be required.

**MINIMUM REMUNERATION:**

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

By order of the Board

For **GAYATRI PROJECTS LIMITED**

Place : Hyderabad  
Date : 26th August, 2009

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

**NOTES:**

1. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item No. 6 to 8 above, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, PARTNERSHIP FIRMS, ETC. MUST BE SUPPORTED BY APPROPRIATE RESOLUTION / AUTHORITY AS APPLICABLE, ISSUED ON BEHALF OF THE NOMINATING ORGANIZATION.
3. The Register of Members and the Share Transfer Books of the Company will be closed from 7<sup>th</sup> September, 2009 to 24<sup>th</sup> September, 2009 (both days inclusive).
4. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
5. A member desirous of seeking any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
6. The final dividend for the year ended 31<sup>st</sup> March, 2009 as recommended by the Board, if approved at the Meeting, will be payable to those members whose names appear on the Company's Register of Members on 5<sup>th</sup> September 2009.

**7. Appointment / Re-appointment of Directors**

At the ensuing Annual General Meeting, **Ms. T. Indira and Mr. Ch. Hari Vittal Rao, Directors** retire by rotation and being eligible offers themselves for re-appointment. The relevant information as required under Clause 49 of Listing Agreement concerning Corporate Governance Code in respect of appointment / re-appointment of Directors is given below for information of the Members;

**Ms. T. Indira**, aged about 58 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 is appointed as the Chairperson of the Company.

**Mr. Ch 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 Nandi Foundation, an autonomous foundation for the development of Andhra Pradesh. After retirement he is working on Non-Performing Assets Recovery Project, Reducing Sick units in Banking Industry and its revival and research on self-help groups. He is also a Director on the Board of APR Constructions Limited.



## ANNEXURE TO NOTICE

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

### ITEM NO. 6:

#### **BORROWINGS IN EXCESS OF PAID-UP CAPITAL AND FREE RESERVES**

Section 293(1)(d) of the Companies Act, 1956, requires the consent of the Members in the General Meeting for authorizing the Board of Directors to borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves.

The Company is having substantial value of works on hand and is expecting new works in future; the Company requires substantial funds for execution of works. In view of this, the Board seeks the consent of the members of the proposed resolution in order to comply with the requirements of the Companies Act, 1956.

None of the Directors of the Company is interested in this business.

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

### ITEM NO. 7:

#### **To confirm the re-appointment and remuneration of Sri T. V. Sandeep Kumar Reddy as Managing Director of the Company.**

**Mr. T. V. Sandeep Kumar Reddy**, aged about 42 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.

The Board of Directors at its meeting held on 26.08.2009, as approved by remuneration committee, have re-appointed as Managing Director of the Company for a period of 5 years with effect from October 1, 2009 subject to consent of the Members at the ensuing Annual General Meeting of the Members of the Company, on the terms and conditions and remuneration detailed in the resolution as proposed.

This may be treated as abstract of the terms of contract between the Company and **Sri. T. V. Sandeep Kumar Reddy** pursuant to Section 302 of the Companies Act, 1956.

None of the Directors excepting Mr.T.V.Sandeep Kumar Reddy are interested in the above resolution.

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

### ITEM NO. 8

#### **To confirm the re-appointment and revision in remuneration of Sri J. Brij Mohan Reddy, Executive Vice Chairman of the Company.**

**Sri J. Brij Mohan Reddy**, aged 68 years, is an Engineering Graduate from Berkley University in U.S.A. He has specialized in Harbour Engineering (i.e., construction of break waters, piers, wharf walls, jetties etc.), RCC structures, Steel structures and Highway projects. He joined as Director in the Board of GPL in the year 1994. He is responsible for construction of the entire fisheries harbor at Chennai and major portion of mechanized ORE-handling project for Chennai Port Trust. He is also Director in Board of Western UP Tollway Ltd., Gayatri Jhansi Roadways Ltd., Gayatri Lalitpur Roadways Ltd., M/s.Gayatri Infra Ventures Limited and Chamundeswari Builders Pvt. Ltd. Considering his experience, the Board proposes to increase his remuneration without changing the present designation for a period of 3 years from 1<sup>st</sup> October 2009 to 30<sup>th</sup> September 2012 subject to the approval of the members in the ensuing Annual General Meeting.

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

None of the Directors excepting Mr.T.V.Sandeep Kumar Reddy and Mr. J. Brij Mohan Reddy directors are interested in the above resolution.

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

By order of the Board

For **GAYATRI PROJECTS LIMITED**

Place : Hyderabad  
Date : 26th August, 2009

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

## DIRECTORS' REPORT

To

The Members, Your Directors are pleased to present the 20<sup>th</sup> Annual Report of your company along with the Audited Accounts for the year ended 31<sup>st</sup> March, 2009.

### FINANCIAL RESULTS

Despite the recessionary trends in Indian economy, your Company has achieved significant growth during the year 2008-09. The turnover of the company has increased to Rs.100459.47 Lacs for the year ended 31<sup>st</sup> March 2009 as against Rs.75235.64 Lacs for the previous financial year, registering a growth rate of 33.53% over the previous year.

The financial highlights of your Company for the year ended March 31, 2009 are summarised below:

PARTICULARS	(Rs.in Lacs)	
	2008-2009	2007-2008
Gross Income	101,100.37	75,780.15
Profit before interest, depreciation and tax	11,999.32	11,126.83
Less : Interest and financial charges	3,685.57	3,369.67
Profit before depreciation	8,313.75	7,757.16
Less : Depreciation	1,970.13	1,638.98
<b>Profit before tax</b>	<b>6,343.62</b>	<b>6,118.18</b>
Provision for tax	2,181.69	2,112.91
<b>Profit after tax</b>	<b>4,161.93</b>	<b>4,005.27</b>
Less : Prior Period Adjustments	30.32	75.19
<b>Profit after Prior Period Adjustments</b>	<b>4,131.61</b>	<b>3,930.08</b>
Profit brought forward	7,251.73	4,217.20
Profit available for appropriation	11,383.34	8,147.28
<b>Appropriations:</b>		
Dividend @ 40% (previous year @ 25%)	404.19	252.62
Dividend tax	68.69	42.93
Transfer to General Reserve	600.00	600.00
Balance carried forward	10,310.46	7251.73
Paid-up capital	1,010.48	1,010.48
Reserves and Surplus	20,564.97	16906.24

### REVIEW OF OPERATIONS:

All projects under taken by the Company are progressing as per schedule except few works where the NHAI is delayed the handover of the site. In all such cases, your company has got extension of time from the employer.

### ORDER BOOK POSITION:

The Order Book position as on 31<sup>st</sup> March 2009 stood at Rs.589807.93 Lacs and sector wise breakup is as under:

Sl. No.	Particulars	Orders on Hand (Rs.in Lacs)	%
1	Irrigation Division	388145.28	65.81
2	Roads Division	124637.08	21.13
3	Road BOT Projects	46771.37	7.93
4	Others	30254.20	5.13
	<b>TOTAL</b>	<b>589807.93</b>	<b>100.00</b>

The order book position is expected to increase substantially during the current year on account of the works for which the company is pre-qualified and likely to be awarded. The strong order book position coupled with the Government of India's focus on the infrastructure sector, we promise still brighter future to your company.

#### **MAJOR PROJECTS:**

During the year under review, your company along with other consortium/joint ventures members has secured the following major projects:

- a. Package No. 9: Dummugudem Nagarjuna Sagar Project Tail Pond Link Canal From Km.206 to Km.244. The Project cost is Rs.77136 Lacs.
- b. Package No. 8: Dummugudem Nagarjuna Sagar Project Tail Pond Link Canal from Km.182 to Km.206, The Project cost is Rs.136026 Lacs.
- c. Construction of Eight Lane Access Controlled Expressway as Outer Ring Road to Hyderabad City from Patancheru to Shamirpet- Hyderabad Growth Corridor Limited. The Project cost is Rs.32397 Lacs.
- d. Chintalapudi Lift Irrigation Scheme – Detailed Investigation, designs and construction of Lift Irrigation Scheme for drawal and lifting of water Chintalapudi - Package -I. The Project cost is Rs.120262 Lacs.
- e. Chintalapudi Lift Irrigation Scheme – Detailed Investigation, designs and execution of Main Canal- Package No.2. The Project cost is Rs.49795 Lacs
- f. Civil and Structural Work for our 0.6 MTPA Pellet Plant and 15MW Captive Power Plant- Janki Corp Limited, Bellary. The Project cost is Rs.1816 Lacs.
- g. Civil Work for Sub-Station & Other Building & Cable Tunnel for power Distribution System - Tata Steel Limited, Jamshedpur. The Project cost is Rs.5765 Lacs.
- h. Civil Engineering Works of Coal Handling Plant - Phase II facilities- Hindustan Steelworks Construction Ltd, Visakhapatnam. The Project cost is Rs.787 Lacs.
- i. Earth work & Construction of Demarcation Pillors- DLF Home Developers Ltd. The Project cost is Rs2985 Lacs.
- j. Earth Work for Group Housing & Golf Course Area at Gurgaon- DLF Limited, Gurgaon. The Project cost is Rs.3461 Lacs.
- k. Structural Steel Work for Sub Station- Tata Steel Limited, Jamshedpur. The Project cost is Rs.572Lacs.
- l. Civil Engineering works for Coal Handling Plant- Hindustan Steelworks Construction Ltd, Visakhapatnam. The Project cost is Rs.819 Lacs.
- m. Construction of 2690ML capacity S.S.Tank at Pothavaram Village- Engineer-in-Chief, Public Health, Hyderabad. The Project cost is Rs.228 Lacs.
- n. Civil Engineering Work for Installation of BY-Product Plant- Rashtriya Ispat Nigam Limited. The Project cost is Rs.1175 Lacs.
- o. Civil Construction Works for 1.2MTPA Pellet Plant Project, MSPL Limited, Halavarthi Village, Koppal District., Karnataka- MSPL Limited, Hospet, Karnataka. The Project cost is Rs.1950 Lacs.
- p. Civil Works of Auxiliary Units of integrated Iron & Steel Plant being set up at Kalinga Nagar Industrial Complex, Duburi by Neelachal Ispat Nigam Limited. The Project cost is Rs.1477 Lacs.
- q. Civil Works in BOF, GCP & CCP of integrated Iron & Steel Plant being set up at Kalinga Nagar Industrial Complex, Duburi by Neelachal Ispat Nigam Limited. The Project cost is Rs.2841 Lacs.

During the year under review, your Company has in all bagged new orders valued around Rs.439491 Lacs. The order book is very healthy and as on 31<sup>st</sup> March, 2009 stood at Rs. 589807 Lacs.

#### **FUTURE OUTLOOK**

Despite the large number of investments in the country, the infrastructure spending is currently short of what is required for achieving higher economic growth in the coming years. The Planning Commission of India has estimated the requirements of about USD 500 billion for financing infrastructure projects during the 11th Plan period (2007-2012), which is around 2.5 times more than the 10th Plan. Currently, Infrastructure is on the key area list of the Indian government and is being planned to develop in a big way over next several years. The reform process initiated by Indian Government has increased the role of private players in infrastructure development in the country.

The private sector participation in infrastructure i.e. roads, ports, civil aviation and airports has resulted into improvement in their service quality, time and cost. The opportunities for private and foreign investment in infrastructure projects across the country in coming years are immense. A large number of infrastructure projects are coming up and the government is planning for huge investments to meet the country's growing infrastructure needs. Indian government is in the process of setting up a special dedicated fund to provide loans to infrastructure projects - primarily roads, airports and ports - being developed by both private companies and government-private joint ventures.

It is predicted that the current global turmoil is unlikely to impact the investment potential of infrastructure projects in the country. Indian government is doing everything possible and exploring all feasible options to ease the crisis. Government is considering ways of increasing investment in infrastructure after the global financial crisis choked inflows in major investment projects. The Planning Commission has recently proposed several remedial measures to ease liquidity crunch, including raising money through public-private partnership (PPP) models for the infrastructure sector.

The construction industry in India has grown at a CAGR of 14% over the past five years. Strong industry outlook is expecting a CAGR of 20% over the next 5 years. It is estimate the total construction opportunity for companies in India will be around INR 34,385 billion over the next five years.

Hence the larger construction players, such as your Company having vast technical expertise and proven track record in execution will hold an edge. There are many new opportunities for expansion in business around the globe. GPL proposes to continue to focus its efforts in procuring and executing large infrastructure projects.

#### **DIVIDEND**

Your Directors take pleasure in recommending dividend at 40% (Rs 4.00 per share) on the Equity Share capital of Rs 1010.48 Lacs for the year Financial year ended 31 March 2009. The said dividend, if approved, at the 20<sup>th</sup> Annual General Meeting by the members, will be paid to all those equity share holders, whose names appear in the register of members as of **05.09.2009** and also to those whose names appears as beneficial owners as furnished by the National Securities Depository Ltd and the Central Depository Services (India) Ltd.

#### **RESERVES**

It is proposed to transfer Rs.600 Lacs to the General Reserves of the Company from the current year's profits.

#### **SUBSIDIARIES**

The statement pursuant to Section 212 of the Companies Act, 1956 containing details of the Company's Subsidiaries, is attached (Annexure-A). The Consolidated Financial statements of the Company and its subsidiaries prepared in accordance with accounting Standard 21(AS21) prescribed by the Institute of Chartered Accountants of India, form part of the Annual Report and Accounts.

In view of the exemption received from Central Government vide letter No. 47/359/2009-CL-III dated August 19, 2009, the Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of the Subsidiary Companies are not annexed as required under Section 212(8) of the Companies Act, 1956. Shareholders who wish to have a copy of the full report and accounts of the subsidiaries will be provided the same on receipt of a written request from them. These documents will be put up in the Company's Website viz. [www.gayatri.co.in](http://www.gayatri.co.in) and will also be available for inspection by any shareholder at the Registered Office of the Company on any working day during business hours.

#### **CONSOLIDATION OF ACCOUNTS**

In accordance with the Accounting Standard -21 on Consolidated Financial Statements read with Accounting Standard – 23 & 27 on Accounting for Investments in Associates in Consolidated Financial Statements and Financial Reporting of Interests in Joint Ventures, Consolidated Financial Statements are prepared considering the combined profits net of losses of all the subsidiaries, joint ventures and after eliminating intra group transactions, unrealized profits and balances.

Your Directors have pleasure in attaching the Consolidated Financial Statements presented by your Company which form part of the Annual Report and Accounts.

#### **DIRECTORS**

Dr. Archana Niranjani Hingorani resigned as Director of the Company w.e.f. January 30, 2009. The Board places on record its immense appreciation of the services rendered by her during her tenure as the Member of the Board of Directors of the Company.

Smt. T. Indira and Sri Ch. Hari Vittal Rao retire at the ensuing AGM and being eligible offer themselves for reappointment.

## **PUBLIC DEPOSITS**

The Company has not accepted any deposits from the public during the year under review.

## **CORPORATE GOVERNANCE REPORT**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis Report, Corporate Governance Report and Auditors Certificate on Corporate Governance are annexed to this report.

## **DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures ;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 and of the profit of the Company for the financial year ended on that date.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.
- v) All the Board members and Senior management personnel have affirmed compliance with the stipulated code of conduct.

## **AUDITORS**

The Auditors M/s. C.B. Mouli & Associates, Chartered Accountants, Secunderabad will retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224 (1-B) of the Companies Act, 1956.

## **STATUTORY INFORMATION**

### **Particulars of Employees**

Details in respect of remuneration to employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended are not furnished since no employee of the Company is drawing such remuneration.

### **Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo**

Information relating to Conservation of energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988 is not applicable for the company. The particular of expenditure and earnings in Foreign Currency is furnished in Notes to Accounts.

### **Auditors' Report**

#### **Auditors Observations:**

Responses of the Directors to the comments of the Auditors in their report on financial Statements are as follows:

- (a) Regarding IJM-Gayatri Joint Venture losses not considered, as already clarified in Note No.9(a) of Schedule 18 (Notes to Accounts) the management is of the firm opinion that the excess expenditure is expected to flow back through future cash flows on settlement of the claims by the employer. The awards of the claims are in advance stage and the company is confident of winning awards of major amount of claims. In the unlikely situation of not awarding the entire amount of claims, the GPL has to provide an amount of Rs 53.78 crores towards its share of 40% in the IJM-Gayatri Joint Venture.
- (b) Regarding the Gayatri-ECI Joint Venture losses not provided, the management is of the view that the said losses can be set off from the future profits of the project on full scale commencement. The Joint Venture could achieve only 5% progress till now due to extraneous and law and order problems in the state of Assam. The management is of the opinion that the substantial portion of the work is yet to be commenced and major portion of the project site is

yet to be handed over to the JV. Thus, the initial expenditure / losses are expected to flow back through future profits. Hence, no provision has been considered necessary for the Joint Venture losses.

**HUMAN RESOURCES & INDUSTRIAL RELATIONS**

The Company enjoyed cordial relations with the employees during the year under review and the Management appreciates the employees of all cadres for their dedicated services to the Company, and expects continued support, higher level of productivity for achieving the targets set for the future.

**ACKNOWLEDGEMENTS**

The Board of Directors would like to place on record their appreciation of the assistance and guidance extended by the Government at Centre and in the States, Banks and Financial institutions. Your Directors also place on record their sincere appreciation of the total commitment and hard work put in by all the sub contractors, consultants, clients and employees of the company.

For and on behalf of the Board

Place: Hyderabad  
Date: 24<sup>th</sup> June 2009.

**T. INDIRA**  
Chairperson

**T.V. SANDEEP KUMAR REDDY**  
Managing Director

## Annexure – A to DIRECTORS’ REPORT

### I. GAYATRI PROJECTS LIMITED – Subsidiaries

Statement pursuant to the Under Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary	Direct Subsidiaries	
	Gayatri Infra Ventures Ltd (GIVL)	Gayatri Energy Ventures Pvt. Ltd.(GEVL)
Financial Year of the Subsidiary will be ending on	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2009
Date of which they became subsidiary Company	22 <sup>nd</sup> January, 2008	10 <sup>th</sup> February, 2008
No. of Shares held at the end of the Financial Year of the Subsidiary Companies	12,50,000 equity shares of Rs.10/- each	50,000 equity shares of Rs.10/- each
Extent of Interest of Holding Company at the end of the Financial Year of the subsidiary Company	70.59%	100%
The net Aggregate amount of Subsidiary Companies Profit/Loss so far as it concerns the members of Holding Company		
- Dealt with the holding company’s accounts	-Nil-	-Nil-
- Not dealt with the holding company’s accounts	Rs.107.27 Lacs	-Nil-

### II. Step-down Subsidiaries

Name of the Subsidiary	Subsidiaries of GIVL		Subsidiaries of GEVL
	Gayatri Jhansi Roadways Ltd	Gayatri Lalitpur Roadways Ltd	Thermal Powertech Corporation India Ltd
Financial Year of the Subsidiary will be ending on	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2009
Date of which they became subsidiary Company	6 <sup>th</sup> September 2008	6 <sup>th</sup> September 2008	26 <sup>th</sup> April 2008
No. of Shares held at the end of the Financial Year of the Subsidiary Companies	1,79,97,025	1,42,93,131	50,000
Extent of Interest of Holding Company at the end of the Financial Year of the subsidiary Company	63.05%	58.12%	100%
The net Aggregate amount of Subsidiary Companies Profit/Loss so far as it concerns the members of Holding Company			
- Dealt with the holding company’s accounts	-Nil-	-Nil-	-Nil-
- Not dealt with the holding company’s accounts	-Nil-	-Nil-	-Nil-

For and on behalf of the Board

Place: Hyderabad  
Date: 24<sup>th</sup> June 2009

**T. INDIRA**  
Chairperson

**T.V. SANDEEP KUMAR REDDY**  
Managing Director

**Annexure – B to DIRECTORS' REPORT**

Statement pursuant to the Under Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

**Rs.in Lacs**

PARTICULARS	Gayatri Infra Ventures Ltd	Gayatri Lalitpur Roadways Ltd	Gayatri Jhansi Roadways Ltd	Gayatri Energy Ventures Pvt Ltd	Thermal Powertech Corporation India Ltd
	2008-09	2008-09	2008-09	2008-09	2008-09
Capital	177.08	2,459.29	2,854.45	5.00	5.00
Reserves	22,148.16	—	—	—	—
Total Assets	22,325.24	24,226.80	26,638.50	3,147.36	2,963.01
Total Liabilities	0.00	21,767.51	23,784.05	3,142.36	2,958.01
Details of Investments (Except Investment in subsidiaries)	10,114.83	—	—	—	—
Turnover	800.75	—	—	—	—
Profit before taxation	170.59	—	—	—	—
Provision for Taxation	18.62	—	—	—	—
Profit after taxation	151.96	—	—	—	—
Divided	—	—	—	—	—

For and on behalf of the Board

Place: Hyderabad  
Date: 24<sup>th</sup> June 2009**T. INDIRA**  
Chairperson**T.V. SANDEEP KUMAR REDDY**  
Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS

### MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### Forward Looking Statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operation of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities' laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward – looking statements on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include cost of fuel, levies by regulatory authority, changes in Government regulations, tax laws, economic developments within the country and such other factors.

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The management of Gayatri Projects Limited accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. These estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profits for the year.

#### Industry Overview

The construction sector has grown at about 12 per cent annually for the past five years. It contributed Rs.3.8 trillion to the Indian GDP during the year 2007-08 compared to Rs.3.46 trillion in 2006-07. Despite the global crises, the strong industry outlook is expected for construction industry at a CAGR of 15% over the next 5 years. The Indian infrastructure, industrial and real estate sectors are experiencing strong growth in terms of capacity additions. Employing a total of about 32 million people, the sector is the second largest employer after agriculture. It has a multiplier effect on core industries such as steel, cement, aluminum and petroleum.

According to the Construction Federation of India (CFI), construction is the second largest employer after the agriculture sector. More than half (about 54 per cent) of construction activity is generated from infrastructure sectors. Of this, public sector activity accounts for a 71 per cent share and the private sector for about 30 percent. Apart from infrastructure, industrial activity accounts for the next highest share, about 36 per cent. The rest is accounted for by residential and commercial activities. In the past five years, the sector has seen many new trends. Project sizes have increased, equipment and manpower are being ramped up and better technology has been deployed. Until the global crises, the growth rate of the construction sector was higher than the GDP growth rate.

However, the situation has changed drastically in the past six months. While the sector witnessed robust growth during the first half of 2008, growth slowed in the second half of the year. Although official figures are yet to be released, experts estimate that for financial year 2008-09, the construction sector growth rate would match the GDP growth rate, that is, fall in the range of 7-8 per cent. The global crisis has impacted the construction sector in several ways. Infrastructure projects are witnessing a slowdown and the real estate sector is in a slump. Most construction and engineering companies have pushed back several big projects planned earlier, either due to lack of funds or due to these becoming economically unviable. On the one hand, financiers are waiting to see how the economic and financial situation develops and on the other developers are waiting for interest rates to drop to earlier levels.

Most construction activity revolves in the infrastructure and real estate space. While opportunities are spread across the sector, there has certainly been a slowdown in the pace of construction activity due to the global crisis. Projects have either been delayed or completely stalled. However, private infrastructure projects have been impacted more than public infrastructure projects.

The stimulation package of the Government and recent steps of the Reserve Bank of India would assist in stabilizing the current scenario. Indian Infrastructure Finance Company Limited has been authorized to raise Rs 100 billion through the issue of tax free bonds by March 2009. This will enable the funding of highway and port projects to the tune of Rs250 billion. Further, IIFCL has been granted permission to access another Rs 300 billion to fund additional projects worth Rs 750 billions over the next 18 months.

Some other key measures to stimulate the construction industry includes liberalization of the external commercial borrowing policy, revision in the cap for home loans to Rs 2 million from Rs 0.50 million, increase in foreign institutional investors exposure limit in rupee denominated corporate bonds from \$6 billions to \$15 billion, exemption of countervailing duty on

cement and on TMT bars and structural, close monitoring of government spending to expedite the pace of expenditure for all schemes and programmes.

Order books and revenue growth have picked up significantly since FY03. Twelve companies recorded an average revenue growth of 25% during FY03-FY08. Given the surge in construction activity, demand for quality construction companies has also increased. The pricing environment has shifted to favor construction players, which has led to wide margins expansions in the industry,

The Government of India's focus and sustained increased budgetary allocation and increased funding by international and multilateral level. The construction sector has grown at about 12 per cent annually for the past five years. It contributed Rs 3.8 trillion to the Indian GDP during the year 2007-08 compared to Rs 3.46 trillion in 2006-07. Despite the global crises, the strong industry outlook is expected for construction industry at a CAGR of 15% over the next 5 years. The Indian infrastructure, industrial and real estate sectors are experiencing strong growth in terms of capacity additions.

The stimulation package of the Government and recent steps of the Reserve Bank of India would assist in stabilizing the current scenario. Indian Infrastructure Finance Company Limited has been authorized to raise Rs 100 billion through the issue of tax free bonds by March 2009. This will enable the funding of highway and port projects to the tune of Rs250 billion. Further, IIFCL has been granted permission to access another Rs 300 billion to fund additional projects worth Rs 750 billions over the next 18 months.

Some other key measures to stimulate the construction industry includes liberalization of the external commercial borrowing policy, revision in the cap for home loans to Rs 2 million from Rs 0.50 million, increase in foreign institutional investors exposure limit in rupee denominated corporate bonds from \$6 billions to \$15 billion, exemption of countervailing duty on cement and on TMT bars and structural, close monitoring of government spending to expedite the pace of expenditure for all schemes and programmes.

Order books and revenue growth have picked up significantly since FY03. Twelve companies recorded an average revenue growth of 25% during FY03-FY07. Given the surge in construction activity, demand for quality construction companies has also increased. The pricing environment has shifted to favor construction players, which has led to wide margins expansions in the industry, in our view opment 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.

### **Roads and Bridges**

India's road network, the second largest in the world, spans over 3.3 million km. It comprises national highways (66,590 km), state highways (128,000 km), major district roads (470,000 km) and rural and other roads. However, India's road density is low at 2.75 km per 1,000 people compared to a global average of 770 km per 1,000 people.

The roads and bridges sector is amongst the top sectors in offering opportunity to the construction sector. The National Highways Development Programme (NHDP) alone involves the construction and upgradation of more than 50,000 km of national highways. Of this, more than 17,000 km of the national highway stretches are yet to be awarded (as on December 31, 2008).

Most of these NHDP stretches will be taken up on a public-private partnership (PPP) basis. In the current scenario, funding for these stretches seems difficult. However, with India Infrastructure Finance Company Limited being allowed to raise tax-free municipal bonds and with the recent moves of the Reserve Bank of India, developers can expect to obtain funds at competitive rates.

There are opportunities at the state level too. Multilateral agencies often take up improvement works at the state level. The Asian Development Bank, for instance, has approved loans worth \$660 million between October 2008 and November 2008 for road projects, both at the state level (\$420 million for expansion and upgradation of state roads in Bihar) and for national highways (\$240 million for development of the Panipat-jalandhar stretch on NH-1). As for private projects at the state level, not many states have been active in this regard.

Moreover, the government annually sanctions road works for improvement under various schemes such as the Central Road Fund, and other national highway improvement works of the Department of Road Transport and Highways.

Another major ongoing project is the Rs 1,320 billion Pradhan Mantri Gram Sadak Yojana (PMGSY). The National Rural Road Development Agency awards various improvement works under the project to contracting agencies. As of July 31, 2008, 51,420 road works had been completed out of the 83,983 road works approved.

The Special Accelerated Road Development Programme for the North East also presents opportunities for contractors. The total road length covered under the project is 8,737 km and is being implemented by public works departments, the Border Roads Organisation and the National Highways Authority of India. While construction work under Phase A has already begun, detailed project reports are being prepared for Phase B.

State governments are proactively taking measures to improve their road networks. Some of these measures include enabling legislation, encouraging private sector participation and seeking funding from multilateral agencies to implement major road projects. An update on states' initiatives is given below...

### **Andhra Pradesh**

There has been a flurry of activity in road development in Andhra Pradesh. To enable development, the state government has formulated a Road Policy, drafted a Road Act, is modifying the rehabilitation and resettlement policy has set up a public-private partnership (PPP) cell, is drafting a PPP policy, etc.

With the success of the World Bank-funded Andhra Pradesh State Highway Project, the state government has launched another mega highway development project. This project has already been approved by the union government and the World Bank. The project comprises strengthening/ widening of about 850 km of roads, performance-based maintenance of 1,500 km and supporting road development and management contracts/concessions through PPP using the viability gap funding (VGF) scheme. The project cost is estimated to range between \$350 million and \$400 million, with a loan of \$300-320 million.

### **Gujarat**

Gujarat has been one of the frontrunners in initiating road sector development. It was the first state in India to implement a law governing PPP transactions. The state has also set up the Gujarat State Road Development Corporation (GSRDC) to undertake PPP projects. Two pioneering road projects have also been completed in the state. These are the Vadodara-Halol and Ahmedabad-Mehsana toll road projects completed way back in 2000 and 2003 respectively.

One of its most recent accomplishments has been the completion of the World Bank-funded Gujarat State-Highways Projects (GSHP). GSHP, launched in November 2000, envisaged upgradation of 850 km and periodic maintenance of about 1,000 km of state highways and was completed in December 2007. The original cost of the project was about \$533 million which was later decreased to \$408 million on completion due to significant cost reductions. The World Bank provided a \$280 million loan for the project.

### **Karnataka**

Karnataka has taken various initiatives. The state established Karnataka Road Development Corporation Limited (KRDC) and the Karnataka State Highways Authority in 1999 and 2001 respectively. To facilitate private sector investment, Karnataka amended the State Highways Act and formulated a Road Policy. More recently, the government has set up a PPP cell and introduced the Infrastructure Policy.

The flagship programme, the Karnataka State Highways Improvement Project (KSHIP), launched in 2000, is now nearing completion after several delays. The project scope involved upgradation of 900 km and rehabilitation of 1,514 km of state highways and major district roads (MDRs). As of May 2008, about 97 per cent of the project was complete. The original cost of the project was Rs 20.3 billion, of which the World Bank contributed Rs 16.35 billion.

### **Madhya Pradesh**

Madhya Pradesh has been one of the more recent entrants but it has made great strides. Some of its earlier initiatives include amending the Indian Tolls Act, 2002, formulating the Madhya Pradesh Highway Bill in 2001, establishing the Madhya Pradesh Infrastructure Investment Fund in 2001, enacting the State Highway Act, and setting up the Madhya Pradesh Road Development Corporation (MPRDC) in 2004. The state has also drafted a model concession agreement (MCA) for PPP projects. Its more recent initiatives include the setting up of the PPP cell, formulation of the standard bidding documents, and launch of the project development fund for project conceptualization and development.

The state government also launched the massive BOND-BOT scheme to develop roads on PPP Basis. MPRDC has mobilized private investment of about Rs 30 billion through 23 projects under this scheme. Of these, 11 projects have been completed at a cost of Rs 8.22 billion. Madhya Pradesh also became the first state to receive VGF from the union government.

### **Maharashtra**

Maharashtra formulated a policy to enable private participation in 1996 and amended its Bombay Motor Vehicles Tax Act, 1958 several times to encourage private participation. Besides, a cabinet subcommittee has been formed for speedy decision-making regarding road projects, powers have also been delegated to the public works department, a tolling policy has been finalized, etc.

The Maharashtra State Road Development Corporation (MSRDC) was set up to catalyse private investment. PPP was initiated through privatization of the Mumbai-Pune expressway. MSRDC has, however, been severely criticized for faulty feasibility studies, incorrect traffic estimates and inaccurate financial viability of projects.

## **Rajasthan**

Rajasthan is one of the pioneering states in terms of road development through private participation. Some of the key initiatives to attract private investment include amendment of the Rajasthan Road Development Act, 2002 to enable release of subsidy for unviable road projects to private entrepreneurs taking up such contracts, amendment of the Motor Vehicles Taxation Act, 1951 to enable levy of tolls, and formulation of a draft MCA for BOT projects. The state government has also set up a dedicated state-level road fund.

Its biggest project on PPP basis- the Rajasthan Mega Highways Project – is over 90 per cent complete. The massive project involves development of five state highways covering 1,053 km at an investment of Rs 15 billion on BOT (toll) basis. Besides, it has already completed 32 road projects on PPP basis and mobilised private investment of Rs 4.27 billion. Another seven projects of Rs 2.8 billion are in the pipeline and one costing Rs 0.35 billion is under implementation.

## **Tamil Nadu**

Tamil Nadu has launched many projects, perhaps the maximum in the state sector, to improve the road infrastructure. The funding focus for these projects has largely been budgetary support from the union and state governments and multilateral agencies. Several initiatives have been taken. For example, there is the establishment of the Tamil Nadu Road Development Company (TNRDC), which is a 50:50 joint venture between the state government and IL&FS, to catalyse private sector participation and initiate commercialization of O&M of road assets. However, private participation continues to be low.

The state has upgraded several state roads under its Comprehensive Road Infrastructure Development Programme. It developed 1,421 km of state highways and 16 bridges, and 1,869 km of MDRs and 17 bridges/culverts in 2007-08. In 2008-09, it plans to undertake development of 900 km of state highways and 4,000 km of MDRs.

## **Irrigation Sector**

India's irrigated agriculture sector has been fundamental to India's economic development and poverty alleviation. Some 28% of India's Gross Domestic Product (GDP) and 67% of employment is based on agriculture. Agriculture is the primary source of livelihood in rural areas, which account for 75% of India's population and 80% of its poor. And, in turn, irrigation is the base for about 56% possibly more of total agricultural output. The rapid expansion of irrigation and drainage infrastructure has been one of India's major achievements.

Overview of the Indian irrigation sector Investments in the irrigation sector are likely to increase by 2x to INR2,231 billion in the Eleventh Plan compared with the Tenth Plan. The plan for the Eleventh plan is aggressive at 16 million hectares. There is a large bank of projects that are scheduled to be implemented over the next five years. States with large project banks include: Andhra Pradesh (INR774 billion), Gujarat (INR784 billion), Karnataka (INR119 billion), Madhya Pradesh (INR120 billion), Maharashtra (INR322 billion) and Orissa (INR116 billion). The outlay under the Accelerated Irrigation Benefit Programme (AIBP) is likely to increase by 72% in the Eleventh Plan. AIBP is the flagship scheme through which the Center provides assistance to states for major irrigation projects. Steep target for the Eleventh plan The total irrigation potential created at the end of Tenth Plan is around 102.77 million hectares. The ultimate irrigation potential is likely to be 139 million hectares. Around 8.8 million hectares were added during the Tenth Plan, and the estimate for the Eleventh plan is 16 million hectares.

The Planning Commission has targeted a total investment of INR2,625 billion in the Eleventh Plan compared with INR1,115 billion spent in the Tenth Plan. However, in a recent consultation paper, the Planning Commission estimates a targeted investment of INR2,231 billion (a 15% cut from initial estimates of INR2,625 billion). We also note that in the Tenth Plan total expenditure was INR1,115 billion.

The state government primarily undertakes funding of irrigation projects. For e.g., in the Eleventh Plan outlay 89% of the funding is likely to come from the state. The Indian government plans to complete 24 large and medium irrigation projects and 753 minor irrigation projects with additional irrigation potential of 500,000 hectares. The proposed outlay under the AIBP scheme is INR200 billion for FY09 compared with INR110 billion outlay in FY08.

## **Civil Aviation**

The civil aviation sector presents construction opportunities for the modernisation of existing airports as well as construction of new ones. Over the past three years, the union government has enhanced its focus on improving infrastructure facilities at airports. As a result, private participation has been encouraged. At any particular airport, contracting companies can look at construction of terminal buildings, aerobridges, runways, etc., and on the city side. at construction of hotels, shopping malls, IT parks, etc.

In the current scenario, however, most plans have been put on hold. Some greenfield airport projects in the pipeline include those at Navi Mumbai, Greater Noida, Chakkan (Pune), Kannur (Kerala), and Mopa (Goa) and three greenfield airports in the Northeast (in Pakyong, Cheithu and Nagaland). Although these airports present plenty of construction opportunities to contractors and private developers, in the current context they will take time to materialise.

Contractors can look for construction opportunities at airports being funded through public sources - for instance, the modernisation of 35 non-metro airports, the Chennai and Kolkata airports as well as other airports that the Airports Authority of India (AAI) plans to modernise in the coming years.

In a recent move, the AAI has appointed RITES to study the feasibility of 32 non-operational airports across the country for commercial use. In addition, the authority has worked out a master plan for the development of Jharsuguda airport in Orissa, which it plans to develop in phases.

**Ports**

India has a long coastline of 7,517 km. The 12 major ports control around 74 per cent of the traffic and the balance is accounted for by the non-major ports. During 2007-08, all major and minor ports together handled cargo traffic of 720.38 million tonnes (mt). While 519.23 mt passed through major ports, the rest was carried by non-major ports.

Based on a study by the Department of Shipping, it is projected that Indian ports are likely to handle about 1,009 mt of cargo by 2011-12, which will include container traffic of about 15 million twenty foot equivalent units (TEUs). Of this, the major ports' share is pegged at 70 per cent (708 mt) and the balance 30 per cent (301 mt) will be handled at non-major ports.

The government has proposed an investment of around Rs 1,050 billion in the port sector during the Eleventh Five Year Plan period in order to double the current capacity to 1.5-2 billion tonnes by 2011-12. Of the total amount, it is estimated that private investment in major ports and non-major ports will be around Rs 380 billion and Rs 290 billion respectively.

As is the case with airports, ports present opportunities for both the modernisation of existing ports as well as construction of new ones. The biggest ongoing initiative in ports is the National Maritime Development Programme (NMDP). The programme covers 250 port projects at an estimated cost of Rs 548.09 billion. Of these, 29 have been completed and 69 are in progress. The remaining projects have either been approved but not yet awarded, or are yet to be approved. Private projects in approval stage under the NMDP might witness a slowdown due to the current crisis.

Apart from the NMDP, several private port projects are also under various stages of approval of the union government. These projects entail an investment of Rs 45.5 billion and the scope of work is primarily centered on the construction of terminals, berths, bunkering facilities, etc.

On the shipping front, there are about 111 shipping and inland water transport projects, which will increase India's shipping tonnage to 35 million gross registered tonnage by 2025.

**Railways**

The railways sector has been rapidly consolidating a spectacular turnaround. There has been efficient utilisation of resources through increased wagon load, faster turnaround time and more rational pricing. An investment outlay of Rs 2,510 billion has been proposed for the Eleventh Plan, of which around 67 per cent is proposed to be mobilised through internal generation and extra-budgetary resources.

The Indian Railways (IR) has major capacity expansion plans lined up. Infrastructure is being improved through priority projects such as rail-port connectivity projects, corridor hinterland projects, construction of private sidings, inland container depots, rail-side warehouses, etc.

**Estimated investment across infrastructure sectors for the Eleventh Five Year Plan**

Sector	Investment (Rs billion)
Power	7,352.25
Oil and gas	2,690.49
Roads	4,014.88
Ports	1,050.00
Airports	450.00
Railways	2,510.00
Urban infrastructure (including water and urban transportation)	2,595.00

**Source: India Infrastructure**

The dedicated freight corridor also provides significant opportunity to both EPC contractors as well as private players. While the first phase is already under implementation, the subsequent phases are expected to be completed by 2011-12

and require an investment of Rs 1,000 billion in total. The project will be implemented through an SPV called DFC Corporation of India Limited. The project remains insulated from the current crisis as most of the funds have been provided by multilateral agencies.

Construction opportunities also exist for rail-road connectivity projects and other capacity augmentation projects being handled by Rail Vikas Nigam Limited. These projects are funded by the internal and budgetary resources of the public sector unit and hence will not be impacted by the current liquidity crisis.

IR has identified 26 railway stations, including those at cities such as Delhi and Mumbai, to be modernised through the PPP route. The Ministry of Railways is planning to attract private investments by allowing the areas around stations and the airspace above platforms to be commercially developed while operational/passenger handling areas will be separated from such commercial areas as in the case of airports. It is envisaged that large stations would entail investments of around \$500 million each. So far, bids for only the New Delhi railway station have been invited.

### **Urban Infrastructure**

The urban infrastructure sector stands more or less insulated from the current crisis. The sector includes urban housing, sanitation, water supply and waste management. Most of the funds for the sector come in from public sources.

The Steering Committee Report on Urban Development for the Eleventh Plan has estimated the investment requirements for urban infrastructure - that is, in water, sewerage, sanitation and solid waste management - at Rs 1,270 billion over the Eleventh Plan period. Simultaneously, investments in the urban transportation sector (primarily including the mass rapid transit systems and the bus rapid transit systems) have been estimated at Rs 1,325 billion.

The biggest initiative in the sector, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), entails an investment of Rs 1,205.36 billion for 63 cities over the period 2005-12. As of July 18, 2008, a total of 330 projects worth Rs 305.87 billion had been sanctioned under the JNNURM.

Contractors also have scope in construction or development of mass rapid transit systems (MRTSs). The total investment estimated in these projects is Rs 880 billion. Seven cities – Delhi, Mumbai, Kolkata, Bangalore, Hyderabad, Chennai and Kochi - have initiated MRTS projects. In addition, some initial steps to introduce metros have been taken in Punjab, Uttar Pradesh and Gujarat. However, since most of these projects are to be developed on a PPP basis, for the next year at least these plans appear to be on the back burner.

Overall, the scope for private participation in the sector is very limited. There are a few water supply projects in the pipeline to be undertaken through private participation. A key area which can be explored is solid waste management. However, it is essential for such projects to be based on a good PPP model.

### **Risks and Concerns**

The Construction sector faces several issues such as lack of skilled and unskilled manpower, lack of creditable institutional dispute resolution mechanism and absence of streamlined contract procedures and documents. The global crises has slowed down construction activity. The volatility in the prices of critical raw material like, Steel, Cement, Diesel and Bitumen is a major risk for the Company. However, in the most of the contracts this has been protected by escalation clause. The change of Government Policies can significantly affect the operations. Considering the priority given to the infrastructure sector by the present Government, this risk is reduced. Due to rapid growth in the industry, the shortage of manpower is considered as risk. To mitigate the manpower shortage and to attract the talent, the Company has taken staff incentive policy programmes.

### **Internal Control Systems**

The Company has an adequate system of internal control implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with all applicable resources. The Company ensures adherence to all internal control policies and procedures. A qualified and independent audit committee of the Board, comprising all independent directors of the Company, reviews the adequacy of internal controls. Also an independent external audit firm is conducting the internal audit of the company books and reporting to the management.

### **Financial Performance**

**Turnover:** During the year under review the Company has achieved turnover of Rs.100,459.47 lacs as compared to Rs. 75,235.64 lacs in the previous year, registering a growth of 33.53%. Considering the economic slow down and global financial crisis, the growth rate of 33.53% is realistic.

**Reserves & Surplus:** The Reserves & Surplus of the Company has increased to Rs.20564.97 Lacs from Rs.16,906.24 Lacs in the previous year and the increase is due to Rs.4131.61 Lacs Profit made in the year.

**Net worth:** The Company's net worth increased to Rs.21575.45 Lacs from Rs.17916.72 Lacs due to Profits made during the year 2008-09.

**Secured Loans:** The increase in the secured loans amount of Rs.5115.23 Lacs is due to increase in Working Capital Limits in the year 2008-09. The working capital limits are reviewed by the Banks and enhanced in line with the increase in the turnover of the company.

**Unsecured Loans :** The unsecured loans consisting of short term loan taken from Banks outside Consortium of Rs.1500.00 lacs and Foreign Currency Convertible of Bonds (FCCB) of Rs.9776.88 Lacs.

**Fixed Assets:** The Company's Fixed Assets (Gross Block) is increased by Rs.1749.16 Lacs in the year 2008-09 due to additional machinery purchased for execution of the new works awarded to the Company. The increased in the fixed assets is partly financed by the Banks / Institutions.

**Net Current Assets :** The net current assets has increased from Rs.27890.11 Lacs as on 31<sup>st</sup> March, 2008 to Rs.30609.02 Lacs as on 31<sup>st</sup> March, 2009 mainly due to increase in receivables and advances given to Supplier, Sub Contractors etc.,

### **Operational Performance**

**Income:** There has been an increase in the Gross Income of the Company from Rs.75780.15 Lacs during the year 2007-08 to Rs. 101,100.37 Lacs during the year 2008-09, registering growth of 33.41% over the previous year. The growth is considered realistic in the background of economic slowdown.

**Construction Cost:** The construction cost consisting of work expenditure, staff cost, administrative cost and increase / decrease in WIP. There is a marginally increase of 3% in the construction cost due to increase in the cost of materials and other overheads.

**Financial Charges:** During the year there is increase of Rs.315.90 Lacs in the interest cost as compared to previous year due to increase in the Fund Based Limits.

**Depreciation:** Due to additions in the Fixed Assets Block, the depreciation has increased to Rs.1970.13 Las from Rs.1638.98 Lacs in the previous year.

**Provision for Tax:** The Company has provided for a sum of Rs.2181.69 Lacs as a current tax, deferred tax and Fringe Benefit Tax.

**EBITDA and Net Profit:** During the year the EBITDA margins registered at 11.87% as against 14.68% in previous year. The Net Profit margins before tax is also decreased from 8.07% in the previous year to 6.27% in the current year. The decrease is due to increase in the cost of material and establishment cost. The cost of steel, cement, HSD etc., are increased by more than 100% in the 1<sup>st</sup> six months of the financial year under consideration due to this the margins have comedown.

**Dividend:** The Company has recommended a dividend of 40% as against 25% in the previous year. The total pay out on dividend payments works out to Rs 472.88 Lacs including dividend tax of Rs 68.69 Lacs.

### **Human Resources**

Engaging the best minds in the business, nurturing them with care in a professional environment and bringing out the best in them is our continuous endeavor. The Human Capital in the Organisation has always remained the constant appreciating assets, which have propelled the Organisation to its present status. The Management is paying special attention to various aspects like training, welfare and safety of the employees and thereby further strengthening the Human Resources. Identification of Key and critical position and identifying individuals with leadership skills and nurturing them as a future leaders, has been a continuous process. The relationship with employees remained cordial through out the year under review. The company has adopted Accounting Standard -15 issued by ICAI and made provisions of retirement benefits accordingly.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2008-09

(As required under Clause 49 of the Listing agreement entered with Bombay Stock Exchange)

### MANDATORY REQUIREMENTS

#### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that a good corporate governance practice enables the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stakeholders. The Company has a strong legacy of fair, transparent and ethical governance practices. With the listing of its equity shares, the Company has also abided by the requirements of corporate governance covered under Clause 49 of the Listing Agreement with the Stock Exchange.

The Company has adopted a code of conduct for members of the Board and senior management, who have all affirmed in writing their adherence to the code.

#### II. BOARD OF DIRECTORS

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Memberships held by them in other companies is given below. Other Directorships do not include alternate Directorships, Directorships of Private Ltd Companies and of Companies incorporated outside India. Chairmanship/Membership of Board Committees includes Membership of Audit, Remuneration and Shareholders/Investors Grievance Committees.

#### COMPOSITION

The Board represents an optimum mix of professionalism, knowledge and experience. The total strength of the Board is 7 members, comprising of: 2 Executive Directors and 5 Non-executive Directors (4 of them are Independent Directors). The Company immensely benefits from the professional expertise of the independent Directors. The Board has an adequate combination of Executive, Non-Executive and Independent Directors.

#### BOARD MEETINGS

The Meetings of the Board are mostly held at the Registered Office of the Company at 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082.

Four Board Meetings were held during the period April 1, 2008 to March 31, 2009 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows: 29<sup>th</sup> April 2008, 31<sup>st</sup> July 2008, 30<sup>th</sup> October 2008 and 31<sup>st</sup> January 2009.

Name of the Director & Category	No. of Board meetings during the year 2008- 09		Whether attended last AGM held on 29 <sup>th</sup> September 2008	No. of directorships in other public Companies	No. of Committee positions held in other public companies	
	Held	Attended			Chairman	Member
Mrs. T. Indira (Chairperson) Non Executive & Non Independent	4	4	No	5	—	1
Mr. T.V. Sandeep Kumar Reddy (Managing Director) Executive & Non Independent	4	4	Yes	9	1	2
Mr. J. Brij Mohan Reddy Executive & Non Independent	4	1	No	5	—	—
Mr. G. Siva Kumar Reddy Non Executive & Independent	4	1	No	3	—	—
Dr. V. L. Moorthy Non Executive & Independent	4	3	Yes	3	1	—
Mr. CH. Hari Vittal Rao Non Executive & Independent	4	4	Yes	3	—	—
Mr. S.M.A.A. Jinnah Non Executive & Independent	4	4	No	1	—	—
Dr. Archana Niranjana Hingorani* Non Executive & Non-Independent	4	3	No	14	—	6

\* Resigned as Director of the Company w.e.f. January 30, 2009.



**Details of the Directors seeking re-appointment**

Ms. T. Indra and Mr. Ch. Hari Vittal Rao Directors retire by rotation at this Annual General Meeting and seeking re-appointment.

The Company Secretary prepares the Agenda and Explanatory notes, in consultation with the Chairman and Managing Director for each meeting and circulates the same in advance to the Directors. A tentative annual calendar for the meetings of the Board and Audit Committee to be held in each quarter has been circulated to facilitate and assist the Directors to plan their schedules for the meetings for meaningful, informed and focused decisions. Every Director is free to suggest the inclusion of items on the agenda. The Board meets at least once in every quarter to review the quarterly results and other items on the agenda. The Board is given presentation covering industry environment, project implementation, project financing and operations of the Company. Additional meetings are held, when necessary. The draft minutes of the proceedings of the Board of Directors are circulated in advance and the comments, if any, received from the Directors are incorporated in the minutes in consultation with the Chairman. Senior executives are invited to provide additional inputs at the Board Meeting for the items being discussed by the Board of Directors, as and when necessary.

The Company has an effective post meetings follow up, review and reporting process mechanism for the decisions taken by the Board/Committees. Action taken report on decisions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the members.

The Company Secretary while preparing the agenda notes, minutes etc., of the meeting is responsible for and is required to ensure adherence to all applicable laws, rules, regulations including the Companies Act, 1956 read with rules made thereunder.

**III. AUDIT COMMITTEE**

- a) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The Functions of Audit Committee include:

- ❖ Overseeing of the Company’s financial reporting process and disclosure of its financial Information to ensure that the financial statements are correct, sufficient and credible.
- ❖ Reviewing the adequacy of internal audit functions.
- ❖ Reviewing the quarterly and annual financial statements before submission to the Board.
- ❖ Reviewing the adequacy of internal control and their compliance thereof.
- ❖ Reviewing the Company’s financial and risk management policies.

- b) **The Composition of the Audit Committee:**

Mr. CH Hari Vittal Rao – Chairman  
 Dr. V. L. Moorthy – Member  
 Mr. SMAA Jinnah – Member

- c) **Meetings and Attendance:**

Four Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: 29<sup>th</sup> April 2008, 31<sup>st</sup> July 2008, 30<sup>th</sup> October 2008 and 31<sup>st</sup> January 2009. The maximum gap between any two meetings was of 91 days.

Name of the Director	No. of Audit Committee Meetings	
	Held	Attended
Mr. CH Hari Vittal Rao – Chairman	4	4
Dr. V. L. Moorthy – Member	4	3
Mr. SMAA Jinnah – Member	4	4

The necessary quorum was present at all the meetings.

**IV. REMUNERATION COMMITTEE**

**a) The composition of the Remuneration Committee is given below :**

1. Mrs. T. Indira – Chairperson
2. Mr. G. Siva Kumar Reddy – Member
3. Dr. V. L. Moorthy – Member

**b) The broad terms of reference of the Remuneration Committee are as under :**

- ▶ To approve the remuneration and commission / incentive remuneration payable to the Managing Director / Executive Directors for each financial year.
- ▶ To approve the remuneration and Annual Performance Bonus payable to the Chief Finance Officer and the Vice Presidents of the Company for each financial year.
- ▶ Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.

**c) The Remuneration policy of the Company is summarized as follows:**

**For Managing Director:**

The total remuneration, subject to shareholders approval consists of

- ▶ a fixed component consisting of salary, allowances, perquisites and Fixed % of Commission on the net profits of the Company calculated in accordance with Section 349 of the Companies Act, 1956 and benefits which are in line with the Company's rules for senior managerial personnel.

**For Non Executive Directors**

Sitting fees is paid as per the Companies Act, 1956 and the Articles of Association of the Company, for attending meetings of the Board or any committees of the Board. Directors are also reimbursed actual travel costs and incidental expenses incurred for attending such meetings or in connection with the Company's business.

**d) Remuneration and sitting fees paid to the Directors during the financial year 2008-2009**

(In Rs.)

Name of the Director	Category	Remuneration payable /paid	
		Salary & Perks	Sitting Fees
Mrs. T. Indira	Non Executive & Non Independent	—	32,500
Mr. T. V. Sandeep Kumar Reddy	(Managing Director) Executive & Non Independent	60,00,000	—
Mr. J. Brij Mohan Reddy	Executive & Non Independent	96,00,000	—
Mr. G. Siva Kumar Reddy	Non Executive & Independent	—	20,000
Dr. V. L. Moorthy	Non Executive & Independent	—	30,000
Mr. CH. Hari Vittal Rao	Non Executive & Independent	—	32,500
Mr. SMAA Jinnah	Non Executive & Independent	—	32,500
Dr. Archana Niranjana Hingorani	Non Executive & Non-Independent	—	22,500

**V. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE**

**a) A Shareholders / Investors Grievance Committee of Directors reviews the following:**

- ▶ Transfer/transmission of shares / debentures
- ▶ Issue of duplicate share certificates
- ▶ Review of shares dematerialized and all other relevant matters
- ▶ Monitors expeditious redressal of investor's grievances
- ▶ Non receipt of Annual Reports and declared dividend
- ▶ All other matters related to shares/debentures

**b) The Constitution of Shareholders/Investors Grievance Committee is as follows:**

- a. Mr. Brij Mohan Reddy - Chairman
- b. Mr. SMAA Jinnah - Member
- c. Mr. CH Hari Vittal Rao - Member

**Meetings and Attendance:**

The Committee had two meetings during the year under review on June 6, 2008 and January 9, 2009

Name of the Director	No. of Shareholders Grievance Committee Meetings	
	Held	Attended
Mr. J. Brij Mohan Reddy – Chairman	2	2
Mr. SMAA Jinnah – Member	2	2
Mr. CH Hari Vittal Rao – Member	2	2

**c) Name and Address of Compliance Officer:**

**CS I.V. LAKSHMI**

Company Secretary & Compliance Officer  
 6-3-1090, TSR Towers, Raj Bhavan Road,  
 Somajiguda, Hyderabad – 500 082  
 Tel: +91 40 23310330 Fax: +91 40 23398435  
 E Mail: gplhyd@gayatri.co.in / ivlakshmi@gayatri.co.in

**d) Details of complaints/requests received and redressed :**

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	16	16	NIL

**VI. GENERAL BODY MEETINGS**

**Annual General Meeting**

► Location, date and time of last three Annual General Meetings (AGMs) and Special Resolutions passed thereat:

Year	Location	Date and Time	Special Resolution passed
2005-06	G-2, Mangal Adesh Society, 4 <sup>th</sup> Road, T.P.S. III, Sata Cruz (East), Mumbai – 400 055	01/09/2006 11:00 AM	1. Alteration of the Articles of Association of the Company.  2. Change in the Terms and Conditions of the Appointment of Mr. T.V. Sandeep Kumar Reddy, Managing Director.
2006-07	Hotel Ritz, Lotus Room, 5 <sup>th</sup> Floor, 5, Jamshedji Tata Road, Behind Eros Cinema, Mumbai – 400 020	28/09/2007 11:00 AM	1. Raising of Investments Limits of FII/NRIs. 2. Appointment of Sri. J. Brij Mohan Reddy as Executive Vice Chairman.
2007-08	Surana Udyog Hall, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004	29/09/2008 4:00 PM	None

**Extraordinary General Meetings:**

There were no meetings held during the year.

**Postal Ballot**

A Special Resolution under Section 372A of the Companies Act, 1956 is proposed to be based by way of Postal Ballot in the Financial year 2009-10

**Procedure for Postal Ballot**

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors. After the last date for receipt of ballots, the Scrutinizer, after due verification, submits the results to the Chairman. Thereafter, the Chairman declares the result of the Postal Ballot. The same is published in the Newspapers and displayed on Website and Notice board.

**VII. DISCLOSURES**

1. Transactions entered with related parties during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. These transactions have no potential conflict with the interests of the Company at large.
2. The Board of Directors has adopted the Code of Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the Directors and the members of the Senior Management and the code has also been posted on the Company's website.
3. Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from 01<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009: NIL
4. Secretarial Audit

A Qualified Practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**VIII. MEANS OF COMMUNICATION**

The quarterly, half-yearly results of the Company are published in leading newspapers in India which include Economic times and Nav Bharat times. The results are also displayed on the Company's web site [www.gayatri.co.in](http://www.gayatri.co.in) Press releases made by the Company from time to time are also displayed on the website. A Management Discussion and Analysis statement is a part of the Company's Annual Report.

**IX. GENERAL SHAREHOLDER INFORMATION**

**a) Annual General Meeting :**

Financial Year : 2008 – 2009  
 Date : 24th September, 2009  
 Time : 11.30 a.m  
 Venue : KLN Prasad Auditorium,  
 The Federation of Andhra Pradesh Chambers of Commerce and Industry,  
 Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad-500 004.

**b) Financial Calendar (tentative):** Financial Year April 01, 2009 to March 31, 2010

Adoption of Quarterly Results 3<sup>rd</sup> / 4<sup>th</sup> week for the quarter ending:

June 30, 2009	July, 2009
September 30, 2009	October, 2009
December 31, 2009	January, 2010
March 31, 2010	April, 2010*

*\*instead of publishing quarterly results, the Company may also opt to publish Audited Annual Accounts by June, 2010*

- c) **Date of Book Closure:** From 07.09.2009 to 24.09.2009 (both days inclusive).
- d) **Dividend Payment Date:** Within 30 days from the date of declaration
- e) **Listing on Stock Exchanges:** The shares of the Company are listed on The Bombay Stock Exchange. Listing Fee has been paid for the stock exchange for the financial year 2009-2010.

f) **Stock Code:**

Exchange	Scrip Code	Scrip ID
Bombay Stock Exchange Limited	532767	GAYAPROJ

g) **Stock Market Price Data:**

(In Rs.)

Month	BSE	
	High	Low
April 2008	514.85	408.00
May 2008	525.00	401.00
June 2008	412.00	209.85
July 2008	252.00	187.00
August 2008	262.00	223.05
September 2008	252.40	172.00
October 2008	199.90	95.60
November 2008	113.20	91.00
December 2008	95.35	82.70
January 2009	105.00	77.00
February 2009	93.80	60.60
March 2009	62.95	41.60

h) **Registrar and Transfer Agents : (RTA)**

Karvy Computershare Private Ltd.  
 "Karvy House", 46  
 Avenue 4, Street No.1  
 Banjara Hills, Hyderabad – 500034  
 Tel: 040 – 23312454, Fax: 040 – 23311968  
 Email: mailmanager@karvy.com  
 Website: www.karvycomputershare.com

i) **Share Transfer System :**

Transfers of shares held on dematerialized form are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with the Registrars at the above mentioned addresses. Transfers of shares in physical form are normally processed within 10-12 days from the date of receipt, if the documents are complete in all respects. The Directors, the Chief Finance Officer and the Company Secretary are severally empowered to approve transfers.

**j) Shareholding as on 31<sup>st</sup> March, 2009**

**1) Distribution of shareholding as on 31<sup>st</sup> March, 2009:**

Category (Amount)	No. of cases	% of Cases	Total shares	Amount	% of Amount
01 – 5000	7545	94.560722 %	568787	56,87,870.00	5.628901 %
5001 – 10000	221	2.769771 %	177882	17,78,820.00	1.760378 %
10001 - 20000	92	1.153027 %	139403	13,94,030.00	1.379577 %
20001 - 30000	25	0.313322 %	65336	6,53,360.00	0.646586 %
30001 - 40000	15	0.187993 %	54210	5,42,100.00	0.536480 %
40001 - 50000	23	0.288257 %	110815	11,08,150.00	1.096661 %
50001 - 100000	16	0.200526 %	125081	12,50,810.00	1.237842 %
100001 & Above	42	0.526382 %	8863247	8,86,32,470.00	87.713577 %
<b>TOTAL</b>	<b>7979</b>	<b>100 %</b>	<b>10104761</b>	<b>10,10,47,610.00</b>	<b>100 %</b>

**2) Categories of shareholders as on 31<sup>st</sup> March, 2009:**

S. No	Category	No. of Cases	Total shares	% to Equity
1	Promoters & Directors	5	6084466	60.213852 %
2	Resident Individuals	7259	1345472	13.315228 %
3	Indian Venture Capital	1	653351	6.465774 %
4	Bodies Corporate	275	847268	8.384839 %
5	Foreign Institutional Investors	3	417876	4.135437 %
6	Banks	1	50	0.000495 %
7	HUF	281	85587	0.846997 %
8	Non Resident Indians	97	45267	0.447977 %
9	Clearing Members	51	95534	0.945436 %
10	Promoter Director Relative	2	305	0.003018 %
11	Mutual Funds	3	529560	5.240698 %
12	Trusts	1	25	0.000247 %
	<b>TOTAL</b>	<b>7979</b>	<b>10104761</b>	<b>100 %</b>

**k) Dematerialization of Shares and Liquidity:**

As on 31<sup>st</sup> March 2009, 99.99% of the paid up equity capital of the Company has been dematerialized and the trading of Equity shares in the Stock Exchanges is under compulsory dematerialization.

ISIN : INE336H01015

**l) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments:**

As of 31<sup>st</sup> March, 2009, there were no outstanding GDRs/ ADRs/ Warrants or other convertible instruments.

**m) Address for correspondence:**

**CS I.V. LAKSHMI**

Company Secretary & Compliance Officer

6-3-1090, T.S.R. Towers

Raj Bhavan Road, Somajiguda, Hyderabad – 500 082

Tel: +91 40 2331 0330 Fax: +91 40 2339 8435

E Mail: [gplhyd@gayatri.co.in](mailto:gplhyd@gayatri.co.in) / [ivlakshmi@gayatri.co.in](mailto:ivlakshmi@gayatri.co.in)

**DECLARATION**

The Board of Directors of the Company at their meeting held on 7<sup>th</sup> January, 2006, has approved the code of conduct for the Directors and senior management personnel. As stipulated under the provisions of the sub-clause I (D) (ii) of Clause 49 of the Listing Agreement with stock exchanges, all the Directors and the designated personnel in the senior management of the Company have affirmed compliance with the code for the financial year ended 31<sup>st</sup> March, 2009.

**For GAYATRI PROJECTS LIMITED**

Place: Hyderabad

Date : 24<sup>th</sup> June 2009

**T.V. SANDEEP KUMAR REDDY**

Managing Director

**CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER CERTIFICATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE**

In relation to the Audited Financial Accounts of the Company as at 31<sup>st</sup> March, 2009, we hereby certify that

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the applicable accounting standards, applicable laws and regulations.
- b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**T.V. SANDEEP KUMAR REDDY**  
Managing Director

**P. SREEDHAR BABU**  
Chief Finance Officer

Place: Hyderabad  
Date : 24<sup>th</sup> June 2009



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

---

125, M.G. ROAD, SECUNDERABAD – 500 003. Tel. 27840777, Fax. 27848545

---

**Certificate on Compliance of Corporate Governance as per the Listing Agreement:**

**To the Members of Gayatri Projects Limited**

We have examined the compliance conditions of corporate governance by Gayatri Projects Ltd for the year ended 31<sup>st</sup> March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management of the Company. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For C.B.MOULI & ASSOCIATES**  
**Chartered Accountants**

**MANI OOMMEN**  
Partner  
Membership No. 24046

Place: Hyderabad  
Date: 24<sup>th</sup> June, 2009.

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

125, M.G. ROAD, SECUNDERABAD – 500 003. Tel. 27840777, Fax. 27848545

**AUDITORS' REPORT**

To the Members of **GAYATRI PROJECTS LIMITED,**

We have audited the attached Balance Sheet of **GAYATRI PROJECTS LIMITED,** as at 31<sup>st</sup> March 2009, the Profit and Loss Account and the Cash flow statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended from time to time, issued by the Government of India in terms of sub-section 4A of section 227 of the Companies Act 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to paragraph 1 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956.
  - e) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts **Subject to Note No.9(a) and 9(b) of II of Schedule 18 regarding non provisions for the losses incurred by Joint ventures** give the information required by the Companies Act 1956, in the manner so required and give a true and fair view and in conformity with the accounting principles generally accepted in India:
    - i. In the case of the Balance Sheet, of the State of affairs of the Company as at 31<sup>st</sup> March 2009.
    - ii. In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
    - iii. In the case of cash flow statement, of the cash flows for the year ended on that date.

**For C.B.MOULI & ASSOCIATES**  
**Chartered Accountants**

**MANI OOMMEN**  
Partner

Membership No. 24046

Place : Hyderabad  
Date : 24<sup>th</sup> June 2009.

**ANNEXURE TO THE AUDITOR'S REPORT:**

Referred to in paragraph I of our report of even date:

01.
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) According to the information and explanations given to us, physical verification of the fixed assets was carried out by the management in a phased periodical manner during the year under report, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No major material discrepancies were noticed on such verification.
  - c) The Company has not disposed off substantial part of fixed assets during the year under report and the going concern status of the Company is not affected.
02.
  - a) According to the information and explanations given to us, inventories have been physically verified during the year under report by the management. In our opinion the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given by the management, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory and the discrepancies noticed on physical verification between the physical stocks as compared to book records were not material in relation to the operations of the Company and nature of its business.
03. The Company has taken and granted unsecured loans to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 or Companies under the same management with in the meaning of Section 371 (1B), transactions are as per the provisions of Section 372A of the Act.  
  
In our opinion and according to the information and explanations given by the management, the terms and conditions of such transactions are *prima-facie* not prejudicial to the interest of the Company.
04. In our opinion and according to the information and explanations given by the management, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of Inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
05.
  - a) In our opinion and according to the information and explanations given by the management, the transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, have been so entered.
  - b) In our opinion and according to the information and explanations given by the management, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lacs in respect of any party during the year under report, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where such market is available.
06. In our opinion and according to the information and explanations given by the management, the Company has not accepted any deposits from the public with in the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
07. In our opinion, the internal audit of the Company has been carried out by a firm of Chartered Accountants appointed by management, the scope and coverage of internal audit is commensurate with the size of the Company and the nature of its business.
08. In our opinion and according to the information and explanations given by the management, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of The Companies Act 1956.
09.
  - a) In our opinion and according to the information and Explanations given by the management, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess with the appropriate authorities.

- b) According to the information and explanations given to us no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31 March, 2009 pending for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Wealth Tax, Customs Duty, Excise Duty And Cess which have not been deposited on account of any dispute, except the following:

Sl.No	Nature of Due	Forum where dispute is pending	Amount Rs. in Lacs
1	Department of Mines and Geology	Appeal pending from Supreme Court	1043.51
2	Sales Tax/VAT	Appeal pending from various states	175.14
3	Service Tax	Appeal pending from various states	425.34

10. In our opinion, the Company is not having any accumulated losses and has not incurred any cash losses during the financial year covered by our audit, and in the immediately preceding financial year.
11. In our opinion and according to the information and explanation given by the management, the Company has not defaulted in repayment of dues to any financial institution or banks or debenture holders.
12. In our opinion and according to the information and explanation given by the management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly Clause (xii) of the Order is not applicable to the Company.
13. In our opinion, Clause (xiii) of the order is not applicable to the Company since the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society.
14. In our opinion, Clause (xiv) of the order is not applicable to the Company since the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given by the management, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given by the management, on an overall basis, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanation given by the management and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanation given by the management, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act.
19. The Company has not raised any money by way of Public Issues during the year.
20. In our opinion and according to the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the year.

**For C.B.MOULI & ASSOCIATES**  
Chartered Accountants

**MANI OOMMEN**

Partner

Membership No. 24046

Place : Hyderabad

Date : 24<sup>th</sup> June 2009.

## BALANCE SHEET AS AT 31st MARCH, 2009

PARTICULARS	SCH NO	AS AT 31st MARCH 2009 Rs.in Lacs	AS AT 31st MARCH 2008 Rs.in Lacs
<b>SOURCE OF FUNDS</b>			
<b>Share Holders Funds</b>			
Share Capital	1	1,010.48	1,010.48
Reserves and Surplus	2	20,564.97	16,906.24
		<u>21,575.45</u>	<u>17,916.72</u>
<b>Loan Funds</b>			
Secured Loans	3	24,799.07	19,683.84
Unsecured Loans	4	11,276.88	11,333.93
		<u>36,075.95</u>	<u>31,017.77</u>
<b>Deferred Tax Liability</b>		<b>1,858.27</b>	<b>1,867.66</b>
<b>TOTAL</b>		<b><u>59,509.67</u></b>	<b><u>50,802.15</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	27,478.52	25,729.36
Less: Depreciation		11,411.66	9,441.53
Net Block		<u>16,066.86</u>	<u>16,287.83</u>
<b>Investments</b>	6	<b>12,833.79</b>	<b>6,624.21</b>
<b>Current Assets, Loans and Advances</b>			
Inventories	7	6,043.48	3,855.96
Sundry Debtors	8	22,391.18	16,798.68
Cash and Bank Balances	9	5,876.47	7,560.14
Loans and Advances	10	27,648.73	23,708.21
		<u>61,959.86</u>	<u>51,922.99</u>
Less: Current Liabilities and Provisions	11		
Liabilities		30,146.35	22,993.94
Provisions		1,204.49	1,038.94
		<u>31,350.84</u>	<u>24,032.88</u>
Net Current Assets		<b><u>30,609.02</u></b>	<b><u>27,890.11</u></b>
<b>TOTAL</b>		<b><u>59,509.67</u></b>	<b><u>50,802.15</u></b>
Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of the accounts

As per our report of even date

For and on behalf of the Board

**For C.B. MOULI & ASSOCIATES**  
Chartered Accountants

**MANI OOMMEN**  
Partner

**T. INDIRA**  
Chairperson

**T.V. SANDEEP KUMAR REDDY**  
Managing Director

**P. SREEDHAR BABU**  
Chief Finance Officer

**I.V. LAKSHMI**  
Company Secretary

Place : Hyderabad.  
Date : 24th June 2009

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009**

PARTICULARS	SCH NO	YEAR ENDED	
		31st MARCH 2009 Rs.in Lacs	YEAR ENDED 31st MARCH 2008 Rs.in Lacs
<b>INCOME</b>			
Gross Contract Receipts		100,459.47	75,235.64
Other Income	12	640.90	544.51
<b>TOTAL</b>		<b>101,100.37</b>	<b>75,780.15</b>
<b>EXPENDITURE</b>			
Work Expenditure	13	86,491.07	60,840.68
(Increase) / Decrease in WIP	14	(1,165.73)	423.40
Employee's Remuneration & Benefits	15	2,069.98	1,544.86
Administrative Expenses	16	1,705.73	1,844.38
Interest and Financial Charges	17	3,685.57	3,369.67
Depreciation	5	1,970.13	1,638.98
<b>TOTAL</b>		<b>94,756.75</b>	<b>69,661.97</b>
Profit before Tax		6,343.62	6,118.18
Provision for Taxation - Current Tax		2,167.74	2,003.84
- Fringe Benefit Tax		23.34	18.05
- Deferred Tax		(9.39)	91.02
Profit after Tax and before prior period adjustments		4,161.93	4,005.27
Less : Prior Period Adjustments		30.32	75.19
Profit after prior period adjustments		4,131.61	3,930.08
Balance in Profit and Loss account brought forward		7,251.73	4,217.20
Balance available for appropriation		11,383.34	8,147.28
<b>APPROPRIATIONS :</b>			
Proposed Dividend @40% (Prev.Year 25%)		404.19	252.62
Dividend tax on Dividend		68.69	42.93
Transfer to General Reserve		600.00	600.00
Balance carried to Balance sheet		10,310.46	7,251.73
Earning per share of Face value of Rs.10/- each			
Basic (Rs.)		40.89	39.06
Diluted (Rs.)		32.56	33.99
Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of the accounts

As per our report of even date

For and on behalf of the Board

**For C.B. MOULI & ASSOCIATES**  
Chartered Accountants

**MANI OOMMEN**  
Partner

**T. INDIRA**  
Chairperson

**T.V. SANDEEP KUMAR REDDY**  
Managing Director

**P. SREEDHAR BABU**  
Chief Finance Officer

**I.V. LAKSHMI**  
Company Secretary

Place : Hyderabad.  
Date : 24th June 2009

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

PARTICULARS	YEAR ENDED 31st MARCH 2009 Rs.in Lacs	YEAR ENDED 31st MARCH 2008 Rs.in Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit before tax and Extra Ordinary items</b>	<b>6,343.62</b>	6,118.18
Adjustments for:		
Depreciation	1,970.13	1,638.98
Profit on sale of fixed assets	—	8.74
Interest	3,685.57	3,369.67
<b>Operating Profit before Working Capital changes</b>	<b>11,999.32</b>	11,135.57
Adjustments for:		
Trade and other receivables	(9,533.02)	(11,450.58)
Change in Inventories	(2,187.52)	(1,679.97)
Trade payables	6,845.08	10,070.34
<b>Cash generated from operations</b>	<b>7,123.86</b>	8,075.36
Direct taxes paid	(2,191.08)	(2,021.89)
<b>Cash flow before prior period adjustments</b>	<b>4,932.78</b>	6,053.47
Prior period adjustments	(30.32)	(75.19)
<b>Net cash flow from operating activities after prior period adj.</b>	<b>4,902.46</b>	5,978.28
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchases of Fixed Assets	(1,749.16)	(5,091.06)
Sale of Fixed Assets	—	14.00
Investments	(6,209.58)	(3,042.25)
<b>Net Cash used in Investing Activities</b>	<b>(7,958.74)</b>	(8,119.31)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(3,685.57)	(3,369.67)
Proceeds from conversion of FCCB	—	396.36
FCCB Expenses	—	(214.14)
Proceeds from long term borrowing	5,058.18	308.37
Foreign Currency Convertible Bonds (FCCBs)	—	9,776.88
<b>Net Cash from Financing activities</b>	<b>1,372.61</b>	6,897.80
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,683.67)</b>	4,756.77
Cash & Cash Equivalents as at 1st April (Opening Balance)	7,560.14	2,803.37
Cash & Cash Equivalents as at 31st March (Closing Balance)	<b>5,876.47</b>	7,560.14

**Note:**

- 1 Cash and Cash Equivalents consist of Cash on hand and balances with Banks that includes Margin Money Deposits for Bank Guarantees of Rs.3825.54 Lacs (Previous Year Rs.5681.29 Lacs)
- 2 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.
- 3 Figures in brackets represent cash outflows.
- 4 Notes on Accounts stated in Schedule 18 form an integral part of the Cash flow statement.

As per our report of even date

For and on behalf of the Board

**For C.B. MOULI & ASSOCIATES**  
Chartered Accountants

**MANI OOMMEN**  
Partner

**T. INDIRA**  
Chairperson

**T.V. SANDEEP KUMAR REDDY**  
Managing Director

Place : Hyderabad.  
Date : 31st July 2008

**P. SREEDHAR BABU**  
Chief Finance Officer

**I.V. LAKSHMI**  
Company Secretary

**SCHEDULES FORMING PART OF BALANCE SHEET**

PARTICULARS	AS AT 31st MARCH 2009 Rs.in Lacs	AS AT 31st MARCH 2008 Rs.in Lacs
<b>SCHEDULE NO : 1 :</b>		
<b>SHARE CAPITAL</b>		
Authorised Share Capital :		
150,00,000 Equity Shares of Rs.10/- each (Year ended March 31, 2008 - 150,00,000)	1,500.00	1,500.00
	<u>1,500.00</u>	<u>1,500.00</u>
Issued, Subscribed and paid-up capital :		
101,04,761 Equity Shares of Rs.10/- each, fully paid-up (Year ended March 31, 2008 - 101,04,761)	1,010.48	1,010.48
a) 50,00,000 shares of Rs.10/- each fully paid		
b) 40,00,000 shares of Rs.10/- each fully paid bonus shares in the ratio of 5:4 were allotted by capitalization of General Reserve		
c) 10,00,000 shares of Rs.10/- each fully paid shares were allotted to public at a premium of Rs.285/- through Initial Public Offer.		
d) 1,04,761 shares of Rs.10/- each fully paid shares were allotted by way of conversion of FCCB at a premium of Rs.368.3453		
	<u>1,010.48</u>	<u>1,010.48</u>
<b>SCHEDULE NO : 2</b>		
<b>RESERVES AND SURPLUS</b>		
Securities Premium Account		
At the Commencement of the Year	4,154.51	3,982.77
Add : Additions for the year on account of FCCB conversion	—	385.88
Less : FCCB Issue Expenses	—	214.14
	<u>4,154.51</u>	<u>4,154.51</u>
General Reserve		
At the Commencement of the Year	5,500.00	4,775.00
Add: Transfer from Debenture Redemption Reserve	—	125.00
Add : Transfer from Profit and Loss A/c.	600.00	600.00
	<u>6,100.00</u>	<u>5,500.00</u>
Debenture Redemption Reserve	—	125.00
Less : Transfer to General Reserve (Excess)	—	(125.00)
	<u>—</u>	<u>—</u>
Profit and Loss Account Balance	10,310.46	7,251.73
	<u>20,564.97</u>	<u>16,906.24</u>
<b>SCHEDULE NO : 3</b>		
<b>SECURED LOANS</b>		
I] From Banks		
A) Term Loans		
i) Equipment Loans	3,471.89	4,252.65
(Refer Note 2(a) of II of Sch.18)		
ii) Vehicle Loans	58.47	49.78
(Refer Note 2(c) of II of Sch.18)		
iii) Deferred Payment Guarantees	—	2.14
[Project Specific Term Loan secured by exclusive charge on the equipment financed by the Bank]		
B] Working Capital Loan Account	20,063.38	14,158.76
(Refer Note 2(b) of II of Sch.18)		
II] From Others		
Equipment And Vehicle Loans	1,205.33	1,220.51
(Refer Note 2 of II of Sch.18)		
	<u>24,799.07</u>	<u>19,683.84</u>
<b>SCHEDULE NO : 4</b>		
<b>UNSECURED LOANS</b>		
Short Term Loans from Banks	1,500.00	1,557.05
[Against Personal Guarantees of the Promoter Directors]		
Foreign Currency Convertible Bonds (FCCB)	9,776.88	9,776.88
(Refer Note 3 & Note 12 of II of Sch.18)		
	<u>11,276.88</u>	<u>11,333.93</u>



## SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE NO : 5

FIXED ASSETS

(Rs.in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2008	Additions during the year	Deletions during the year	As at 31/03/2009	Up to 31/03/2008	For the year	On deletion for the year	Up to 31/03/2009	As on 31/03/2009	As on 31/03/2008
Land	11.73	—	—	11.73	—	—	—	—	11.73	11.73
Plant & Machinery	15,576.53	1,517.36	—	17,093.89	3,728.56	791.46	—	4,520.02	12,573.87	11,847.97
Vehicles	1,031.60	76.23	—	1,107.83	438.14	101.27	—	539.41	568.42	593.46
Earth Moving Machinery	8,800.98	123.44	—	8,924.42	5,150.95	1,008.78	—	6,159.73	2,764.69	3,650.03
Office Sheds	76.01	—	—	76.01	22.42	53.58	—	76.00	0.01	53.59
Furniture & Fixtures	230.83	33.81	—	264.64	101.46	15.04	—	116.50	148.14	129.37
Capital Work in Progress	1.68	—	1.68	—	—	—	—	—	—	1.68
<b>TOTAL :</b>	<b>25,729.36</b>	<b>1,750.84</b>	<b>1.68</b>	<b>27,478.52</b>	<b>9,441.53</b>	<b>1,970.13</b>	<b>—</b>	<b>11,411.66</b>	<b>16,066.86</b>	<b>16,287.83</b>
<b>Previous Year</b>	<b>20,698.48</b>	<b>5,091.06</b>	<b>60.18</b>	<b>25,729.36</b>	<b>7,839.99</b>	<b>1,638.98</b>	<b>37.44</b>	<b>9,441.53</b>	<b>16,287.83</b>	<b>12,858.49</b>

**SCHEDULES FORMING PART OF BALANCE SHEET**

PARTICULARS	AS AT		AS AT	
	31st MARCH 2009		31st MARCH 2008	
	Rs.in Lacs		Rs.in Lacs	
<b>SCHEDULE NO : 6</b>				
<b>INVESTMENTS</b>				
(Refer Note 4 of II of Sch.18)				
<b>Shares in Companies :</b>				
<b>A) Trade Investments</b>				
<i>Long Term - Unquoted Shares - Subsidiary Companies</i>				
Equity shares of Rs.10/- each, fully paid ,in Gayatri Jhansi Roadways Limited (GJRL)	—		16268000	1,626.80
Equity shares of Rs.10/- each, fully paid, in Gayatri Lalitpur Roadways Limited (GLRL)	—		12200000	1,220.00
Equity shares of Rs.10/- each, fully paid, in Gayatri Infra Ventures Ltd (GIVL)	1250000	12,532.38	50000	5.00
Equity shares of Rs.10/- each, fully paid, in Gayatri Energy Ventures Pvt.Ltd.	50000	5.00	—	—
<i>Long Term-Unquoted Shares-Associate Companies</i>				
Equity shares of Rs.10/- each, fully paid at Rs.90/- premium in Western UP Tollway Ltd (WUPTL)	—		3278000	3,278.00
Equity shares of Rs.10/- each, fully paid in Hyderabad Expressways Limited (HEL)	—		990000	99.00
Equity shares of Rs.10/- each, fully paid in Cyberabad Expressways Limited (CEL)	—		990000	99.00
Equity shares of Rs.10/- each, fully paid in Gayatri Thermal Power Corporation Ltd.	24500	2.45	24500	2.45
<b>B) Other Investments</b>				
<i>Long Term - Quoted Shares</i>				
Equity Shares of Rs10/- each fully paid in Gayatri Sugars Ltd	2931000	293.10	2931000	293.10
Equity Shares of Rs10/- each fully paid in Syndicate Bank Ltd	1728	0.86	1728	0.86
		<u>12,833.79</u>		<u>6,624.21</u>
Aggregate amount of Quoted Investments		293.96		293.96
Aggregate amount of Unquoted Investments		12,539.83		6,330.25
Aggregate Market value of Quoted Investments		108.69		214.38
<b>SCHEDULE NO : 7</b>				
<b>INVENTORIES</b>				
- Construction Materials, stocks and spares at cost		3,830.33		2,808.54
- Closing Work-in-progress		2,213.15		1,047.42
(As certified by Management)		<u>6,043.48</u>		<u>3,855.96</u>
<b>SCHEDULE NO : 8</b>				
<b>SUNDRY DEBTORS (Un-secured)</b>				
Over Six Months Considered Good		2,002.70		1,502.55
Others, Considered Good		20,388.48		15,296.13
		<u>22,391.18</u>		<u>16,798.68</u>
<b>SCHEDULE NO : 9</b>				
<b>CASH AND BANK BALANCES</b>				
Cash on Hand		93.41		349.05
Bank Balances:				
In Current Accounts				
With Scheduled Banks		1,957.49		1,529.80
In Deposit Accounts				
With Scheduled Banks				
Margin Money (Bank Guarantees/LCs)		3,227.32		5,307.98
Fixed Deposits		486.30		325.22
Interest Accrued on Deposits		111.95		48.09
		<u>5,876.47</u>		<u>7,560.14</u>

**SCHEDULES FORMING PART OF BALANCE SHEET**

PARTICULARS	AS AT 31st MARCH 2009 Rs.in Lacs	AS AT 31st MARCH 2008 Rs.in Lacs
<b>SCHEDULE NO : 10</b>		
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured considered good)</b>		
Advances to Associates	7,179.34	7,359.54
Advances to Suppliers, Sub-contractors and Others	16,544.21	7,401.69
Advances receivable in cash or kind or value to be received	43.61	1,852.00
Advance towards Share Application Money	3,126.67	6,156.58
Prepaid Expenses	605.48	731.58
Deposits with Govt. Agencies and Others	149.42	206.82
	<b>27,648.73</b>	<b>23,708.21</b>
<b>SCHEDULE NO : 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a) Current Liabilities</b>		
Sundry Creditors	11,232.21	8,455.97
Advances received from Contractee – Clients	18,359.99	14,193.20
Other liabilities	554.15	344.77
	<b>30,146.35</b>	<b>22,993.94</b>
<b>b) Provisions</b>		
Taxation	625.84	673.43
Proposed Dividend	404.19	252.62
Dividend Tax	68.69	42.93
Employee Benefits	105.77	69.96
	<b>1,204.49</b>	<b>1,038.94</b>
	<b>31,350.84</b>	<b>24,032.88</b>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT**

PARTICULARS	Year Ended 31st MARCH 2009 Rs.in Lacs	Year Ended 31st MARCH 2008 Rs.in Lacs
<b>SCHEDULE NO : 12</b>		
<b>OTHER INCOME</b>		
Interest Income (TDS Rs.60.33 lacs, Prev.yr Rs.43.69 lacs)	310.18	250.95
Commission Income	129.27	106.75
Miscellaneous Income	201.45	186.81
	<b>640.90</b>	<b>544.51</b>
<b>SCHEDULE NO : 13</b>		
<b>WORK EXPENDITURE</b>		
Steel	7,508.60	3,642.41
Cement	2,436.17	1,561.42
Bitumen	6,653.12	2,662.02
Metal	2,241.97	2,720.58
Sand & Gravel	1,235.84	914.41
HSD Oils and Lubricants	3,837.67	2,676.36
Stores and Consumables	204.64	56.57
Other Materials	1,265.37	222.69
Departmental Recoveries	1,213.47	802.18
Work executed by sub contractors	34,292.82	28,722.74
Earth Work	10,451.29	7,003.02
Concrete Work	3,921.81	3,572.19
Transport Charges	1,341.66	576.68
Hire Charges	377.19	225.46
Road work	5,569.92	2,919.20
Repairs and Maintenance	1,037.53	565.66
Works Contract Tax / VAT	1,211.75	942.30
Royalties, Seigniorage and Cess	751.43	368.67
Insurance	100.64	79.07
Other Work Expenditure	838.18	607.05
	<b>86,491.07</b>	<b>60,840.68</b>

## SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

PARTICULARS	Year Ended 31st MARCH 2009 Rs.in Lacs	Year Ended 31st MARCH 2008 Rs.in Lacs
<b>SCHEDULE NO : 14</b>		
<b>INCREASE/DECREASE IN W.I.P.</b>		
Opening Work in Progress	1,047.42	1,470.82
Less : Closing Work in Progress	2,213.15	1,047.42
	<u>(1,165.73)</u>	<u>423.40</u>
<b>SCHEDULE NO : 15</b>		
<b>EMPLOYEE'S REMUNERATION &amp; BENEFITS</b>		
Salaries	1,634.46	1,304.30
Contribution to Provident Fund	18.85	12.28
Other Employee Benefits	260.67	112.28
Directors' Remuneration	156.00	116.00
	<u>2,069.98</u>	<u>1,544.86</u>
<b>SCHEDULE NO : 16</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Printing and Stationery	54.10	44.92
Telephones	78.97	58.87
Traveling and Conveyance	268.30	185.78
Advertisement Expenses	50.59	47.32
General Expenses	85.25	52.60
Consultancy Fee	209.27	688.05
Donations	202.13	177.41
Rent	166.56	122.07
Power and fuel	61.28	32.13
Rates and Taxes	290.68	164.05
Tender Expenses	31.03	30.07
Insurance	23.56	15.78
Auditors Remuneration	15.00	15.00
Other Administration Expenses	169.01	210.33
	<u>1,705.73</u>	<u>1,844.38</u>
<b>SCHEDULE NO : 17</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
a) Interest on:		
Working Capital Loans	2,168.98	1,580.99
Term Loans	685.73	819.72
Mobilisation Advance	88.87	52.06
Equipment Loans	251.62	307.96
Vehicle Loans	36.01	12.56
Others	33.31	22.96
	<u>3,264.52</u>	<u>2,796.25</u>
b) Financial Charges		
Commission on - Bank Guarantees	246.03	340.84
- Letters of Credit	7.42	51.36
	<u>253.45</u>	<u>392.20</u>
c) Bank Charges	167.60	181.22
	<u>3,685.57</u>	<u>3,369.67</u>

**SCHEDULE NO: 18:****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

(Forming part of accounts as at and for the year ended 31<sup>st</sup> March, 2009)

**I. SIGNIFICANT ACCOUNTING POLICIES****1. Basis for preparation of financial statements**

The financial statements have been prepared to comply in all respects with Accounting Standards notified under Companies (Accounting Standards) Rules 2006 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 applicable notified Accounting Standards and the accounting policies have been consistently applied by the Company.

**2. Use of estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon management best knowledge of current events and actions, actual results could differ from the estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

**3. Revenue recognition**

- i) Income is recognized on fixed price construction contracts in accordance with the percentage completion basis, which necessarily involve technical estimates of the percentage of completion, and costs to completion, of each contract / activity, on the basis of which profits and losses are accounted. Such estimates, made by the Company and certified to the Auditors have been relied upon by them, as these are of technical nature.
- ii) The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.
- iii) Price escalation and other claims and/or variation in the contract work are included in contract revenue only when:
  - a) Negotiations have reached at an advanced stage such that it is probable that customer will accept the claim; and
  - b) The amount that is probable will be accepted by the customer can be measured reliably.
- iv) Incentive payments, as per customer-specified performance standards, are included in contract revenue only when:
  - a) The contract is sufficiently advanced that it is probable that the specified performance standards will be met; and
  - b) The amount of the incentive payment can be measured reliably.
- v) Insurance claims are accounted for on cash basis.

**4. Revenue receipts on Joint Venture Contracts**

- a) In work sharing Joint Venture arrangements, revenues, expenses, assets and liabilities are accounted for in the Company's books to the extent work is executed by the Company.
- b) In jointly controlled entities, the share of profits or losses are accounted as and when dividend/ share of profit or loss are declared by the entities.

**5. Inventories and work in progress**

Raw Materials, construction materials and stores & spares are valued at weighted average cost. Expenditure incurred during the work in progress of contracts up to the stage of completion is carried forward as work-in-progress. Cost includes direct material, work expenditure, labour cost and appropriate overheads.

**6. Fixed assets and Depreciation**

- i) Fixed Assets are stated at cost of acquisition, less accumulated depreciation thereon. Expenditure which are capital in nature are capitalized at cost, which comprises of purchase price (net of rebates and discounts), import duties, levies, financing costs and all other expenditure directly attributable to bringing the asset to its working condition for its intended use. Capital Work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.
- ii) Depreciation is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Leasehold improvements are amortized over the period of lease.

**7. Foreign Currency Transactions**

Foreign exchange transactions are accounted at the rates prevailing on the date of transactions. Monetary assets and current liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account.

**8. Investments**

Investments are classified as long term and current investments. Long Term Investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value. Dividend income is accounted when the right to receive dividend is established.

**9. Employee Benefits**

Liability for employee benefits, both short and long term, for present and past service which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits" issued by the Companies (Accounting Standard) Rules, 2006.

**i) Gratuity**

In accordance with the Payment of Gratuity Act, 1972 the Company provides for Gratuity covering eligible employees. The liability on account of Gratuity is provided on the basis of valuation of the liability by an independent actuary as at the year end.

**ii) Provident Fund**

In accordance with applicable local laws, eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan to which both the employee and employer contributes monthly at a determined rate (currently up to 12% of an employee's salary). These contributions are either made to the respective Regional Provident Fund Commissioner, or the Central Provident Fund under the State Pension Scheme, and are expenses as incurred.

**iii) Compensated Absences**

Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end.

**10. Deferred Revenue Expenditure**

Projects and Other amenities expenditure incurred upto March 31, 2009, the benefit of which is spread over more than one year is grouped under Prepaid Expenditure and is amortized over the period in which benefits would be derived.

**11. 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.

**12. Leases**

Assets taken on finance lease are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Operating leases in respect of office & other equipment, house for employees, Office buildings are cancelable / renewable by mutual consent on agreed terms. Lease payments under an operating lease are recognized as an expense in the Profit and Loss Account.

### **13. Earnings per Share (EPS)**

In arriving at the EPS, the Company's net profit after tax, computed in terms of the Indian GAAP, is divided by the weighted average number of equity shares outstanding on the last day of the reporting period. The EPS thus arrived at is known as 'Basic EPS'. To arrive at the diluted EPS the net profit after tax, referred above, is divided by the weighted average number of equity shares, as computed above and the weighted average number of equity share that could have been issued on conversion of shares having potential dilutive effect subject to the terms of issue of those potential shares. The date/s of issue of such potential shares determine the amount of the weighted average number potential equity shares.

### **14. Taxation**

#### **i) Current Tax**

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and provisions of Income Tax Act, 1961.

#### **ii) Deferred Taxes**

Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

### **15. Impairment of Fixed Assets**

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

### **16. Provisions for Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are present obligations arising from a past event, when it is not probable / probability is remote that an outflow of resources will be required to settle the obligation and they are not recognized but are disclosed in the notes.

Contingent Assets are neither recognized nor disclosed in the financial statements. Provisions for Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

## **II. NOTES TO ACCOUNTS**

**I.** All amounts in the financial statements are presented in Rupees in Lacs except per share data and as otherwise stated. Figures in brackets represent corresponding previous year figures in respect of Profit & Loss items and in respect of Balance Sheet items as on the Balance Sheet date of the previous year. Figures for the previous year have been regrouped / rearranged wherever considered necessary to conform to the figures presented in the current year.

### **2. Loan Funds:**

#### **Secured Loans:**

##### **a) Term Loan:**

Term Loans availed from banks and others are secured by hypothecation of specific assets, comprising plant and machinery, and construction equipment, acquired out of the said loans and personal guarantees of a Director.

##### **b) Working Capital Facilities:**

Fund based and non-fund based working capital facilities from the consortium of Banks are secured by:

- i) Hypothecation against first charge on stocks, books debts and other current assets of the Company both present and future ranking *pari passu* with consortium banks.
  - ii) Hypothecation against first charge on all unencumbered fixed assets of the Company both present and future ranking *pari passu* with consortium banks.
  - iii) Equitable mortgage of fourteen properties belonging to Promoters, Directors, group companies.
  - iv) Personal guarantee of promoter Directors, group companies/firms and relatives.
- c) Vehicle loans availed are secured by hypothecation of vehicles acquired out of the said loans.

**3. Unsecured Loans:**

**FCCB BONDS:**

The Company has issued JPY 296,00,00,000 Zero Coupon, Direct, Unsubordinated and Unsecured Foreign Currency Convertible Bonds of JPY 1,00,00,000 each due in the year 2012 equivalent to Rs.9776.88 Lacs.

**4. Investments:**

**i) Gayatri Sugars Ltd**

Market value of the investment in Gayatri Sugars Limited as at 31<sup>st</sup> March 2009 is Rs. 107.86 Lacs which is lesser than the carrying amount in the Balance Sheet by Rs. 185.24 Lacs. In the opinion of the Management, the diminution in the value of investment is purely temporary in nature hence provision for the same is not provided for in the books.

**ii) Gayatri Infra Ventures Limited**

The Investments in WUPTL, GJRL, GLRL, HEL and CEL amounting to Rs.12527.38 Lacs have been transferred to the Company's subsidiary M/s.Gayatri Infra Ventures Limited who has allotted 12.00 Lacs Equity Shares of Rs.10/- each fully paid-up at a premium of Rs.1033.9484 per equity share amounting to Rs.12527.38 Lacs. The concerned authorities have imposed certain conditions while permitting the transfer of investments to GIVL and hence some of these shares are still held in the Company's name.

**iii) Gayatri Energy Ventures Private Limited (GEVL)**

During the current year the Company has invested Rs 3130.67 Lacs in wholly owned subsidiary company Gayatri Energy Ventures Ltd. The 50,000 equity shares of Rs 10/- allotted by GEVL is reflected in the investment schedule and the balance share application money pending allotment is reflected in Loan and Advances schedule.

**5. Contingent Liabilities not provided for**

**Rs.in Lacs**

S.No	Particulars	2008-09	2007-08
1	Guarantees given by Banks towards performance & contractual commitments		
	a) Issued on behalf of Company	<b>27771.45</b>	14163.22
	b) Guarantees given to Related Parties	<b>43457.96</b>	39780.60
	c) Letter of Credit	—	847.77
2	Corporate guarantees given to/taken from Group companies	<b>16696.00</b>	16405.00
3	Disputed Liability of Sales Tax, Service Tax and Seigniorage Charges	<b>1643.99</b>	1174.25
4	Commitment towards investment in companies (net of advances)	<b>N.A</b>	10222.20



**6. Deferred Tax**

Deferred Tax Liability as at March 31, 2009 comprises of the following:

(Rs. in Lacs)

		31.03.2009	31.03.2008
<b>A)</b>	<b>Deferred Tax Assets on timing differences due to :</b>		
	Provision for Gratuity and Leave Encashment	2.44	1.92
<b>B)</b>	<b>Deferred Tax Liabilities on timing differences due to:</b>		
	Depreciation	1860.71	1869.58
	<b>Net Deferred Tax Liability (B-A)</b>	<b>1858.27</b>	1867.66

**7. Particulars of Loans and Advances in the nature of loans as required by clause 32 of the Listing Agreement.**

(Rs.in Lacs)

Name of the Company	Relationship	Balances as on		Maximum outstanding	
		31.03.2009	31.03.2008	2008-09	2007-08
Gayatri Infra Ventures Limited	Subsidiary	1.95	0.27	99.84	1.58
Gayatri Jhansi Roadways Limited	Subsidiary	50.18	1491.29	58.28	1438.20
Gayatri Lalitpur Roadways Limited	Subsidiary	—	1080.00	—	1235.02
Thermal Powertech Corporation (India) Ltd	Associates	—	27.82	—	27.82
Amaravati Thermal Power Pvt. Ltd	Associates	—	48.85	—	48.85
IJM Gayatri Joint Venture	Joint Venture	5773.10	5703.25	5773.10	5703.25
Gayatri ECI Joint Venture	Joint Venture	1962.34	2227.50	2228.61	2227.50

**8. Impairment of Assets**

In the opinion of the management, there are no impaired assets requiring provision for impairment loss as per the accounting standard 28 on Impairment of assets. The recoverable amount of building, plant and machinery and computers has been determined on the basis of 'Value in use' method.

**9. Joint Venture Losses not considered****a) IJM-Gayatri Joint Venture**

The IJM – Gayatri Joint Venture is a joint venture in which IJM Corporation Berhad, Malaysia holds 60% and Gayatri Projects Limited holds 40% share. The joint venture has executed road works in Package I, II & III and AP 13 of NHAI, APSH 7 and APSH 8 in the State of Andhra Pradesh. The joint venture incurred excess of expenditure over income amounting to Rs 134.45 crores (including Rs 3.07 crores during year 2008-09) due to several contractual failures on part of the employer.

The JV has raised claims in excess of Rs.306 Crores on the National Highways Authority of India and Andhra Pradesh State Government, which are pending for consideration before the appropriate authorities. The Management is reasonably confident of recovery of these claims. The management has also obtained independent legal opinion from eminent counsel in this regard who have opined on the recoverability of the claims. The awards of claims are in advance stage and joint venture is confident of winning awards of major amount claims.

In view of this, the share of the losses of GPL (40%) in the joint venture is not provided in the books of the Company. In the unlikely situation of not awarding the entire amount of claims, the GPL has to providers an amount of Rs 53.78 crores towards its share of 40% in the IJM-Gayatri Joint Venture.

**b) Gayatri – ECI JV**

Gayatri-ECI JV, a joint venture between ECI Engineering & Construction Company Limited and Gayatri Projects Limited with a sharing ratio of 50:50 each. The joint venture is executing road projects in Assam, namely AS-10, AS-11 and AS-27 awarded by NHAI.

The joint venture due to extraneous and law and order problems in the State could achieve only 5% of progress till now. Therefore the joint venture has incurred fixed expenditure on maintenance of staff and machinery and incurred excess cost of Rs 29.63 crore (including Rs 16.29 crores during the year 2008-09). The Management is of the opinion that substantial portion of the work is yet to be commenced and the major portion of the project site is yet to be handed over to the JV, the initial expenditure/losses incurred can be setoff from the profits of the project on full scale commencement. Hence, the losses in the joint venture are not considered by the parent company.

**c) Other Joint ventures**

Profit / (Loss) of all other joint ventures, other than the above, are recognized in the books.

**10. Employee's Benefits:**

i) The summarized position of Post-employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard – 15 (Revised) issued by the Institute of Chartered Accountants of India are as under:-

**ii) (a) Changes in the Benefit Obligations:**

(Rs.in Lacs)

Particulars	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
Present Value of Obligation as at the beginning of the year	93.14	58.66	5.42	3.02
Interest Cost	7.45	4.69	0.43	0.24
Current Service Cost	0.81	10.28	1.34	0.71
Benefits Paid	(4.62)	(1.17)	(0.22)	—
Actuarial loss / (gain) on Obligations	(0.93)	20.68	2.93	1.45
Present Value of Obligation at year end	95.85	93.14	9.90	5.42

**(b) Amount recognized in Balance Sheet:**

(Rs.in Lacs)

Particulars	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
Estimated Present Value of obligations as at the end of the year	95.86	93.14	9.91	5.42
Fair value of Plan Assets as at the end of the year	—	—	—	—
Net Liability recognized in Balance Sheet	95.86	93.14	9.91	5.42

**(c) Expenses Recognized in Profit & Loss:**

(Rs.in Lacs)

Particulars	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
Current Service Cost	<b>0.81</b>	10.28	<b>1.34</b>	—
Interest Cost	<b>7.45</b>	4.69	<b>0.43</b>	—
Expected return on Plan Asset	—	—	—	—
Net Actuarial (Gain)/Loss recognized in the year	<b>22.26</b>	(7.80)	<b>8.14</b>	—
Total expenses recognized in Profit & Loss Account	<b>30.52</b>	7.17	<b>9.91</b>	—

**(d) Principal Actuarial Assumption:**

(Rs.in Lacs)

Particulars	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
Discount Rate	<b>8%</b>	8%	<b>8%</b>	8%
Salary Escalation Rate	<b>4%</b>	4%	<b>4%</b>	4%
Mortality	<b>LIC (1994-96)</b>	LIC (1994-96)	<b>LIC (1994-96)</b>	LIC (1994-96)
Attrition Rate	<b>1%</b>	1%	<b>1%</b>	1%

(e) The entire present value of funded obligation at the year end is unfunded and hence, fair value of assets is not furnished.

**II. Related party transactions as per Accounting Standard 18**

Details of related parties:

Associated Companies		Key Management Personnel	Joint Ventures
Deep Corporation Pvt. Ltd	GSR Sugars Pvt.Ltd	Mr. T.V. Sandeep Kumar Reddy	RNS Gayatri Joint Venture
Indira Constructions Pvt. Ltd	Gayatri Hotels & Theaters Pvt. Ltd	Mr. J.Brij Mohan Reddy	GPL-Brahmaputra Conso. Ltd JV
Gayatri Tissue & Papers Ltd	Gayatri Thermal Power Corporation Ltd	<b>Subsidiary Companies</b>	Gayatri - GDC Joint Venture
Gayatri Sugars Ltd	Gayatri Jhansi Roadways Ltd	Gayatri Energy Ventures Pvt.Ltd	Gayatri – BCBPPL Joint Venture
Hyderabad Expressway Ltd	Gayatri Hi-Tech Hotels Ltd	Gayatri Infraventures Ltd	Jaiprakash Gayatri JV
Cyberabad Expressway Ltd	<b>Associated Concerns</b>	<b>Joint Ventures</b>	Gayatri ECI Joint Venture
Western UP Toll way Ltd	TSR Foundation	Gayatri RNS Joint Venture	Gayatri – Ratna Joint Venture
Gayatri Housing Ventures Pvt. Ltd	Dr.T.Subbarami Reddy (HUF)	IJM Gayatri Joint Ventures	MEIL-GAYATRI-ZVS-ITT Consortium
Gayatri Lalitpur Roadways Ltd	Gayatri Lalitpur Roadways Ltd	Gayatri Ranjit Joint Venture	Simplex Gayatri Consortium

No.	Description	2008-2009				2007-2008			
		Subsidiary Companies	Associate Entities	Joint ventures	KMP	Subsidiary Companies	Associate Companies	Joint ventures	KMP
1	Equity contribution	12527.38	5.00			2851.50	3478.55	—	—
2	Contract Receipts	12212.47	22994.74	23484.33		22301.35	16065.04	14020.18	—
3	Contract payments	420.52	33.60			—	2936.40	—	—
4	Office Rent & Maintenance		17.79			—	8.93	—	—
5	Other Payments	42.50	203.42	129.27		—	12.00	106.75	—
6	Donations		133.63			—	149.88	—	—
7	Remuneration Paid	—	—	—	156.00	—	—	—	16.00
8	Contract Advances/ Other Adv.	3191.38	7341.24	7774.69		—	921.63	4087.64	—
9	Corporate Guarantees	4400.00	12296.00			4400.00	12005.00	—	—
10	Closing balances – Debit	1099.92	6184.03	18346.34	—	2568.64	4927.14	5689.09	47.67
11	Closing balances – Credit	3127.72	6177.07	12967.43	24.31	—	1015.40	8420.39	—

## 12. Derivative Instruments

The year end foreign exposures that have not been hedged by a derivate instrument or otherwise are given below:

Particulars	JPY	INR	JPY	INR
	Equivalent (Lacs) 2008-09	Equivalent (Lacs) 2008-09	Equivalent (Lacs) 2007-08	Equivalent (Lacs) 2007-08
Amount payable in foreign currency: Foreign Currency Convertible Bonds	<b>29600.00</b>	<b>9776.88</b>	29600.00	9776.88

JPY denotes Japanese Yen

## 13. Segment Reporting

The Company's operations predominantly consist of construction / project activities. Hence there are no reportable segments under Accounting Standard – 17. During the year under report of the Company's business has been carried out only in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

## 14. Leases

Disclosure under Accounting Standard – 19 "Leases", issued by the Institute of chartered Accountants of India. The Company has taken various residential/godowns/offices premises (including Furniture and Fittings if any) under lease and license agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in Profit and Loss Account under Rent, Rates and Taxes.

The Company has taken vehicles on financial lease from banks / Financial Institutions. The details of contractual payments under the agreement are as follows:

(Rs.in Lacs)

Due	Minimum Lease Payments	Interest	Principal
Less than one year	7.02	2.62	4.40
Between one and five years	47.81	9.67	38.14
More than five years	—	—	—

**15. Earning Per Share (EPS)**

Basic Earning per share calculated as per Accounting Standard 20 on Earning per share. For the purpose of computing

Particulars	2008-09	2007-08
Profit After Tax for calculation of Basic EPS (Rs.in Lacs)	<b>4131.61</b>	3930.08
Profit After Tax for calculation of Diluted EPS (Rs.in Lacs)	<b>4131.61</b>	3930.08
Weighted average No. of equity shares as denominator for calculating Basic EPS. (No. in Lacs)	<b>101.05</b>	100.61
Add : Adjustment for FCCB		
Weighted average No. of equity shares as denominator for calculating Diluted EPS. (No. in Lacs)	<b>126.88</b>	115.62
Basic EPS (Rs.)	<b>40.89</b>	39.06
Diluted EPS (Rs.)	<b>32.56</b>	33.99

**16. Consolidated Financial Statements**

As per the listing agreement entered with the Stock Exchanges, accounting standards notified by Government and provisions of Sec 212 of the Companies Act, 1956, Audited financial statements of the Subsidiaries, Associate Companies and Joint ventures for the year 2008-09 were consolidated and annexed.

The Company has applied for approval from Central Government under section 212(8) of the Companies Act, 1956 for not attaching the annual reports of subsidiary companies.

The Company's interest in Subsidiaries, Associates and Jointly Controlled Entities as on March 31, 2009 and its proportionate share in the Assets, Liabilities, Income and Expenditure of the entities consolidated as on that date are given below:

Sl. No.	Name of the Entity	Nature of the entity	% of Holding	Country of Incorporation
1	Gayatri Energy Ventures Limited	Wholly owned Subsidiary	100	India
2	Gayatri Infraventures Limited	Subsidiary	70.42	India
3	IJM Gayatri Joint Ventures	Joint venture	40	India
4	Jaiprakash Gayatri Joint Venture	Joint venture	49	India
5	Gayatri ECI Joint Venture	Joint venture	50	India
6	Simplex Gayatri Consortium	Joint venture	30	India
7	Gayatri – RCC Joint Venture	Joint venture	60	India
8	Gayatri – GDC Joint Venture	Joint Venture	70	India
9	Gayatri – BCBPPL Joint Venture	Joint Venture	60	India
10	Gayatri – RNS Joint Venture	Joint Venture	60	India

**17. Managerial Remuneration:**

Managerial Remuneration paid during the year:

(Rs.in Lacs)

Particulars	2008-09	2007-08
Salaries	156.00	116.00
Perquisites	Nil	Nil
Commission	Nil	Nil
Sub-total	156.00	116.00
Sitting Fee	1.73	0.62
Contribution to Provident Fund & Superannuation Fund	—	—
<b>Total</b>	<b>157.73</b>	<b>116.62</b>

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956

(Rs.in Lacs)

Particulars	2008-09	2007-08
Profit Before Taxation	6343.62	6118.18
Add : Managerial Remuneration	156.00	116.00
Provisional for Doubtful Debts / Advances Loss on Sale of Fixed Assets / Written off Assets		
	6499.62	6234.18
Less : Profit on Sales of Shares		
Profit on Sale of Assets	—	8.74
Profit on Sale of Land		
Adjustment / Bad debts written off against the provision created earlier		
<b>Profit for the year as per Section 349</b>	<b>6499.62</b>	<b>6242.92</b>
<b>Maximum Commission / Remuneration payable under Section 309 @ 10%</b>	<b>649.96</b>	<b>624.29</b>
<b>Actual Remuneration taken (Incl. Perks)</b>	<b>156.00</b>	<b>116.00</b>

**18. Dues to Micro and Small Enterprises:**

On the basis of information available with the Company, there are no dues outstanding for more than 30 days to Small Scale Industrial Undertaking (SSI). The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

**19. The unpaid dividend includes Rs. 0.86 Lacs (Previous year – Rs 0.53 Lacs) to be transferred to the Investor Education & Protection Fund.**

**20.** Information as per para 4B of part II of Sch. VI of the Companies Act – Remuneration to Auditors.

(Rs. in Lacs)

S.No.	Particulars	2008-09	2007-08
1.	Statutory Audit	10.00	10.00
2.	Tax Audit	2.00	2.00
3.	Other Services	3.00	3.00
	<b>Total</b>	<b>15.00</b>	15.00

Note : Fee mentioned above does not include service tax and education cess thereon.

**21.** Disclosure pertaining to Accounting Standard -29 is as below.

Account Head	Opening Balance	Provisions made during the year	Paid/Utilized during the year	Closing Balance
Gratuity	69.96	30.52	4.62	95.86
Leave Encashment	—	10.12	0.21	9.91
Taxation	673.43	2191.08	2238.67	625.84
Proposed Dividend & Dividend Tax	295.55		295.55	

**22.** Disclosure pursuant to Accounting Standard – 7 “Construction Contracts”

(Rs.in Lacs)

SI No	Particulars	2008-09	2007-08
1.	Contract revenue recognized for the year ended	100,459.47	75,235.64
2.	Contract cost incurred and recognized profits, less losses	96299.38	71126.97
3.	Amount of advances received till date, net of recoveries	18,359.99	14,193.20
4.	Gross amount due from customers for contract works	22,391.18	16,798.68

**23.** Since the principal business of the Company is construction activities, quantitative data as required by Part II Para ii, 4c, 4d of Schedule VI to the Companies Act, 1956 is not furnished.

**24.** Information as per para 4D of part II of Sch. VI of the Companies Act

**i)** CIF value of Imports

(Rs. in Lacs)

SI No	Particulars	2008-09	2007-08
1.	Purchase of Capital Goods	601.91	244.36

**ii)** Expenditure / (Income) in Foreign Currency:

(Rs. in Lacs)

SI No	Particulars	2008-09	2007-08
1.	Traveling Expenses	14.82	4.80
2.	FCCB Expenses	2.20	215.30
3.	Fee for Singapore Stock Exchange	0.37	NIL

## iii) Details of major raw materials consumption

(Rs.in Lacs)

Particulars	2008-09		2007-08	
	Value	%	Value	%
Indigenous	<b>22,677.53</b>	<b>100</b>	13,262.79	100
Imported	—	—	—	—
<b>Total :</b>	<b>22,677.53</b>	<b>100</b>	<b>13,262.79</b>	<b>100</b>

25. Previous year figures have been regrouped and re-casted wherever necessary.

26. All amounts are rounded off to nearest thousand.

27. Schedule I to 18 form an integral part of accounts

**As per our report of even date attached**

**For and on behalf of the Board**

**For C.B.MOULI & ASSOCIATES**  
Chartered Accountants

**MANI OOMMEN**  
Partner

**T. INDIRA**  
Chairperson

**T.V.SANDEEP KUMAR REDDY**  
Managing Director

**P.SREEDHAR BABU**  
Chief Finance Officer

**I.V.LAKSHMI**  
Company Secretary

Place: Hyderabad  
Date: 24<sup>th</sup> June 2009



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration details**

Registration No.

0 5 7 2 8 9

State Code

0 1

Balance Sheet Date

3 1 0 3 2 0 0 9

Date Month Year

**II. Capital Raised during the year (Amount Rs. in lacs)**

Public Issue

Nil

Rights issue

Nil

Bonus Issue

Nil

Private placement

Nil

**III. Position of Mobilisation and Deployment of Funds (Amount Rs. in lacs)**

Total Liabilities

5 9 5 1 0

Total Assets

5 9 5 1 0

**SOURCES OF FUNDS**

Paid-up Capital

1 0 1 0

Reserves & Surplus

2 0 5 6 5

Secured Loans

2 4 7 9 9

Unsecured Loans

1 1 2 7 7

**APPLICATION OF FUNDS**

Net Fixed Assets

1 6 0 6 7

Investments

1 2 8 3 4

Net Current Assets

3 0 6 0 9

Misc. Expenditure

Nil

Accumulated Losses

Nil

**IV. Performance of Company (Amount Rs. in lacs)**

Turnover

1 0 1 1 0 0

Total Expenditure

9 4 7 5 7

+ - Profit/Loss Before Tax

+ 6 3 4 4

+ - Profit/Loss After Tax

+ 4 1 6 2

Earning Per Share in Rs.

4 0 . 8 9

Dividend Rate %

4 0

**V. Generic Names of Three Principal Products/Services of Company (As per monetary terms) — Not applicable being Shipping Company**

Item Code No. ( ITC Code )

Not Alloted

Product Description

Construction

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

125, M.G. ROAD, SECUNDERABAD – 500 003. Tel. 27840777, Fax. 27848545

**AUDITORS' REPORT**

To  
The Members of **THERMAL POWERTECH CORPORATION INDIA LIMITED**

1. We have audited the attached Balance Sheet of **THERMAL POWERTECH CORPORATION INDIA LIMITED** as at 31<sup>st</sup> March, 2009 and the Cash Flow Statement for the period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
  - b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes to accounts in Schedule 9 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009;
    - ii) In the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

**For C.B. MOULI & ASSOCIATES**  
Chartered Accountants

**M PREMCHAND**  
Partner

Membership No. 211745

Place: Hyderabad  
Date : 24/06/2009

**ANNEXURE TO THE AUDITORS' REPORT**

**(Referred to in paragraph 3 of our report of even date)**

1. The Company does not possess any Fixed Assets and accordingly, clause 4(i) of this Order relating to Fixed Assets is not applicable to the Company for the current period.
2. As explained to us, there are no inventories in the Company and hence the clause 4(ii) of this Order relating to physical verification of inventory is not applicable to the Company for the current period.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, the Company doesn't possess any fixed assets, inventories and also there are no transactions involving sale of goods and services, Hence the clause 4(iv) of this Order relating to internal control procedures is not applicable to the Company for the current period.
5. In our opinion and according to the information and explanations given to us and based on the representations by the management, there are no contracts or arrangements that need to be entered in the register maintained under section 301 of the act. Accordingly, clause 4(v) of the Order is not applicable to the Company for the current period.
6. The Company has not accepted any deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. In our opinion and according to information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
9. In respect of Statutory dues:
  - a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with the appropriate authorities. Except for Tax Deducted at Source, there are no arrears of statutory dues as at 31<sup>st</sup> March 2009, which are outstanding for a period of more than six months from the date they became payable. The following are the details of tax deducted at source which is outstanding for a period of more than six months from the date they became payable.

STATUTE	NATURE OF DUE	AMOUNT OF DUE
Income Tax Act 1961	Tax Deducted at Source	Rs.13,83,247/-

- b. According to the information and explanations given to us, no disputed amounts are payable in respect of Statutory dues.
10. As the Company has been registered for a period less than five years, clause 4(x) of the Order is not applicable to the Company.
11. The Company has not availed any loan from financial institutions or banks. Hence, clause 4 (xi) of this Order is not applicable.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order, are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order is not applicable to the Company.
15. The Company has not given guarantees for Loans taken by others from Banks or Financial Institutions.
16. The Company has not availed any loan from financial institutions or banks. Hence, clause 4 (xvi) of this Order is not applicable.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money by way of public issue during the period.
21. In our opinion and according to the information and explanations given to us and, on our examination of books and records, no fraud on or by the Company has been noticed or reported during the period.

**For C.B. MOULI & ASSOCIATES**  
Chartered Accountants

**M PREMCHAND**  
Partner  
Membership No. 211745

Place: Hyderabad  
Date : 24/06/2009

**THERMAL POWERTECH CORPORATION INDIA LTD**  
**BALANCE SHEET AS AT 31st MARCH 2009**

Rupees

Particulars	SCH	As at 31.03.2009
<b>I. SOURCES OF FUNDS:</b>		
<b>Shareholders' Funds:</b>		
1. Share Capital	1	500,000
2. Share Application Money		297,206,211
<b>Total:</b>		<b>297,706,211</b>
<b>II. APPLICATION OF FUNDS:</b>		
1. Capital Work in Progress & Advance against Capital Expenditure	2	270,406,143
2. Pre-Operative Expenditure pending Allocation	3	29,447,870
3. Current Assets, Loans and Advances		
Cash and Bank balances	4	513,940
		<b>513,940</b>
Less:		
4. Current Liabilities & Provisions	5	3,109,742
		<b>3,109,742</b>
Net Current Assets : 3 - 4		(2,595,802)
5. Miscellaneous expenditure : (to the extent not written off or adjusted)	6	
Preliminary Expenses		448,000
<b>Total:</b>		<b>297,706,211</b>
<b>Notes to Accounts</b>	<b>7</b>	

Schedules referred to above and notes thereon form an integral part of the accounts

As per our report of even date attached

**For C.B. MOULI & ASSOCIATES**  
Chartered Accountants

**For and on behalf of the Board**

**M. PREMCHAND**  
PARTNER

**T.V. SANDEEP KUMAR REDDY**  
DIRECTOR

**T. INDIRA**  
DIRECTOR

Place: Hyderabad  
Date : 24/06/2009

**THERMAL POWERTECH CORPORATION INDIA LIMITED****CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2009**

PARTICULARS	For the Period ended 31.03.2009
<b>Cash Flow from Operating Activities:</b>	
Net Profit Before Tax	—
Adjustments for:	
<b>Operating Profit before Working Capital Changes</b>	—
Adjustments for:	
(Increase) /Decrease in Loans and Advances	—
Increase /(Decrease) in Current Liabilities	—
<b>Cash Generated from Operations</b>	—
<b>Net Cash flow from Operating Activities ( A )</b>	—
<b>Cash Flow from Investing Activities:</b>	
Purchase of Short Term Investments	—
Capital Work in Progress and Pre-operative Expenditure and Changes in Working Capital	(297,192,271)
<b>Net Cash used in Investing Activities ( B )</b>	<b>(297,192,271)</b>
<b>Cash Flow from Financing Activities:</b>	
Proceeds from Issue of Shares	500,000
Proceeds from Share Application Money	297,206,211
<b>Net Cash used in Financing Activities ( C )</b>	<b>297,706,211</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>513,940</b>
Cash and Cash Equivalents at the beginning of the Period	—
Cash and Cash Equivalents at the close of the Period	<b>513,940</b>

**Note:**

- 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 Flow by Operating, Investing and Financing Activities.
- Figures in brackets represent Cash Outflows.
- Notes on Accounts stated in Schedule 7 form an integral part of the Cash Flow Statement.

As per our report of even date attached

**For C.B. MOULI & ASSOCIATES**  
Chartered Accountants

**For and on behalf of the Board**

**M. PREMCHAND**  
PARTNER

**T.V. SANDEEP KUMAR REDDY**  
DIRECTOR

**T. INDIRA**  
DIRECTOR

Place: Hyderabad  
Date : 24/06/2009

Schedules forming part of the Balance Sheet as at 31st March 2009

PARTICULARS	AS AT 31.03.2009 Rs.	
<b>SCHEDULE 1 : SHARE CAPITAL:</b>		
<b>AUTHORISED SHARE CAPITAL:</b>		
50,00,000 Equity shares of each Rs 10/-		50,000,000
		<u>50,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP SHARE CAPITAL:</b>		
50,000 Equity Shares of Rs. 10/- each fully paid-up Gayatri Energy Ventures Pvt Ltd		500,000
		<u>500,000</u>
<b>SCHEDULE 2 : CAPITAL WORK IN PROGRESS &amp; ADVANCES AGAINST CAPITAL EXPENDITURE</b>		
Advance for Land (APIIC)	264,000,000	
Other Advances for Capital Work in Progress	6,406,143	
		<u>270,406,143</u>
<b>SCHEDULE 3: PRE - OPERATIVE EXPENDITURE PENDING ALLOCATION:</b>		
<b>Legal &amp; Professional Expenses</b>		
Consultancy Fee	16,726,873	
Legal Expenses	600,000	
Retainer Fee	6,721,000	
Upfront Fee	1,123,600	
		<u>25,171,473</u>
<b>Other Administrative Expenses</b>		
Audit Fee	55,150	
Advertisement Expenses	657,397	
Bank Charges	184,147	
Filing Charges	10,307	
Guest House Maintenance	24,000	
Printing & Stationary	23,640	
Project Development Expenses	1,670,718	
Rent	40,000	
Telephone Expenses	9,186	
Travelling Expenses	1,587,448	
Vehicle Hire Charges	10,755	
Vehicle Maintenance	3,649	
		<u>4,276,397</u>
<b>TOTAL</b>		<u><b>29,447,870</b></u>

## Schedules forming part of the Balance Sheet as at 31st March 2009

PARTICULARS	AS AT 31.03.2009 Rs.
<b>SCHEDULE 4: CURRENT ASSETS, LOANS &amp; ADVANCES:</b>	
<b>A) CASH &amp; BANK BALANCES:</b>	
a) Cash in hand	
b) Balances with Scheduled Banks:	
In Current Accounts:	
- Canara Bank	513,940
<b>TOTAL</b>	<b>513,940</b>
<b>SCHEDULE 5 : CURRENT LIABILITIES &amp; PROVISIONS:</b>	
<b>CURRENT LIABILITIES</b>	
Audit Fee payable	50,000
Tax Deducted at Source payable	1,956,742
Outstanding Expenses payable	1,103,000
<b>TOTAL</b>	<b>3,109,742</b>
<b>SCHEDULE 6 : MISCELLANEOUS EXPENDITURE:</b>	
Preliminary Expenses	448,000
<b>TOTAL</b>	<b>448,000</b>

**SCHEDULE 7 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****I. SIGNIFICANT ACCOUNTING POLICIES****A. Method of Accounting**

The financial statements have been prepared under the historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles in India ("GAAP") and in compliance with the Accounting Standards ("AS") notified under Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**B. Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

**C. Fixed Assets and Depreciation:**

Fixed assets are stated at cost of acquisition, less accumulated depreciation thereon. Depreciation is provided on the basis of straight line method in accordance with Schedule XIV to the Companies Act, 1956.

**D. Borrowing Costs:**

Borrowing Costs that are attributable to the acquisition and/or construction of qualifying assets are capitalized as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use.

**E. Foreign Currency transactions:**

i. Foreign Currency transactions are initially recognized at the spot rate on the date of the transaction.

- ii. Current Assets and Current Liabilities are translated at the exchange rate prevailing on the last day of the relevant financial year.
- iii. Gains or losses arising out of remittances/transactions at the year end are credited/debited to the for the year except in cases where they relate to acquisition of Fixed Assets, in which case they are adjusted to the carrying cost of such Fixed Assets.

**F. Miscellaneous Expenditure:**

Preliminary Expenses incurred in connection with incorporation of the Company are fully written off in the year of commencement of commercial operations.

**G. Investments:**

Investments are classified as Long Term and Current Investments. Long Term Investments are carried at cost less provision for permanent diminution, if any, in the value of such investments. Current Investments are carried at lower of cost and fair value. Dividend income from companies is accounted for when the right to receive such dividend is established. Dividend income on mutual funds is accounted on receipt basis.

**H. Provisions and Contingent Liabilities:**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if:

- a. The Company has a present obligation as a result of a past event
- b. A probable outflow of resources is expected to settle the obligation and
- c. The amount of the obligation can be reliably estimated.

**I. Taxes:**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Fringe Benefit Tax for the period is determined as per the provisions of Chapter XII-H of the Income Tax Act, 1961.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year, and qualified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax Assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**II. NOTES TO ACCOUNTS**

1. Contingent Liabilities:  
Claims against the Company / disputed liabilities not acknowledged as debts – Rs. Nil
2. The Company was incorporated on 08<sup>th</sup> January 2008 and the current financial year consists of a period of approximately 15 months beginning from the date of incorporation till 31<sup>st</sup> March 2009. Since this is the first reporting period, the disclosure of previous year's figures have not been made.
3. No Profit & Loss Account has been prepared since the Company is yet to commence it's commercial operations.
4. As per Accounting Standard 22 issued by ICAI on Taxes on Income, no deferred tax asset/liability has been recognized as there are no timing differences between accounting income and taxable income.
5. As per the information available with the Company, there are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March 2009.
6. Considering the nature of Company's business and operations, there are no separate reportable segments (Business & / or Geographical) in accordance with the requirements of Accounting Standard-17 "Segment Reporting".



7. Related Party Transactions:

a. Following is the list of related parties and relationships:

S. No.	Particulars	S. No.	Particulars
<b>A.</b>	<b>Holding Company</b>	<b>C.</b>	<b>Enterprises In which KMP and/or their relatives have significant influence</b>
	1. Gayatri Energy Ventures Private Limited(GEVPL)		1. Amaravathi Thermal Power Pvt. Ltd
	2. Gayatri Projects Limited (Through GEVPL)	<b>D.</b>	<b>Relatives of KMP</b>
<b>B.</b>	<b>Key Management Personnel (KMP)</b>		1. T. Subbarami Reddy
	1. T.V. Sandeep Kumar Reddy – Director		
	2. T. Indira – Director		
	3. T. Sarita Reddy– Director		

Details of transactions with related parties as on 31.03.2009

a) Share Application Money by holding Company – Rs.297,206,211/-

8. Auditors' Remuneration (exclusive of Service Tax)

Particulars	Period ended 31.03.2009 (Rs.)
Statutory Audit Fee	50,000

9. Additional information under Para 4C and Para 4D of Part II of Schedule VI of the companies Act, 1956 is not required to be disclosed for the current period as the same is not applicable.

10. Earnings and Expenditure in Foreign Currency: NIL

11. Figures have been rounded off to the nearest Rupee.

**SIGNATORIES TO SCHEDULE I TO 7**

As per our report of even date attached

**For C.B. MOULI & ASSOCIATES**  
Chartered Accountants

**For and on behalf of the Board**

**M. PREMCHAND**  
PARTNER

**T.V. SANDEEP KUMAR REDDY**  
DIRECTOR

**T. INDIRA**  
DIRECTOR

Place: Hyderabad  
Date : 24/06/2009

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

125, M.G. ROAD, SECUNDERABAD – 500 003. Tel. 27840777, Fax. 27848545

**AUDITORS' REPORT**

To the Board of a directors of **GAYATRI PROJECTS LIMITED,**

1. We have audited the attached consolidated Balance Sheet of GAYATRI PROJECTS LIMITED ('the Company, its subsidiaries, joint ventures and Associates constitute 'the Group'), as at 31 March 2009, and also the consolidated Profit and Loss Account and the consolidated Cash flow statement for the year ended on that date both annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries viz., Gayatri Jhansi Roadways Ltd, Gayatri Lalitpur, Western UP Tollways Ltd Roadways Ltd and Joint venture entities viz., Gayatri ECI Joint venture, Simplex Gayatri Consortium, Gayatri- RCC Joint venture, Gayatri- GDC Joint venture, Gayatri- RNS Joint venture.

Incase of the accounts of the above said entities which are audited by other auditors whose reports are furnished to us, our opinion is based solely on the report of other auditors and in the case of management accounts we have relied on the management representations.

4. We report that
  - (a) The consolidated statements have been prepared by the company's management in accordance with the requirement of accounting standard-21, consolidated statements, accounting standard-23 on accounting for investments in associates in consolidated financial statements and accounting standard -27, financial reporting of interest in joint ventures, issued by the institute of chartered accountants of India;
  - (b) Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India: .
    - (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2009;
    - (ii) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
    - (iii) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For **C.B.MOULI & ASSOCIATES**  
Chartered Accountants

**MANI OOMMEN**  
Partner  
Membership No. 24046

Place: Hyderabad  
Date : 24<sup>th</sup> June 2009

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009

PARTICULARS	SCH NO	AS AT 31st MARCH 2009 Rs.in Lacs	AS AT 31st MARCH 2008 Rs.in Lacs
<b>SOURCE OF FUNDS</b>			
<b>Share Holders Funds</b>			
Share Capital	1	1,010.48	1,010.48
Reserves and Surplus	2	25,472.70	15,336.57
		<u>26,483.18</u>	<u>16,347.05</u>
<b>Loan Funds</b>			
Secured Loans	3	24,978.22	19,890.39
Unsecured Loans	4	91,826.76	38,027.11
		<u>116,804.98</u>	<u>57,917.50</u>
<b>Minority Interest Liability</b>		12,129.40	938.00
<b>Deferred Tax Liability</b>		1,933.42	1,884.84
		<u>157,350.98</u>	<u>77,087.39</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	30,133.37	28,048.63
Less: Depreciation		11,747.11	9,660.25
		<u>18,386.27</u>	<u>18,388.38</u>
Capital Work in Progress		72,160.36	23,209.14
<b>Investments</b>	6	4,192.61	3,772.41
<b>Current Assets, Loans and Advances</b>			
Inventories	7	6,043.48	4,687.19
Sundry Debtors	8	20,544.26	14,810.58
Cash and Bank Balances	9	23,911.36	14,478.69
Loans and Advances	10	48,612.60	25,146.45
		<u>99,111.70</u>	<u>59,122.91</u>
Less: Current Liabilities and Provisions	11	35,181.89	26,366.51
Liabilities		1,324.54	1,038.94
Provisions		<u>36,506.43</u>	<u>27,405.45</u>
Net Current Assets		62,605.28	31,717.46
<b>Miscellaneous Expenditure</b>		6.47	
(to the extent not written off or adjusted)			
<b>TOTAL</b>		<u>157,350.98</u>	<u>77,087.39</u>

Accounting Policies and Notes on Accounts

18

Schedules referred to above form an integral part of the accounts

**As per our report of even date attached  
For C.B.MOULI & ASSOCIATES**  
Chartered Accountants

**For and on behalf of the Board**

**MANI OOMMEN**  
Partner

**T. INDIRA**  
Chairperson

**T.V. SANDEEP KUMAR REDDY**  
Managing Director

Place : Hyderabad  
Date : 24th June 2009

**P. SREEDHAR BABU**  
Chief Finance Officer

**I.V. LAKSHMI**  
Company Secretary

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31st MARCH 2009**  
**Rs.in Lacs**

<b>PARTICULARS</b>	<b>Schedule</b>	<b>YEAR ENDED 31st MARCH 2009</b>	<b>YEAR ENDED 31st MARCH 2008</b>
<b>INCOME</b>			
Gross Contract Receipts		<b>102,720.59</b>	76,537.04
Other Income	12	<b>787.90</b>	554.94
<b>TOTAL</b>		<b>103,508.48</b>	<b>77,091.98</b>
<b>EXPENDITURE</b>			
Work Expenditure	13	<b>88,586.23</b>	62,028.39
(Increase) / Decrease in WIP	14	<b>(881.85)</b>	395.52
Employee's Remuneration & Benefits	15	<b>2,282.14</b>	1,800.73
Administrative Expenses	16	<b>1,907.09</b>	1,973.41
Interest and Financial Charges	17	<b>3,942.44</b>	3,479.34
Depreciation	5	<b>2,092.02</b>	1,762.77
<b>TOTAL</b>		<b>97,928.08</b>	<b>71,440.16</b>
Profit before Tax		<b>5,580.40</b>	5,651.82
Add / (less) : Unrealized Profit / (Loss) from Intra group transaction		—	853.13
Provision for Taxation - Current Tax		<b>2,186.79</b>	2,003.84
- Fringe Benefit Tax		<b>24.93</b>	20.08
- Deferred Tax		<b>85.96</b>	152.93
Profit after Tax and before prior period adjustments		<b>3,282.72</b>	2,621.84
Minority Interest		<b>44.69</b>	—
		<b>3,238.03</b>	2,621.84
Less : Prior Period Adjustments		<b>30.32</b>	75.19
Profit after prior period adjustments		<b>3,207.71</b>	2,546.65
Balance in Profit and Loss account brought forward		<b>6,594.67</b>	4,030.96
Balance available for appropriation		<b>9,802.38</b>	6,577.61
<b>APPROPRIATIONS :</b>			
Proposed Dividend @40% (Prev.Year 25%)		<b>404.19</b>	252.62
Dividend tax on Dividend		<b>68.69</b>	42.93
Transfer to General Reserve		<b>600.00</b>	600.00
Balance carried to Balance sheet		<b>8,729.50</b>	5,682.06
Earning per share of Face value of Rs.10/- each			
Basic (Rs.)		<b>31.74</b>	25.20
Diluted (Rs.)		<b>25.28</b>	22.03
Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of the accounts

**As per our report of even date attached  
For C.B.MOULI & ASSOCIATES**  
Chartered Accountants

**For and on behalf of the Board**

**MANI OOMMEN**  
Partner

**T. INDIRA**  
Chairperson

**T.V. SANDEEP KUMAR REDDY**  
Managing Director

Place : Hyderabad  
Date : 24th June 2009

**P. SREEDHAR BABU**  
Chief Finance Officer

**I.V. LAKSHMI**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

(Rs. In Lacs)

	Year Ended 31st March 2009	Year Ended 31st March 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit before tax and Extra Ordinary items</b>	<b>5,580.40</b>	4,798.69
Adjustments for:		
Depreciation	<b>2,092.02</b>	1,762.77
Profit on sale of fixed assets	—	8.74
Interest	<b>3,942.44</b>	3,479.34
<b>Operating Profit before Working Capital changes</b>	<b>11,614.86</b>	10,049.54
Adjustments for:		
Trade and other receivables	<b>(29,199.83)</b>	(16,783.85)
Change in Inventories	<b>(1,356.29)</b>	(1,658.27)
Trade payables	<b>8,628.10</b>	4,712.41
Miscellaneous Expenditure	<b>(6.47)</b>	
<b>Cash generated from operations</b>	<b>(10,319.63)</b>	(3,680.17)
Direct taxes paid	<b>(2,211.72)</b>	(2,023.92)
<b>Cash flow before prior period adjustments</b>	<b>(12,531.35)</b>	(5,704.09)
Effect of consideration of new subsidiaries/associates/JV*	<b>7,314.06</b>	686.78
Prior period adjustments	<b>(30.32)</b>	(75.19)
<b>Net cash flow from operating activities after prior period adj.</b>	<b>(5,247.61)</b>	(5,092.50)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchases of Fixed Assets	<b>(2,084.74)</b>	(5,422.08)
Capital WIP	<b>(48,951.22)</b>	(12,792.38)
Sale of Fixed Assets		14.00
Investments	<b>(420.20)</b>	(3,404.82)
<b>Net Cash used in Investing Activities</b>	<b>(51,456.16)</b>	(21,605.28)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	<b>(3,942.44)</b>	(3,479.34)
Minority Interest	<b>11,191.40</b>	—
Proceeds from conversion of FCCB	—	396.36
FCCB Expenses		(214.14)
Proceeds from long term borrowing	<b>58,887.48</b>	31,707.46
Foreign Currency Convertible Bonds (FCCBs)	—	9,776.88
<b>Net Cash from Financing activities</b>	<b>66,136.44</b>	38,187.22
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>9,432.67</b>	11,489.44
Cash & Cash Equivalents as at 1st April (Opening Balance)	<b>14,478.69</b>	2,989.25
Cash & Cash Equivalents as at 31st March (Closing Balance)	<b>23,911.36</b>	14,478.69

\*The effect of consolidation of new subsidiaries, and associates and JVs which were exempted from consolidation in the comparable last year are considered in the current year for consolidation.

**Note:**

- 1 Cash and Cash Equivalents consist of Cash on hand and balances with Banks that includes Margin Money Deposits for Bank Guarantees of Rs.14191.57 Lacs (Previous Year Rs.11083.18 Lacs)
- 2 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.
- 3 Figures in brackets represent cash outflows.
- 4 Notes on Accounts stated in Schedule 18 form an integral part of the Cash flow statement.

As per our report of even date attached

**For C.B.MOULI & ASSOCIATES**

Chartered Accountants

**MANI OOMMEN**

Partner

Place : Hyderabad

Date : 24th June 2009

**For and on behalf of the Board**

**T. INDIRA**

Chairperson

**P. SREEDHAR BABU**

Chief Finance Officer

**T.V. SANDEEP KUMAR REDDY**

Managing Director

**I.V. LAKSHMI**

Company Secretary

Schedules forming part of Consolidated Balance Sheet

Rs.in Lacs

PARTICULARS	AS AT 31st MARCH 2009 Rs.in Lacs	AS AT 31st MARCH 2008 Rs.in Lacs
<b>SCHEDULE NO : 1 :</b>		
<b>SHARE CAPITAL</b>		
Authorised Share Capital :		
150,00,000 Equity Shares of Rs.10/- each (Year ended March 31, 2008 - 150,00,000)	1,500.00	1,500.00
	<b>1,500.00</b>	<b>1,500.00</b>
Issued, Subscribed and paid-up capital :		
101,04,761 Equity Shares of Rs.10/- each, fully paid-up (Year ended March 31, 2008 - 101,04,761)	1,010.48	1,010.48
a) 50,00,000 shares of Rs.10/- each fully paid		
b) 40,00,000 shares of Rs.10/- each fully paid bonus shares in the ratio of 5:4 were allotted by capitalization of General Reserve		
c) 10,00,000 shares of Rs.10/- each fully paid shares were allotted to public at a premium of Rs.285/- through Initial Public Offer.		
d) 1,04,761 shares of Rs.10/- each fully paid shares were allotted by way of conversion of FCCB at a premium of Rs.368.3453		
	<b>1,010.48</b>	<b>1,010.48</b>
<b>SCHEDULE NO : 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
At the Commencement of the Year	4,154.51	3,982.77
Add : Additions for the year on account of FCCB conversion	— 2,680.20	385.88
Less : FCCB Issue Expenses	359.10	214.14
	<b>4,167.59</b>	<b>4,154.51</b>
<b>Capital Reserve (Capital Grant)</b>		
<b>General Reserve</b>		
At the Commencement of the Year	5,500.00	4,775.00
Add: Transfer from Debenture Redemption Reserve	—	125.00
Add : Transfer from Profit and Loss A/c.	600.00	600.00
	<b>6,100.00</b>	<b>5,500.00</b>
Debenture Redemption Reserve	—	125.00
Less : Transfer to General Reserve (Excess)	—	(125.00)
Profit and Loss Account Balance	8,729.50	5,682.06
	<b>25,472.70</b>	<b>15,336.57</b>

## Schedules forming part of Consolidated Balance Sheet

Rs.in Lacs

PARTICULARS	AS AT 31st MARCH 2009	AS AT 31st MARCH 2008
<b>SCHEDULE NO : 3</b>		
<b>SECURED LOANS</b>		
<b>I] From Banks</b>		
<b>A) Term Loans</b>		
i) <b>Equipment Loans</b> (Refer Note 2(a) of II of Sch.18)	3,651.04	4,459.20
ii) <b>Vehicle Loans</b> (Refer Note 2(c) of II of Sch.18)	58.47	49.78
iii) <b>Deferred Payment Guarantees</b> [Project Specific Term Loan secured by exclusive charge on the equipment financed by the Bank]	—	2.14
<b>B] Working Capital Loan Account</b> (Refer Note 2(b) of II of Sch.18)	20,063.38	14,158.76
<b>II] From Others</b>		
Equipment And Vehicle Loans (Refer Note 2 of II of Sch.18)	1,205.33	1,220.51
	<b>24,978.22</b>	<b>19,890.39</b>
<b>SCHEDULE NO : 4</b>		
<b>UNSECURED LOANS</b>		
Short Term Loans from Banks [Personal Guarantees of the Promoter Directors]	1,500.00	
Long Term - Project Finance	68,618.50	22,704.08
Foreign Currency Convertible Bonds (FCCB) (Refer Note 3 & Note 12 of II of Sch.18)	9,776.88	9,776.88
Other	11,931.38	5,546.15
	<b>91,826.76</b>	<b>38,027.11</b>

**SCHEDULE NO : 5**

**FIXED ASSETS**

(Rs.in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2008	Additions during the year	Deletions during the year	As at 31/03/2009	Up to 31/03/2008	For the year	On deletion for the year	Up to 31/03/2009	As on 31/03/2009	As on 31/03/2008
Land	11.73	—	—	11.73	—	—	—	—	11.73	11.73
Plant & Machinery	16,889.25	1,613.35	—	18,502.60	3,798.92	832.65	—	4,634.89	13,871.04	13,090.33
Vehicles	1,132.21	86.89	—	1,219.10	445.28	113.79	—	559.07	660.03	686.93
Earth Moving Machinery	9,602.31	301.29	—	9,903.60	5,263.44	1,078.95	—	6,342.38	3,561.22	4,338.88
Office Sheds	203.59	12.45	—	216.04	30.83	60.45	—	91.28	124.76	172.76
Furniture & Fixtures	245.28	35.03	—	280.31	102.55	16.95	—	119.50	160.81	142.73
Capital Work in Progress	1.68	—	1.68	—	—	—	—	—	—	1.68
<b>TOTAL :</b>	<b>28,086.05</b>	<b>2,049.00</b>	<b>1.68</b>	<b>30,133.36</b>	<b>9,641.02</b>	<b>2,102.77</b>	<b>—</b>	<b>11,747.11</b>	<b>18,389.58</b>	<b>18,445.03</b>

## Schedules forming part of Consolidated Balance Sheet

Rs.in Lacs

PARTICULARS	AS AT 31st MARCH 2009	AS AT 31st MARCH 2008
<b>SCHEDULE NO : 6</b>		
<b>INVESTMENTS</b>		
<b>Shares in Companies :</b>		
<b>A) Trade Investments</b>		
<i>Long Term-Unquoted Shares-Associate Companies</i>		
Equity shares of Rs.10/- each, fully paid at Rs.90/- premium in Western UP Tollway Ltd	2,680.20	3278000 3,278.00
Equity shares of Rs.10/- each, fully paid in Hyderabad Expressways Limited	—	990000 99.00
Equity shares of Rs.10/- each, fully paid in Cyberabad Expressways Limited	—	990000 99.00
Equity shares of Rs.10/- each, fully paid in Gayatri Thermal Power Corporation Ltd.	24500 2.45	24500 2.45
<b>B) Other Investments</b>		
<i>Long Term - Quoted Shares</i>		
Equity Shares of Rs10/- each fully paid in Gayatri Sugars Ltd	2931000 293.10	2931000 293.10
Equity Shares of Rs10/- each fully paid in Syndicate Bank Ltd	1728 0.86	1728 0.86
Balance of un-utilised monies raised by issue of Shares Mutual Funds	1,216.00	—
	<u>4,192.61</u>	<u>3,772.41</u>
Aggregate amount of Quoted Investments	293.96	293.96
Aggregate amount of Unquoted Investments	2,682.65	3,478.45
Aggregate Market value of Quoted Investments	<u>108.69</u>	<u>214.38</u>
<b>SCHEDULE NO : 7</b>		
<b>INVENTORIES</b>		
- Construction Materials, stocks and spares at cost	3,830.33	3,076.86
- Closing Work-in-progress	2,213.15	1,610.33
(As certified by Management)	<u>6,043.48</u>	<u>4,687.19</u>
<b>SCHEDULE NO : 8</b>		
<b>SUNDRY DEBTORS (Un-secured)</b>		
Over Six Months Considered Good	2,002.70	1,537.27
Others, Considered Good	18,541.56	13,273.31
	<u>20,544.26</u>	<u>14,810.58</u>
<b>SCHEDULE NO : 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	96.95	353.49
Bank Balances:		
<b>In Current Accounts</b>		
With Scheduled Banks	9,482.87	2,993.93
<b>In Deposit Accounts</b>		
With Scheduled Banks		
Margin Money (Bank Guarantees/LCs)	3,227.32	5,857.96
Fixed Deposits	10,964.25	5,225.22
Interest Accrued on Deposits	139.97	48.09
	<u>23,911.36</u>	<u>14,478.69</u>



## Schedules forming part of Consolidated Balance Sheet

Rs.in Lacs

PARTICULARS	AS AT 31st MARCH 2009	AS AT 31st MARCH 2008
<b>SCHEDULE NO : 10</b>		
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured considered good)</b>		
Advances to Associates	16,752.18	7,359.54
Advances to Suppliers, Sub-contractors and Others	16,764.35	12,626.63
Advances receivable in cash or kind or value to be received	148.92	12.35
Advance towards Share Application Money	3,248.22	3,638.38
Pre-operative/Prepaid Expenses	11,043.48	1,168.46
Deposits with Govt. Agencies and Others	655.45	341.09
	<u>48,612.60</u>	<u>25,146.45</u>
<b>SCHEDULE NO : 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a) Current Liabilities</b>		
Sundry Creditors	15,282.91	9,013.21
Advances received from Contractee – Clients	18,866.90	16,583.53
Other liabilities	1,032.08	769.77
	<u>35,181.89</u>	<u>26,366.51</u>
<b>b) Provisions</b>		
Taxation	745.89	673.43
Proposed Dividend	404.19	252.62
Dividend Tax	68.69	42.93
Employee Benefits	105.77	69.96
	<u>1,324.54</u>	<u>1,038.94</u>
	<u>36,506.43</u>	<u>27,405.45</u>

## Schedules forming part of Consolidated Profit &amp; Loss Account

Rs.in Lacs

PARTICULARS	YEAR ENDED 31st MARCH 2009	YEAR ENDED 31st MARCH 2008
<b>SCHEDULE NO : 12</b>		
<b>OTHER INCOME</b>		
Interest Income	421.46	259.49
Commission Income	129.27	106.75
Miscellaneous Income	237.17	188.70
	<u>787.90</u>	<u>554.94</u>

## Schedules forming part of Consolidated Profit & Loss Account

Rs.in Lacs

PARTICULARS	YEAR ENDED 31st MARCH 2009	YEAR ENDED 31st MARCH 2008
<b>SCHEDULE NO : 13</b>		
<b>WORK EXPENDITURE</b>		
Steel	7,610.96	3,724.94
Cement	2,587.56	1,709.30
Bitumen	6,688.01	2,697.46
Metal	2,294.89	2,799.46
Sand & Gravel	1,239.24	1,016.15
HSD Oils and Lubricants	3,935.04	2,790.64
Stores and Consumables	220.30	81.89
Other Materials	1,269.08	178.66
Departmental Recoveries	1,213.47	802.18
Work executed by sub contractors	35,513.32	28,898.50
Earth Work	10,689.24	7,074.81
Concrete Work	3,929.03	3,588.74
Transport Charges	1,366.06	600.51
Hire Charges	400.61	272.70
Road work	5,569.92	2,919.20
Repairs and Maintenance	1,095.42	634.00
Works Contract Tax / VAT	1,211.75	1,025.44
Royalties, Seigniorage and Cess	788.53	451.32
Insurance	124.96	103.92
Other Work Expenditure	838.89	658.57
	<b>88,586.23</b>	<b>62,028.39</b>
<b>SCHEDULE NO : 14</b>		
<b>INCREASE/DECREASE IN W.I.P.</b>		
Opening Work in Progress	1,331.31	1,726.82
Less : Closing Work in Progress	2,213.15	1,331.30
	<b>(881.85)</b>	<b>395.52</b>
<b>SCHEDULE NO : 15</b>		
<b>EMPLOYEE'S REMUNERATION &amp; BENEFITS</b>		
Salaries	1,830.13	1,545.81
Contribution to Provident Fund	18.85	12.28
Other Employee Benefits	277.16	126.02
Directors' Remuneration	156.00	116.62
	<b>2,282.14</b>	<b>1,800.73</b>

## Schedules forming part of Consolidated Profit & Loss Account

Rs.in Lacs

PARTICULARS	YEAR ENDED 31st MARCH 2009	YEAR ENDED 31st MARCH 2008
<b>SCHEDULE NO : 16</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Printing and Stationery	55.95	48.42
Telephones	83.94	64.03
Traveling and Conveyance	284.69	201.01
Advertisement Expenses	50.59	47.77
General Expenses	86.34	54.26
Consultancy Fee	222.92	700.76
Donations	202.13	177.41
Rent	192.90	142.84
Power and fuel	62.82	32.56
Rates and Taxes	290.68	164.05
Tender Expenses	137.59	22.53
Insurance	23.56	15.78
Auditors Remuneration	17.42	16.20
Other Administration Expenses	195.57	285.79
	<b>1,907.09</b>	<b>1,973.41</b>
<b>SCHEDULE NO : 17</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
a) Interest on:		
Working Capital Loans	2,168.98	1,580.30
Term Loans	714.90	819.72
Mobilisation Advance	248.70	52.06
Equipment Loans	251.62	349.32
Vehicle Loans	62.50	12.56
Others	33.31	22.96
	<b>3,480.01</b>	<b>2,836.92</b>
b) Financial Charges		
Commission on - Bank Guarantees	280.46	391.06
- Letters of Credit	8.52	52.36
	<b>288.98</b>	<b>443.42</b>
c) Bank Charges	173.46	199.00
	<b>3,942.44</b>	<b>3,479.34</b>

**SCHEDULE NO: 18:**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis for preparation of financial statements**

The financial statements have been prepared to comply in all respects with accounting standards notified under Companies (Accounting Standards) Rules 2006 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 applicable notified Accounting Standards and the accounting policies have been consistently applied by the Company.

**2. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the year of account. Although these estimates are based upon management best knowledge of current events and actions, actual results could differ from the estimates. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

**3. Revenue recognition**

- i) Income is recognized on fixed price construction contracts in accordance with the percentage completion basis, which necessarily involve technical estimates of the percentage of completion, and costs to completion, of each contract / activity, on the basis of which profits and losses are accounted. Such estimates, made by the Company and Auditors have relied upon by them, as these are of technical nature.
- ii) The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.
- iii) An expected loss on construction contract is recognized as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue.
- iv) Price escalation and other claims and/or variation in the contract work are included in contract revenue only when:
  - a) Negotiations have reached at an advanced stage such that it is probable that customer will accept the claim; and
  - b) The amount that is probable will be accepted by the customer can be measured reliably.
- v) Incentive payments, as per customer-specified performance standards, are included in contract revenue only when:
  - a) The contract is sufficiently advanced that it is probable that the specified performance standards will be met; and
  - b) The amount of the incentive payment can be measured reliably.
- vi) **Joint Venture Projects**
  - a) In respect of Joint Venture Contracts in the nature of jointly controlled operations, the shares of profit or loss are accounted as and when dividend / share of profit or loss are declared by the entities.
  - b) In respect of Joint Venture Contracts wholly executed by the company pursuant to a Joint Venture Contract the assets, liabilities, income and expenditure are recognized under respective heads in the financial statements.
  - c) Share of turnover attributable to the Company in respect of contracts executed by the other joint venture partners pursuant to Joint Venture Agreement, is accounted under Turnover in these financial statements.

**4. Inventories and work in progress**

Raw Materials, construction materials and stores & spares are valued at weighted average cost. Expenditure incurred during the work in progress of contracts up to the stage of completion is carried forward as work-in-progress. Cost includes direct material, work expenditure, labour cost and appropriate overheads.

**5. Fixed assets and Depreciation**

- i) Fixed Assets are stated at cost of acquisition, less accumulated depreciation thereon. Expenditure which are capital in nature are capitalized at cost, which comprises of purchase price (net of rebates and discounts), import duties, levies, financing costs and all other expenditure directly attributable to bringing the asset to its working condition for its intended use. Capital Work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.
- ii) Depreciation is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Leasehold improvements are amortized over the period of lease.

**6. Foreign Currency Transactions**

Foreign exchange transactions are accounted at the rates prevailing on the date of transactions. Monetary assets and current liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account.

**7. Investments**

Investments are classified as long term and current investments. Long Term Investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value. Dividend income is accounted when the right to receive dividend is established.

**8. Employee Benefits**

Liability for employee benefits, both short and long term, for present and past service which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits" issued by the Companies (Accounting Standard) Rules, 2006.

**i) Gratuity**

In accordance with the Payment of Gratuity Act, 1972 the company provides for Gratuity covering eligible employees. The liability on account of Gratuity is provided on the basis of valuation of the liability by an independent actuary as at the year end.

**ii) Provident Fund**

In accordance with applicable local laws, eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan to which both the employee and employer contributes monthly at a determined rate (currently up to 12% of an employee's salary). These contributions are either made to the respective Regional Provident Fund Commissioner, or the Central Provident Fund under the State Pension Scheme, and are expenses as incurred.

**iii) Compensated Absences**

Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end.

- iv) Actuarial gains and losses are immediately recognized and taken to the profit and loss account and are not deferred.

**9. Deferred Revenue Expenditure**

Projects and Other amenities expenditure incurred upto March 31, 2009, the benefit of which is spread over more than one year is grouped under Prepaid Expenditure and is amortized over the period in which benefits would be derived.

**10. 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.

**11. Leases**

Assets taken on finance lease are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated

between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Operating leases in respect of office & other equipment, house for employees, Office buildings are cancelable / renewable by mutual consent on agreed terms. Lease payments under an operating lease are recognized as an expense in the Profit and Loss Account.

## **12. Earnings per Share (EPS)**

In arriving at the EPS, the Company's net profit after tax, computed in terms of the Indian GAAP, is divided by the weighted average number of equity shares outstanding on the last day of the reporting period. The EPS thus arrived at is known as 'Basic EPS'. To arrive at the diluted EPS the net profit after tax, referred above, is divided by the weighted average number of equity shares, as computed above and the weighted average number of equity share that could have been issued on conversion of shares having potential dilutive effect subject to the terms of issue of those potential shares. The date/s of issue of such potential shares determine the amount of the weighted average number potential equity shares.

## **13. Taxation**

### **i) Current Tax**

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and provisions of Income Tax Act, 1961.

### **ii) Deferred Taxes**

Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

## **14. Impairment of Fixed Assets**

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

## **15. Provisions for Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are present obligations arising from a past event, when it is not probable / probability is remote that an outflow of resources will be required to settle the obligation and they are not recognized but are disclosed in the notes.

Contingent Assets are neither recognized nor disclosed in the financial statements. Provisions for Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

## **B. NOTES TO ACCOUNTS**

1. All amounts in the financial statements are presented in Rupees in Lacs except per share data and as otherwise stated. Figures in brackets represent corresponding previous year figures in respect of Profit & Loss items and in respect of Balance Sheet items as on the Balance Sheet date of the previous year. Figures for the previous year have been regrouped / rearranged wherever considered necessary to conform to the figures presented in the current year.

### **2. Criteria for preparation of consolidated financial statements:**

Gayatri Projects Limited the company has presented consolidated Financial statements by consolidating its own financial statements with those of its subsidiaries and joint ventures in accordance with Accounting Standard-21(Consolidated Financial statements), Accounting Standard-23 (Accounting for Investments in Associates in

consolidated Financial statements) and Accounting Standard – 27 (Financial reporting of Interests in joint ventures) notified in section 211 (3C) of the Companies Act, 1956.

The Financial statements of each of those Subsidiaries and Joint Ventures are prepared in accordance with the generally accepted accounting principles & accounting policies of Parent Company. The effects of inter-company transactions between consolidated companies/entities are eliminated in consolidation.

**3. Disclosure of particulars regarding subsidiaries, Joint ventures and Associates.**

Subsidiaries, Joint Ventures and Associates Included in Consolidated Financial statements in terms of AS-21, AS-23 and AS-27 are as follows

S.No	Name of the Entity	Nature of the Entity	% of Holding	Country of Incorporation
1	Gayatri Energy Ventures Limited	Wholly owned Subsidiary	100	India
2	Gayatri Infra Ventures Limited	Subsidiary	70.59	India
3	IJM Gayatri Joint Ventures	Joint venture	40	India
4	Jaiprakash Gayatri Joint Venture	Joint venture	49	India
5	Gayatri ECI Joint Venture	Joint venture	50	India
6	Simplex Gayatri Consortium	Joint venture	30	India
7	Gayatri – RCC Joint Venture	Joint venture	60	India
8	Gayatri – GDC Joint Venture	Joint Venture	70	India
9	Gayatri – BCBPPL Joint Venture	Joint Venture	60	India
10	Gayatri – RNS Joint Venture	Joint Venture	60	India

**4. Principles of Consolidation**

The Consolidated Financial statements relate to Gayatri Projects Limited, and its subsidiary Companies. The Consolidated Financial Statements have been prepared on the following basis.

- 4.1 The Financial Statements of the Company and its subsidiary companies have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard - 21 “Consolidated Financial Statements” issued by Institute of Chartered Accountants of India (‘AS-21’).
- 4.2 The excess of the Company’s cost of investment over its share of net assets in the associate on the date of acquisition of investment is accounted for as goodwill. The excess of the Company’s share of net assets in the associate over the cost of its investment is accounted for as capital reserve.
- 4.3 Goodwill/Capital Reserve is included /adjusted in the carrying amount of the investment.
- 4.4 Significant accounting policies and notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Company. Recognizing this purpose, the Company has disclosed only such policies and notes from the individual financial statements, which fairly presents the needed disclosure. Further, in the opinion of the management, the accounting policies and notes could be better viewed when referred from the individual financial statements.
- 4.5 In respect of Gayatri Infra Ventures Ltd the Company was incorporated on 22 Jan 2008 and the current financial year consists of a period of approximately 15 months beginning from the date of Incorporation till 31<sup>st</sup> March 2009.

**5. Contingent Liabilities not provided for**

S.No	Particulars	Rs.in Lacs	
		2008-09	2007-08
1	Guarantees given by Banks towards performance & contractual commitments		
	a) Issued on behalf of Company	<b>27771.45</b>	14163.22
	b) Guarantees given to Related Parties	<b>43457.96</b>	39780.60
	c) Letter of Credit	—	847.77
2	Claims against the Company not acknowledged as debt	145.20	145.20
3	Corporate guarantees given to/taken from Group companies	<b>16696.00</b>	16405.00
4	Disputed Liability of Sales Tax, Service Tax and Seigniorage Charges	<b>3610.35</b>	1253.02

**6. Accounting for taxes on Income**

As per Accounting Standard 22 on Accounting for Taxes on Income, the provision for Deferred Tax Liability has been calculated and accounted. Details of the liability created for the year is given as under

(Rs.in Lacs)

Particulars	2008-09	2007-08
Deferred Tax Liability as at beginning of the year	<b>1847.46</b>	1686.00
Deferred Tax Liability at the end of the year	<b>1933.42</b>	1884.84
Deferred Tax Liability for the year	<b>85.96</b>	198.84

Note : The difference in the opening balance is on account of the revised terms of sharing between the partners in the case of Gayatri-ECI JV as per the terms of the MOU

**7. Earning Per Share (EPS)**

Basic Earning per share calculated as per Accounting Standard 20 on Earning per share. For the purpose of computing

Particulars	2008-09	2007-08
Profit After Tax for calculation of Basic EPS (Rs.in Lacs)	<b>4131.61</b>	3930.08
Profit After Tax for calculation of Diluted EPS (Rs.in Lacs)	<b>4131.61</b>	3930.08
Weighted average No. of equity shares as denominator for calculating Basic EPS. (No. in Lacs)	<b>101.05</b>	100.61
Add : Adjustment for FCCB		
Weighted average No. of equity shares as denominator for calculating Diluted EPS. (No. in Lacs)	<b>126.88</b>	115.62
Basic EPS (Rs.)	<b>40.89</b>	39.06
Diluted EPS (Rs.)	<b>32.56</b>	33.99



**8. Related party transactions as per Accounting Standard 18**

Details of related parties:

Associated Companies		Key Management Personnel
Deep Corporation Pvt. Ltd	Gayatri Hotels & Theaters Pvt. Ltd	Mr. T.V.Sandeep Kumar Reddy
Indira Constructions Pvt. Ltd	Gayatri Hi-Tech Hotels Ltd	Mr. J.Brij Mohan Reddy
Gayatri Tissue & Papers Ltd	<b>Associated Concerns</b>	<b>Joint Ventures</b>
Gayatri Sugars Ltd	TSR Foundation	RNS Gayatri Joint Venture
Gayatri Housing Ventures Pvt. Ltd	Dr.T.Subbarami Reddy (HUF)	GPL-Brahmaputra Conso. Ltd JV
GSR Sugars Pvt.Ltd		Gayatri – Ratna Joint Venture
		MEIL-GAYATRI-ZVS-ITT Consortium

(Rs.in Lacs)

No.	Description	2008-09		2007-08	
		Associate Entities	KMP	Associate Companies	KMP
1	Equity contribution	<b>5.00</b>	—	3478.55	—
2	Contract Receipts	<b>22994.74</b>	—	16065.04	—
3	Contract payments	<b>33.60</b>	—	2936.40	—
4	Office Rent & Maintenance	<b>17.79</b>	—	8.93	—
5	Other Payments	<b>203.42</b>	—	12.00	—
6	Donations	<b>133.63</b>	—	149.88	—
7	Remuneration Paid	—	<b>156.00</b>	—	116.00
8	Contract Advances/ Other Adv.	<b>7341.24</b>	—	921.63	—
9	Corporate Guarantees	<b>12296.00</b>	—	12005.00	—
10	Closing balances – Debit	<b>6184.03</b>	—	4927.14	47.67
11	Closing balances – Credit	<b>6177.07</b>	<b>24.31</b>	1015.40	—

**9. Segment Reporting**

The Company's operations predominantly consist of construction / project activities. Hence there are no reportable segments under Accounting Standard – 17. During the year under report of the Company's business has been carried out only in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

**10. Managerial Remuneration:**

Managerial Remuneration paid during the year:

(Rs.in Lacs)

Particulars	2008-09	2007-08
Salaries	<b>156.00</b>	116.00
Perquisites	<b>Nil</b>	Nil
Commission	<b>Nil</b>	Nil
Sub-total	<b>156.00</b>	116.00
Sitting Fee	<b>1.73</b>	0.62
Contribution to Provident Fund & Superannuation Fund	—	—
<b>Total</b>	<b>157.73</b>	<b>116.62</b>

**11. Disclosure pursuant to Accounting Standard – 7 “Construction Contracts”**

(Rs.in Lacs)

Sl No	Particulars	2008-09	2007-08
1.	Contract revenue recognized for the year ended	<b>102,720.59</b>	75,235.64
2.	Contract cost incurred and recognized profits, less losses	<b>92,979.79</b>	74,932.84
3.	Amount of advances received till date, net of recoveries	<b>18,702.01</b>	14,193.20
4.	Gross amount due from customers for contract works	<b>20,544.26</b>	16,798.68

**12.** Figures pertaining to the subsidiary companies and Joint ventures have been reclassified wherever necessary to bring them line with the company’s financial statements.

**13.** All amounts are rounded off to nearest thousand.

**As per our report of even date attached  
For C.B.MOULI & ASSOCIATES**  
Chartered Accountants

**For and on behalf of the Board**

**MANI OOMMEN**  
Partner

**T. INDIRA**  
Chairperson

**T.V. SANDEEP KUMAR REDDY**  
Managing Director

Place : Hyderabad  
Date : 24th June 2009

**P. SREEDHAR BABU**  
Chief Finance Officer

**I.V. LAKSHMI**  
Company Secretary

### GAYATRI PROJECTS LIMITED

Regd. & Corp. Office : B-1, 1<sup>st</sup> Floor, T.S.R. Towers, 6-3-1090, Rajbhavan Road,  
Somajiguda, Hyderabad – 500 082

#### ATTENDANCE SLIP

I hereby record my presence at the 20th ANNUAL GENERAL MEETING at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad-500 004 on 24th day of September, 2009 at 11.30 a.m.

.....  
Full Name of the Shareholder (in block letters) Signature

Folio Number/DP ID No. :  
Client ID :  
No.of Shares Held :

.....  
Full Name of the Proxy (in block letters) Signature  
(To be filled if the Proxy attends instead of member(s))

**Note :** Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting Hall. Please carry a copy of the Annual Report.



### GAYATRI PROJECTS LIMITED

Regd. & Corp. Office : B-1, 1<sup>st</sup> Floor, T.S.R. Towers, 6-3-1090, Rajbhavan Road,  
Somajiguda, Hyderabad – 500 082

#### PROXY FORM

Folio No..... DP ID..... Client ID .....

I/We ..... of .....

in the district of ..... being a member/members of the above named Company,

hereby appoint Mr/Ms/Kum ..... in the district

of ..... as my/our proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held on the 24<sup>th</sup> Day of September 2009 at 11.30 a.m. at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad-500 004 and at any adjournment thereof.

Signed this ..... day of ..... 2009

Address : .....

.....

Signature .....

Affix  
Re. 1/-  
revenue  
stamp

**Note :** The proxy form duly completed must be deposited with the Secretarial Department at the Registered Office of the Company at B-1, 1st Floor, T.S.R. Towers, 6-3-1090, Rajbhavan Road, Somajiguda, Hyderabad - 500 082, not less than 48 hours before the time for commencement of the meeting. A proxy need not be a Member.

**PRINTED MATTER  
BOOK - POST**

**Mailed by KARVY**

*If undelivered, please return to :*

**KARVY COMPUTERSHARE PRIVATE LIMITED**

**Unit : GAYATRI PROJECTS LIMITED**

17-24, Vittal Rao Nagar, Madhapur,

Hyderabad - 500 081.

Tel : +91-40-2342 0818/19