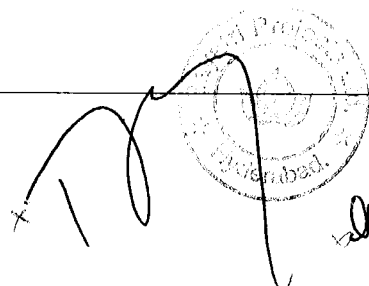
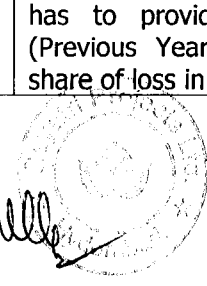
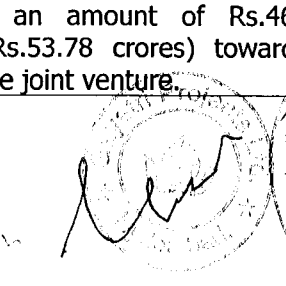
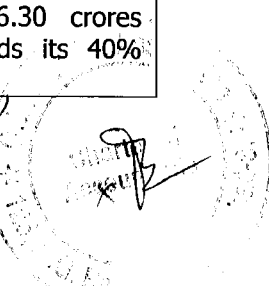
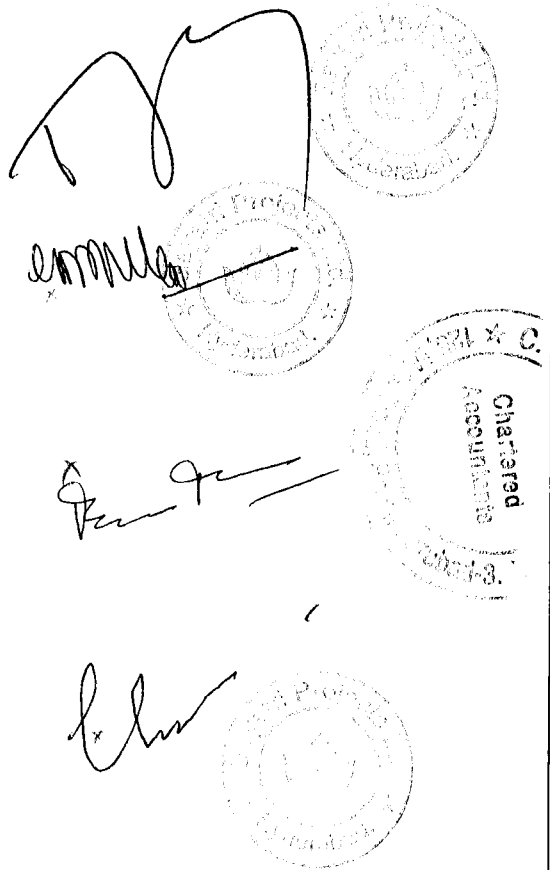


FORM B

1.	Name of the Company :	Gayatri Projects Limited
2.	Annual financial statements for the year ended :	31 st March, 2013
3.	Type of Audit Qualification	The Auditors invite attention of members to the matters detailed in Note No: 33 of Financial statements regarding non- provision of share of joint venture losses amounting to Rs.46.30Crores. Had the provision been made for these losses, the reserves and surplus and short term loans and advances of the Company would have been lower by Rs.46.30Crores. This was a subject matter of qualification in the auditor's report for the year ended 31 st March, 2012 also.
4.	Frequency of qualification	Repetitive since 2003-04
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Note No: 33 dealing with non- provision of share of joint venture losses 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 during the period 1998-2006 in Package I, II & III and AP 13 of NHAI, APSH 7 and APSH 8 in the State of Andhra Pradesh. An excess expenditure of Rs.134.45 crores was incurred for completion of the IJM Gayatri JV by the company and debited to the JV account. The JV has not accounted the same due to pending claims with the employers and with an intention to account the same as and when the claims are actually realised. The JV has raised claims in excess of Rs. 300 Crores on the National Highways Authority of India and Andhra Pradesh State Government, which are pending for consideration before the appropriate legal forum. So far the joint venture has got favorable awards amounting to Rs.61.99 crores including interest on claims and the remaining claims are under adjudication. Out of the favorable awards, the JV has received orders for release of payments for Rs.29.01 crores and as against this the JV has received Rs.18.70 crores during the year which was passed on to the Company. The management is reasonably confident of recovering substantial amount from these claims. In the unlikely situation of the claims not being received to the extent of expenditure incurred, IJM-Gayatri Joint Venture has to account the net expenditure of Rs.115.75 crores (Previous Year Rs.134.45 crores) in its books and the Company has to provide an amount of Rs.46.30 crores (Previous Year Rs.53.78 crores) towards its 40% share of loss in the joint venture.

		Management Response: The IJM-Gayatri Joint Venture losses are not considered in the books of your company in view of the various claims made on the employer for their contractual failures by the joint venture and the losses which are primarily attributed to such failures are likely to be decided in favour of the joint venture. The JV has raised claims in excess of Rs.300 Crores on the National Highways Authority of India and Andhra Pradesh State Government, which are pending for consideration before the appropriate legal forum. So far the joint venture has got favorable awards amounting to Rs.6199.22 lakhs including interest on claims and received orders for release of payments for Rs.2901.48 lakhs. The remaining claims are under adjudication. The management is confident of recovering substantial amount of claims. 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.
6.	Additional comments from the board/audit committee chair:	The recognition of joint venture losses is deferred due to pendency of realisation of various claims. The management is confident of recovering substantial amount of claims.
7.	Signatures : 1. Mr. T.V. Sandeep Kumar Reddy – Managing Director 2. Mr. P. Sreedhar Babu – Chief Financial Officer 3. C.B. Mouli & Associates – Chartered Accountants, Statutory Auditors of the Company Mr. Mani Oommen Partner 4. Mr. Ch. Hari Vittal Rao - Audit Committee Chairman	



GAYATRI PROJECTS LIMITED

Annual Report 2012–13

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CORPORATE INFORMATION

Board of Directors

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

Company Secretary & Compliance Officer

CS I.V. Lakshmi

Chief Financial Officer

CA P. Sreedhar Babu

Statutory Auditors

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

Bankers

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

Registered & Corporate Office

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

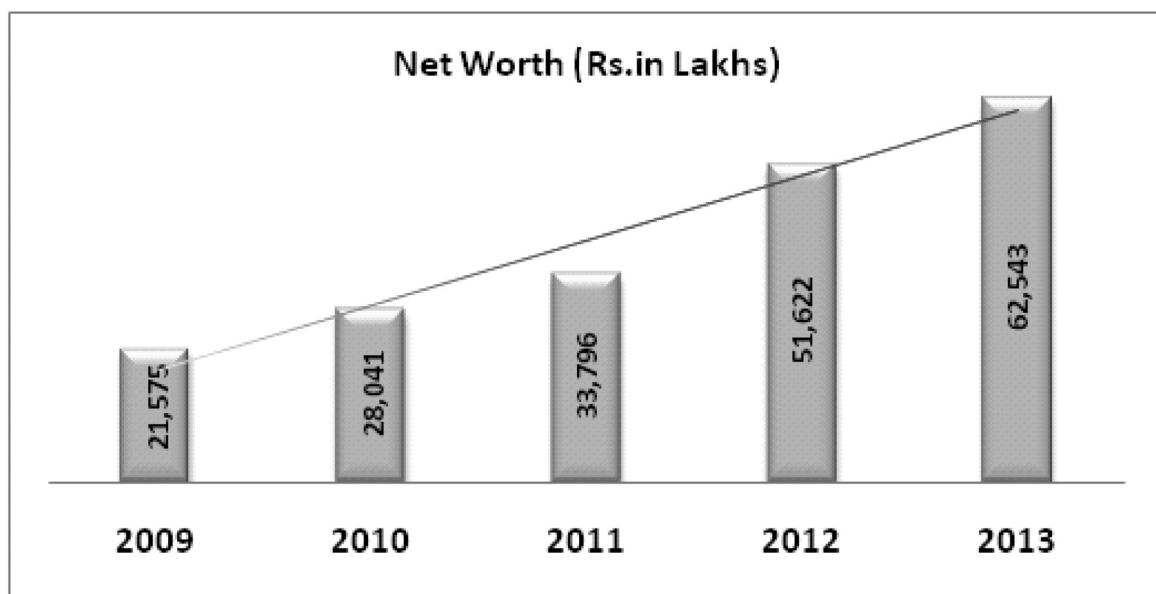
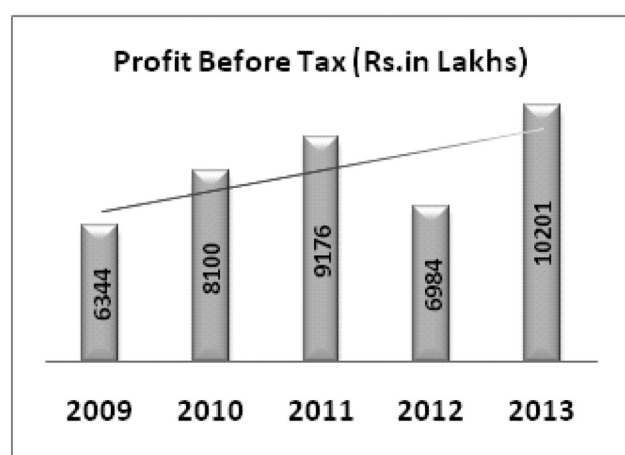
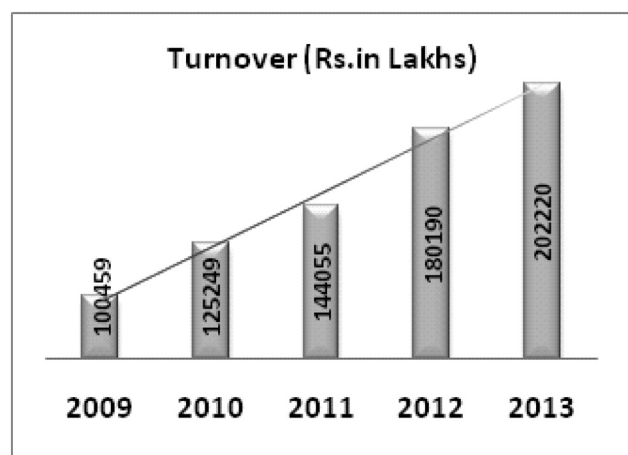
Registrars & Transfer Agents

Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081
Tel: 040 – 44655000
Fax: 040 – 23420814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

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



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fourth ANNUAL GENERAL MEETING of M/s. Gayatri Projects Limited will be held at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004, on Friday the 27th day of September, 2013 at 11.30 a.m to transact the following businesses.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March , 2013 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the Year ended 31st March, 2013.
3. To appoint a Director in place of Mr. J. Brij Mohan Reddy, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. T.V. Sandeep Kumar Reddy, who retires by rotation, and being eligible, offers himself for re-appointment.

5. TO APPOINT AUDITORS AND FIX THEIR REMUNERATION

To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

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

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

Place: Hyderabad
Date : 14th August, 2013.

CS I.V. LAKSHMI
Company Secretary & Compliance Officer

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies, in order to be effective must be received at the company's registered office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc., must be supported by appropriate resolution / authority as applicable, issued on behalf of the nominating organization.
2. The Register of Members and the Share Transfer Books of the Company will be closed from 24th September, 2013 to 27th September, 2013 (both days inclusive).
3. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
4. A member desirous of seeking any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
5. The dividend for the year ended 31st March, 2013 as recommended by the Board, if approved at the Meeting, will be payable to those members whose names appear on the Company's Register of Members on 23rd September, 2013.
6. Members, holding shares in physical form, are requested to notify immediately any changes in their address to the Registrar and Transfer Agents (RTA), M/s. Karvy Computershare Pvt. Ltd., 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081. Phone: 040 44655000 Fax: 23420814. Members, holding shares in electronic form, are requested to notify any such changes to the concerned Depository Participant.

8. Appointment / Re-appointment of Directors

At the ensuing Annual General Meeting, **Mr. T. V. Sandeep Kumar Reddy** and **Mr. J Brij Mohan Reddy**, Directors retire by rotation and being eligible offers themselves for re-appointment. The relevant information as required under Clause 49 of Listing Agreement concerning Corporate Governance Code in respect of appointment / reappointment of Directors is given below for information of the Members;

Mr. T. V Sandeep Kumar Reddy, aged about 46 years Son of Dr. T. Subbarami Reddy (Member of Parliament) has over 21 years of experience in the construction industry. He has been associated with the company since its incorporation in 1989. Mr. T. V. Sandeep Kumar Reddy has done his Masters in Construction Engineering and Management from the University of Michigan at Ann Arbor, USA and also holds a Bachelor Degree in Civil Engineering from Purdue University. He looks after the day-to-day affairs of the Company.

Mr. J Brij Mohan Reddy aged about 72 years Son of Mr. J. Chenna Krishna Reddy, he is an Engineering Graduate from Berkley University in the USA. He has over 47 years of experience in the heavy engineering construction and the harbor engineering industries. He is specialized in harbor engineering (i.e., construction of break waters, piers, wharf walls, jetties etc.), RCC structures, Steel structures and Highway projects. He joined the company as Vice Chairman in 1989. He was responsible for the construction of the entire fisheries harbor at Chennai and major portion of mechanized ORE-handling project for Chennai Port Trust.

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

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

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

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

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

Your Directors recommend the resolution for your approval.

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

Place: Hyderabad
Date : 14th August, 2013.

CS I.V. LAKSHMI
Company Secretary & Compliance Officer

DIRECTORS' REPORT

To
The Members

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

FINANCIAL RESULTS

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

(₹ in Lakhs)

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

OPERATIONS REVIEW:

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

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

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

FUTURE OUTLOOK

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

DIVIDEND

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

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

RESERVES

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

SUBSIDIARY COMPANIES

Your Company has seven subsidiary companies (including step down subsidiaries) as on 31st March, 2013 as per the Companies Act, 1956.

CONSOLIDATION OF ACCOUNTS

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

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

DIRECTORS

Shri. J. Brij Mohan Reddy and Shri. T.V. Sandeep Kumar Reddy, Directors retire at the ensuing AGM and being eligible offer themselves for reappointment.

PUBLIC DEPOSITS

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

CORPORATE GOVERNANCE REPORT

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

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The Management discussions and analysis report is given separately and forms part of this Annual Report.

LISTING AT STOCK EXCHANGES

The Equity shares of the Company are listed in "BSE"(BOMBAY STOCK EXCHANGE LTD) and "NSE" (NATIONAL STOCK EXCHANGE INDIA LTD) and Non Convertible Debentures issued on Private placement are continued to be listed on Bombay Stock Exchange Ltd .

QUALIFIED INSTITUTIONAL PLACEMENT

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures ;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the financial year ended on that date.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

AUDITORS

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

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

STATUTORY INFORMATION

Particulars of Employees

Details in respect of remuneration to employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended are not furnished since no employee of the Company, except Executive Directors falls within the remuneration limits provided under the said section and rules.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

AUDITORS' REPORT

Management Opinion on Auditors Observations:

Joint Venture Losses:

The Management's opinion on the comments of the Auditors in their report on Financial Statements is as under:

The IJM-Gayatri Joint Venture losses are not considered in the books of your company in view of the various claims made by the joint venture on the employer for their contractual failures. The management are of the view that the losses which are primarily attributed to such failures are likely to be decided in favour of the joint venture. The JV has raised claims in excess of ₹ 300 Crores on the National Highways Authority of India and Andhra Pradesh State Government, which are pending for consideration before the appropriate legal forum. So far the joint venture has got favorable awards amounting

to ₹6199.22 lakhs including interest on claims and received orders for release of payments for ₹ 2901.48 lakhs. The remaining claims are under adjudication. The management is confident of recovering substantial amount of claims. 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. In the unlikely situation of not awarding the entire amount of claims, GPL has to provide an amount of ₹46.30 crores towards its share of 40% in the IJM-Gayatri Joint Venture.

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

Your Directors place on record their appreciation for the confidence reposed and continued support extended by its customers, suppliers, Banks and Financial Institutions, Government at Centre and State and Shareholders. Your Board would like to place on record, its sincere appreciation to all the sub contractors, consultants, clients and employees for having played a very significant part in the Company's operations till date.

For and on behalf of the Board

Place : Hyderabad
Date : 28th May, 2013

T. INDIRA SUBBARAMI REDDY	T. V. SANDEEP KUMAR REDDY
Chairperson	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		
	Sai Maatarini Tollways Limited	Gayatri Infra Ventures Ltd (GIVL)	Gayatri Energy Ventures Pvt. Ltd. (GEVL)
Financial Year of the Subsidiary will be ending on	31 st March, 2013	31 st March, 2013	31 st March, 2013
Date of which they became subsidiary Company	8 th September, 2011	22 nd January, 2008	10 th February, 2009
No. of Shares held at the end of the Financial Year of the Subsidiary Companies	50,000 equity shares of ₹10/- each	12,50,000 equity shares of ₹10/- each	65,24,030 equity shares of ₹10/- each
Extent of Interest of Holding Company at the end of the Financial Year of the subsidiary Company	100.00%	70.59%	100%
The net Aggregate amount of Subsidiary Companies Profit/Loss so far as it concerns the members of Holding Company (₹ in Lakhs)			
- Dealt with the holding company's accounts	NA	NA	NA
- Not dealt with the holding company's accounts	(0.89)	(3076.91)	(1758.90)

II. Step-down Subsidiaries

Name of the Subsidiary	Subsidiaries of GIVL		Subsidiaries of GEVL	
	Gayatri Jhansi Roadways Limited	Gayatri Lalitpur Roadways Limited	Bhandara Thermal Power Corporation Limited	Thermal Powertech Corporation India Ltd.
Financial Year of the Subsidiary will be ending on	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013
Date of which they became subsidiary Company	6 th September 2008	6 th September 2008	25 th of March, 2011	26 th April, 2008
No. of Shares held at the end of the Financial Year of the Subsidiary Companies	2,16,19,994 equity shares of ₹10/- each	1,62,18,000 equity shares of ₹10/- each	49,83,334 equity shares of ₹10/- each	23,66,00,000 equity shares of ₹10/- each
Extent of Interest of Holding Company at the end of the Financial Year of the Subsidiary Company	51%	51%	100%	51%
The net Aggregate amount of Subsidiary Companies Profit/Loss so far as it concerns the members of Holding Company (₹ in Lakhs)				
- Dealt with the holding company's accounts	NA	NA	NA	NA
- Not dealt with the holding company's accounts	(185.59)	(133.48)	(4.82)	(60.36)

For and on behalf of the Board

Place : Hyderabad
Date : 28th May, 2013.

T. INDIRA SUBBARAMI REDDY
Chairperson

T. V. SANDEEP KUMAR REDDY
Managing Director

Annexure – B to DIRECTORS' REPORT

Statement pursuant to Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies, as per Companies Act, 1956.

₹ in Lakhs

Particulars	Gayatri Infra Ventures Ltd	Gayatri Lalitpur Roadways Ltd	Gayatri Jhansi Roadways Ltd	Gayatri Energy Ventures Pvt. Ltd.	Thermal Powertech Corporation India Ltd	Bhandara Thermal Power Corporation Ltd	Sai Maatarini Tollways Limited
	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
Capital	177.08	3179.80	4240.00	652.40	67840.47	498.33	5.00
Share Application Money	—	—	—	—	—	—	—
Reserves	17821.14	(1628.02)	(1850.92)	59873.24	19969.15	(20.08)	(3.39)
Total Assets	33455.30	29331.26	38248.25	76631.34	527629.22	8512.27	13673.96
Total Liabilities	15457.08	27779.48	35859.17	16105.70	439819.60	8034.02	13672.35
Details of Investments (Except Investment in subsidiaries)	4807.33	—	—	40898.34	—	—	—
Turnover	721.28	4871.49	6086.48	6.08	0.03	-	0.36
Profit before Taxation	(1716.51)	(259.42)	(361.60)	(1693.73)	(118.36)	(4.82)	(0.90)
Provision for Taxation	—	—	—	—	—	—	—
Profit after Taxation	(1716.51)	(259.42)	(361.60)	(1693.73)	(118.36)	(4.82)	(0.90)
Proposed Dividend	—	—	—	—	—	—	—

For and on behalf of the Board

Place : Hyderabad
Date : 28th May, 2013.

T. INDIRA SUBBARAMI REDDY
Chairperson

T. V. SANDEEP KUMAR REDDY
Managing Director

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.

Overview

The Indian economy is going through challenging times with GDP growth slowing down to 5% in FY13. Industrial activity has also come down sharply and would just about show growth of 1-2% for the entire year. To add to the problems, inflation has remained high through the year with the CPI inflation number being above 10% and WPI inflation at around 6.5-7%.

The Economic Survey for the year 2012-13 notes that India's current economic slowdown is deeply rooted in external causes and domestic weakness. Monetary tightening had been inevitable in the face of increased external headwinds and spiking inflation on account of stimulus support prompting consumption boost matched by inadequate supply-side flows.

In the 12th Five Year Plan, Govt has set an ambitious target of increasing the proportion of infrastructure investment to approximately 9.1% of the GDP. This translates into a massive investment of more than ₹ 50,000 bn. This will augur well for the construction industry, as the project awarding and execution progresses across various subsectors of infrastructure. Moreover, the outstanding investment in the industrial sector could potentially translate into the effective construction opportunity of about ₹ 3,700 bn during the period of next 4-5 years.

Infrastructure Performance

During FY12-13, the infrastructure sector has grown at moderate rate. In FY12, the growth in construction GDP declined to 5.3% as compared with the growth of 8% registered in FY11. The slowdown in the construction was mainly on account of the delay in the project awarding and execution due to environmental clearance hurdles, land acquisition issues, political instability in some states etc. Considering first half of FY13, the construction GDP grew by 8.8% on a y-o-y basis as compared with the growth of 4.7% registered in the corresponding period of the previous year.

The order book position of major construction companies has declined during the April-December 2012 period due to weak order inflows. Slowdown in awarding projects in sectors such as roads, power and irrigation has been the key reason for lower order inflows. Revenue growth has also been subdued due to the delays in execution, financial stress of companies and the weak macroeconomic environment. Further, profitability has declined with the rising share of low-margin segments in the overall business, and sustained pressure on contract pricing - especially in road projects.

Opportunities

It is estimated that the long term (next 5 years) growth is expected to pick up gradually and estimates the total construction opportunity to be around ₹ 19.20 trillion between 2012-13 and 2016-17. Over 85 per cent of the total opportunity is likely to come from infrastructure spending, specifically the roads, irrigation and urban infrastructure sectors. In the industrial segment, the opportunity is expected to be low on account of sluggish expansion plans in the large contributors such as oil and gas, metals and automobiles.

Roads: Roads will account for the lion's share of construction opportunity over the next 5 years. The Central Government's programmes including the National Highway Development Programme (NHDP), Pradhan Mantri Gram Sadak Yojana (PMGSY), and road development programmes of the various state governments will support growth in road investments.

Power: The demand for grid power is expected to grow by 6% p.a. by the end of the 12th Five Year Plan. The capacity addition in the power sector is about 50,000 to 52,000 MW during the 11th plan. In order to achieve the projected capacity addition of 1,03,300 MW, and build adequate transmission and distribution capacity, investment to the tune of ₹ 11,18,3.75 billions would be required.

Ports: FDI up to 100% through automatic route is allowed for construction and maintenance of ports. In the Budget for FY 2013-14, Government has announced intention of establishment of two new major ports.

Telecommunication: The Indian telecom network is the second largest in world after China. The share of private operators has grown tremendously to 85% in December 2012 from 5% in 1999. Telecommunication infrastructure poses huge potential considering the enormous growth of wireless connections, and increasing tele density.

Railways: Railways sector has grown at an average rate by 8% during the period of 2008-2012. It currently shares only 36% of India's freight traffic. The vision 2020 has projected an investment to the tune of ₹ 7,200 bn for the sector.

Civil Aviation: Civil aviation industry in India has grown at an average rate of 18% in past seven years. The domestic passenger traffic handled at Indian airports grew by 20%. At the same time international traffic (Passengers & Cargo) grew at 8%. Permitting foreign airlines to invest in domestic airlines and direct import of ATF (aviation turbine fuel) is expected to provide stimulation to aviation industry.

Budget Proposals

Government agencies (including NHAI and HUDCO) have once again been permitted to issue tax-free infrastructure bonds in 2013-14 totaling up to ₹ 500 billion. This will provide additional funds to various infrastructure sectors such as roads, ports and power.

In the roads sector, the budget proposes to set up an independent regulatory authority. In the medium term, this could help faster implementation of road projects. After the substantial completion of the Pradhan Mantri Gram Sadak Yojana (PMGSY), the PMGSY – II has been introduced to support rural road development. This is expected to benefit the industry. Gol has allocated ₹ 21,700 crore towards PMGSY that will benefit States such as Andhra Pradesh, Haryana, Karnataka, Maharashtra, Punjab and Rajasthan.

Allocation towards the JNNURM programme (Jawahar Lal Nehru National Urban Renewal Mission) has been doubled in 2013-14 from the previous year. Allocation towards JNNURM has been increased from ₹ 7,383 crore to ₹ 14,873 crore. This will boost spending on ongoing and upcoming urban infrastructure projects. In addition, allocation to the Ministry of Drinking Water and Sanitation has been increased by 17 per cent in 2013-14, driving investment, particularly in water supply and sanitation.

Two new major ports will be established to add 100 million tonnes of capacity.

Road Ahead

Infrastructure segment is poised to explode with new developments and investments in the time to come as any other industry's progress would directly depend on basic infrastructure of the economy. A recent study has stated 18,637 km of expressways need to be built by the end of the 13th Five-Year Plan period, i.e. 2022. Infrastructure development (for expressway projects alone), on such a massive scale would require about ₹ 450,000 crore (US\$ 77.54 billion), according to the study. In the first half of the year, about 3000 km of highways are expected to be awarded. Two new major ports in West Bengal and Andhra Pradesh as well as a new outer harbor in Tamil Nadu have been proposed to increase port capacities. Nearly all of the infrastructure sectors present excellent opportunities, with roads and highways, ports and airports, railways and power standing out as particular bright spots, with staggering sums of investment planned. Public Private Partnerships (PPPs) are gaining in importance, and are benefiting from government. Companies experienced in these types of works should be able to use their expertise to good effect in future.

The Company order book is comfortable at ₹ 8598 crores as on March 2013 and it will provide revenue visibility for next 3-4 years. The order book is likely to further improve in FY 2013-14 on account of new tenders called by NHAI and other institutions in which company is actively participating. During the year under review, the Company and its joint ventures have together bagged new orders valued around ₹ 500.00 crores.

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. An Independent Chartered Accountant firm is conducting internal audit of the Head Office and work sites and reporting to Audit Committee.

Financial Performance

Share Capital: During the year the Company has allotted 62,58,752 equity shares of ₹ 10/- each for cash at a premium of ₹ 110.18 per equity share through Qualified Institutional Placement. As a result the share capital of the company has increased by ₹ 625.87 Lakhs.

Reserves & Surplus: The Reserves & Surplus of the Company has increased to ₹59,520.17 Lakhs from ₹ 49,225.36 Lakhs in the previous year. The increase is due to receipt of share premium on Qualified Institutional Placement and accrued profits during the year.

Net worth: The overall net worth of the company has increased to ₹62,542.87 Lakhs from ₹51,622.18 Lakhs, mainly due to the Qualified Institutional Placement and Profits made during the year.

Non Current Liabilities: Non Current Liabilities includes long term borrowings and provisions, deferred tax liabilities and other long term liabilities having maturity profile of more than one year. The Non Current liabilities have increased to ₹89,577.57 Lakhs from ₹53,377.50 Lakhs in the previous year. The increase is due to additional Bank loans availed by the Company to finance the working capital gap and partly to finance the investment commitments of the company.

Current Liabilities: Current Liabilities includes short term working capital borrowings, trade creditors, short term provisions and current maturities of the long term liabilities. The current liabilities have increased to ₹1,40,790.94 Lakhs from ₹1,34,463.14 Lakhs in previous year. The marginal increase is due to increase in the sundry creditors in line with the increase in the turnover.

Non Current Assets: Non Current Assets includes fixed assets, non current investment and long term nature loans and advances. The Non Current assets have increased to ₹1,03,472.76 Lakhs in FY 2012-13 from ₹96,744.33 Lakhs in FY 2011-12. The increase is mainly due to additional investment made in the Gayatri Energy Ventures Ltd., (GEVL), which is a wholly owned subsidiary of your company for promoting power sector projects. The Thermal Powertech Corporation (India) Limited is establishing Coal based thermal power project of 1320 MW at Nellore District, A.P. and the progress of the work is as per schedule and the project is likely to operate commercially by the end of 2014. The second project promoted by the GEVL is under the name of NCC Power Corporation (P) Ltd., , is also Coal based thermal power project having capacity of 1320 MW situated at Nellore District, A.P. The project is expected to be operational by end of 2015.

Current Assets : The current assets includes inventories, receivables, short term advances and cash & cash equivalents. The current assets have increased to ₹1,89,438.62 Lakhs from ₹1,43,718.49 Lakhs in the previous year. The increase in current assets is on account of increase in the volumes of the activities.

Operational Performance

Turnover: During the year under review the Company has achieved turnover of ₹2,02,220.21 Lakhs as compared to ₹1,80,190.39 Lakhs in the previous year, registering a growth of 12%. The infrastructure sector growth is moderate during the year. The growth in construction declined to 5.3% in FY 2012 as compared with the growth of 8% registered in FY2011. Considering the above, the growth of 12% in the turnover of the company is commendable. The company order book is nearly ₹8500 crores and expected to further improve during the year. Therefore management is confident to improve the growth level in the coming years.

Other Income: There has been decrease from ₹333.36 Lakhs in FY 2012 to ₹247.63 Lakhs in FY 2013 due to the decrease in the Other Non Operating Income as compared to the previous year.

Material Cost/ Work Expenditure: The material cost includes the cost of all basic raw materials, consumables and spares/stores consumed etc. The work expenditure consisting of work expenditure, staff cost, administrative cost and increase / decrease in WIP. The overall construction cost has marginally increased to 84.00% as against 83.00% in the previous year. The increase is due to the increase in the cost of raw materials.

Other Expenses: The other expenses include general administrative expenses and foreign exchange translation losses etc. The other expenses decreased to ₹ 6,007.27 Lakhs from ₹ 11,101.29 Lakhs in the previous year. The decrease is due to lesser provision required for the foreign exchange translation loss as compared to previous year. The company is having foreign exchange exposure on the ECB loan of USD 24.42 million and has taken forward cover for the half of the exposure to cover foreign exchange translation loss.

Financial Charges: The financial charges have increased to ₹ 13,522.98 Lakhs in FY 2012-13 from ₹ 10,437.38 Lakhs in FY 2011-12. The increase in the financial charges is due to increase in the borrowings by the company.

EBITDA and Net Profit: The EBITDA margins have improved to 13.26% during the year as compared to 11.26% in the previous year. The PAT margin also increased to 5.04% in the current year as compare to 3.87% in the previous year. The main reason for increase in the profit margins in the current year is due to profitable industrial works the company is executing at present.

Dividend: The Board of Directors has recommended a Dividend of ₹3/- per Equity share (30%) for the year 2012-13 subject to approval of Shareholders at the ensuing Annual General Meeting.

Human Resources

The employee force has grown considerably over the past few years and also the number of departments in the organization. The company recently launched the new logo, with it the management has taken the initiative to introduce the HR Policy Manual which will help each employee know their roles, responsibilities, duties, rights and the company's expectation from them in a transparent manner without ambiguity. The objective of the manual is to lay down the rules which govern our day to day organizational functions, so that all are on the same page, with the same goals and being suitably recognized for our contributions in a scientific and systematic method, ruling out scope of discriminations and in return empowering the employees with their own clearly defined growth path. The company continuously invests in the development of its human resources through a series of employee friendly measures aimed at talent acquisition, development, motivation and retention. In this year of moderate growth, the company has started exercise of filtering and retaining talented employees and trimming the incompetent work force. The relationship with employees remained smooth and cordial throughout the year under review.

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE AS PER THE LISTING AGREEMENT

To

The Members of **Gayatri Projects Limited**

We have examined the compliance of conditions of corporate governance by Gayatri Projects Ltd. for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 the 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 based on 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

(Registration No: 002140S)

Place : Hyderabad

Date : 28th May, 2013

MANI OOMMEN

Partner

Membership No: 24046

CORPORATE GOVERNANCE REPORT:

(As required by clause 49 of the Listing Agreement entered into with Stock Exchanges)

A. MANDATORY REQUIREMENTS

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's philosophy on corporate governance encompasses not only regulatory and legal requirements, such as the terms of listing agreements with stock exchanges, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders. Gayatri Projects Limited is committed to doing business in an efficient, responsible, honest and ethical manner. Corporate governance practice goes beyond compliance and involves a company-wide commitment. This perspective has to become an integral part of business to ensure fairness, transparency and integrity of the management. Good corporate governance provides an appropriate framework for the Board, its committees and the executive management to carry out the purposes that are in the interest of the Company and the Stakeholders.

The company's core philosophy on the code of corporate governance is to ensure:

- ◆ Fair and transparent business practices.
- ◆ Accountability for performance.
- ◆ Compliance of applicable statute.
- ◆ Transparent and timely disclosure of financial and management information.
- ◆ Effective management control and monitoring of executive performance by the Board.
- ◆ Adequate representation of professionally qualified non executive and independent Directors on Board.

Company has adopted Code of Conduct which articulates the values, ethics and business principles and serves as a guide to the Company, its directors and employees supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the said Code. The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges ("the Listing Agreement")

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, 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. As on 31st March, 2013, we had a total strength of 6 Directors in the Board, comprising of: 2 Executive Directors and 4 Non-Executive Directors (3 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.

Table : I Key information pertaining to Directors as on 31st March, 2013

	Mrs. T. Indira Subbarami Reddy	Mr. T. V. Sandeep Kumar Reddy	Mr. J. Brij Mohan Reddy	Mr. G. Siva Kumar Reddy	Dr. V. L. Moorthy	Mr. CH. Hari Vittal Rao
Category	Chairperson Promoter Director	Managing Director	Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Date of appointment	08/03/1996	15/09/1989	30/03/1994	30/03/1994	04/11/2005	04/11/2005
Directorship in other Public Companies	5	13	8	3	3	4
Chairmanship in Committees of Board of other Companies	—	—	2	—	2	—
Membership in Committees of Board of other Companies	1	3	2	—	3	1
Directorship in Board of Other Companies*	26	37	10	7	6	6
No. of Board Meetings held / attended	6/5	6/6	6/4	6/3	6/6	6/5
Attendance at the last AGM held on Sept. 20, 2012	No	Yes	No	No	Yes	Yes
No. of Shares Held as on 31/03/2013	10630932	4579544	450	225	—	—

* Includes private limited companies

BOARD MEETINGS

Our Secretarial Department in consultation with the Key Managerial Personnels, Executive Directors and with Board Governance decided the dates of Board Meetings. The schedule of Board Meeting and Board Committee Meetings are communicated in advance of all the Directors to enable them to schedule their meetings.

Our Board met 6 times in the Financial Year 2012–13 on 30th Day of May 2012, 06th Day of August 2012, 13th Day of August 2012, 27th of September 2012, 14th of November 2012 and 14th of February 2013.

Details of the Directors seeking re-appointment

Shri. J. Brij Mohan Reddy and Shri. T.V. Sandeep Kumar Reddy, Directors retire by rotation at this Annual General Meeting and are 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 there under.

I. AUDIT COMMITTEE

- a) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement 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. G Siva Kumar Reddy	– 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: 30th of May, 2012, 13th of August, 2012, 14th of November, 2012 and 14th of February, 2013. The maximum gap between any two meetings is not more than 4 months.

Table : 2

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	4
Mr. G. Siva Kumar Reddy – Member	4	3

The necessary quorum was present at all the meetings.

II. REMUNERATION COMMITTEE

- a) **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 Financial 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.

b) The composition of the Remuneration Committee is given below :

1. Mr. G. Siva Kumar Reddy - Chairman
2. Mrs. T. Indira Subbarami Reddy - Member
3. Dr. V. L. Moorthy - Member

c) Table: 3 Attendance during the year

Name of the Director	Held	Attended
Mr. G. Siva Kumar Reddy - Chairman	1	1
Mrs. T. Indira Subbarami Reddy - Member	1	1
Dr. V. L. Moorthy - Member	1	1

* One Remuneration Committee meeting was held on 20th September 2012.

d) 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 in connection with the Company's business.

e) Table : 4 Remuneration and sitting fees paid to the Directors during 2012-2013

(₹ in Lakhs)

	Mrs. T. Indira Subbarami Reddy	Mr. T. V. Sandeep Kumar Reddy	Mr. J. Brij Mohan Reddy	Mr. G. Siva Kumar Reddy	Dr. V. L. Moorthy	Mr. CH. Hari Vittal Rao
Category	Chairperson Promoter Director	Managing Director	Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Relationship with Directors	Yes	Yes	Yes	None	None	None
Salary	—	390.00	132.00	—	—	—
Allowances	—	—	—	—	—	—
Commission/Incentives	—	60.00	—	—	—	—
Other Annual Compensation	—	—	—	—	—	—
Deferred Benefits	—	—	—	—	—	—
Sitting fees	0.60	—	—	0.675	1.20	1.05

V. SHAREHOLDER'S / INVESTORS GRIEVANCE AND SHARE TRANSFER 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:

Mr. Ch. Hari Vittal Rao - Chairman

Mr. J. Brij Mohan Reddy - Member

Mr. G. Siva Kumar Reddy - Member

Table : 5 Meetings and Attendance:

Name of the Director	No. of Shareholders /Grievance Committee Meetings	
	Held	Attended
Mr. Ch. Hari Vittal Rao – Chairman	Nil	Nil
Mr. J. Brij Mohan Reddy – Member	Nil	Nil
Mr. G. Siva Kumar Reddy – Member	Nil	Nil

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 2331 0330 Fax: +91 40 2339 8435

E Mail: cs@gayatri.co.in.

d) Table: 6 Details of complaints/requests received and redressed :

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	11	11	NIL

VI. GENERAL BODY MEETINGS

a) Annual General Meeting

Table: 7 Location, date and time of last three Annual General Meetings (AGMs) and Special Resolutions passed there at:

Year	Location	Date and Time	Special Resolution passed
2009-10	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	27/09/2010 3.30 PM	1. Borrowing in excess of paid up capital and free reserves. 2. Authorization to invest in Infrastructure projects, BOTs, BOOTs, Toll Projects, Power Projects etc..
2010-11	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	30/09/2011 4.00 PM	1. Borrowing in excess of paid up capital and free reserves. 2. Alteration of the Common Seal Clause in the Article of Association. 3. Making Investment through Subscription to the MOA in Securities Beyond the Prescribed Limit.
2011-12	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	20/09/2012 03.00 PM	1. To invest in overseas joint venture companies 2. Authorization to investment committee to invest in specific projects in overseas joint venture companies/ joint venture subsidiaries/ SPVs 3. To acquire equity in Gayatri Trident Africa FZC an overseas joint venture company. 4. Re-appointment of Sri. Brij Mohan Reddy, Executive Vice Chairman.

b) Table: 8 Extra-ordinary General Meetings:

There were no Extra Ordinary General Meetings held during the year.

c) Postal Ballot:

During the year 2012-2013, Pursuant to section 192A of the Companies Act, 1956 the shareholders of the Company approved the following resolutions by means of Postal Ballot. The Postal Ballots were conducted by Mr. Y. Koteswara Rao, Practicing Company Secretary who was appointed by the Board / Committee of the Company at their meeting held on 30th May, 2012 as the Scrutinizer.

Table: 9 Results of the aforesaid Postal Ballot

Item	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – against	% of Votes in favour on votes polled	% of Votes against on votes polled
Raising of Funds through Issue of Securities	23968242	16421889	68.52	16236384	180591	98.87	1.10
Increasing FII Investment Limits in the Company.	23968242	16421889	68.52	16414522	2098	99.96	0.01
Restructuring of the Outstanding JPY 2757.481 Million Foreign Currency Convertible Bonds (FCCBs)	23968242	16421889	68.52	16236160	180510	98.87	1.10

The Resolutions were approved by the overwhelming majority of the shareholders. The results were also published in Business Standard and Andhra Prabha and intimated to the Stock Exchanges.

d) Conducted the postal ballot exercise:

The Postal Ballot was conducted by Mr. Y. Koteswara Rao, Practicing Company Secretary, Hyderabad as Scrutinizer to scrutinize the Postal Ballots in a fair and transparent manner. The Scrutinizer submitted his report on the following dates as provided in the table, with the Company and based on the said report, results of Postal Ballot were declared by Managing Director on following dates as tabled below:

Date of the notice of the postal ballot	Last date for receipt of the postal ballot	Date of the Scrutinizers report	Declaration of Results by the company
30 th of May, 2012	07 th of July, 2012	09 th of July, 2012	10 th of July, 2012

e) Any special resolution(s) are proposed to be conducted through postal ballot

Special Resolution(s) under Section 372A of the Companies Act, 1956 is proposed to be passed by way of Postal Ballot.

f) 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 will be 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 will be 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 will be published in the Newspapers and displayed on Website and Notice board.

SUBSIDIARY COMPANIES

Company has three (3) material non listed Indian subsidiary Viz.. M/s. Gayatri Infra Ventures Limited, Gayatri Energy Ventures Private Limited and Thermal Powertech Corporation India Limited (Step down subsidiary of the company) and the company has appointed one independent director on the Board of Directors of a material non listed Indian subsidiary company. The Audit Committee of the company regularly review the financial statements, and the investments made by the unlisted subsidiary companies. The minutes of the Board meetings and a statement of all significant transaction and arrangements entered into by the unlisted subsidiary company will be placed at the Board meeting of the company.

g) DISCLOSURES

(i) Disclosure of material, financial and commercial transactions where management has personal interest that may have a potential conflict with the interest of the company at large

During the year 2012-13, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company. None of the Non-Executive Directors have any pecuniary material relationship or material transactions with the Company for the year ended 31st March, 2013, and have given undertakings to that effect.

Details of transactions of a material nature with any of the related parties (including transactions where Directors may have a pecuniary interest) as specified in Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006, have been reported in the Notes to the Accounts and they are not in conflict with the interest of the Company at large.

Register under Section 301 of the Companies Act, 1956 is maintained and particulars of transactions are entered in the Register, wherever applicable.

Such transactions are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

(ii) Details of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

- NIL -

(iii) Disclosure relating to Whistle Blower policy and affirmation that no personnel have been denied access to the audit committee.

The Company has implemented a Whistle Blower Policy in the Company and no personnel have been denied access to the audit committee of the company.

(iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and are being reviewed from time to time.

h) MEANS OF COMMUNICATION

Quarterly Results, Press Releases, Presentations and Publications:

Our quarterly results are generally published in widely circulated national newspapers the Business Standard, Economic Times and Nav Bharat Times and in one vernacular Language newspaper Andhra Prabha (Telugu Daily). And also the half yearly and Annual Audited Financial Results are published in the same manner.

The results are also displayed on the Company's web site www.gayatri.co.in. Official news releases, presentations made to media are also displayed on the Company's website.

Management Discussion and Analysis detailed report is forming part of this Annual Report.

i) GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting :

Financial Year : 2012 – 2013

Date : 27th September 2013

Time : 11.30 AM

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 1st April, 2013 to 31st March, 2014

Table: 10 Calendar for Reporting

Quarter Ending	Release of Results
June 30, 2013	August 14, 2013
September 30, 2013	November 14, 2013
December 31, 2013	February 14, 2014
March 31, 2014	May 30, 2014*

*instead of publishing quarterly results, the Company has to publish Audited Annual Accounts within 60 days from the end of the financial year as per Stock Exchange Guidelines.

- c) **Dates of Book Closure :**

The Books shall be closed from 24th September, 2013 to 27th September, 2013 (both days inclusive).

- d) **Dividend Disclosure :**

Announcement of Dividend

The Board of Directors has proposed a dividend of 30% i.e. ₹ 3/- per share for the financial year ended 31st March, 2013 subject to approval of the shareholders at the Annual General Meeting.

Mode of Dividend payment and date

Dividend shall be remitted through National Electronic Clearing Service (NECS) at approved locations, wherever NECS details are available with the Company; and in all other cases, through warrants payable at par. These warrants shall be valid for a period of 3 months. Post expiry of validity period, these may be sent to the Company's Office at 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082 for revalidation.

Date of payment: On or after 27th September 2013, but within the statutory time limit of 30 days.

- e) **Listing on Stock Exchanges:**

The shares of the Company are listed on The Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd and Non-Convertible Debentures of the company are listed on Bombay Stock Exchange Limited.

The Company confirms that it has paid annual listing fees due to the stock exchanges for the financial year 2013-2014.

- f) **Stock Code:**

- (i) **Trading Symbol**

Exchange	Scrip Code	Scrip ID
Bombay Stock Exchange Limited	532767	GAYAPROJ
National Stock Exchange of India Limited	—	GAYAPROJ

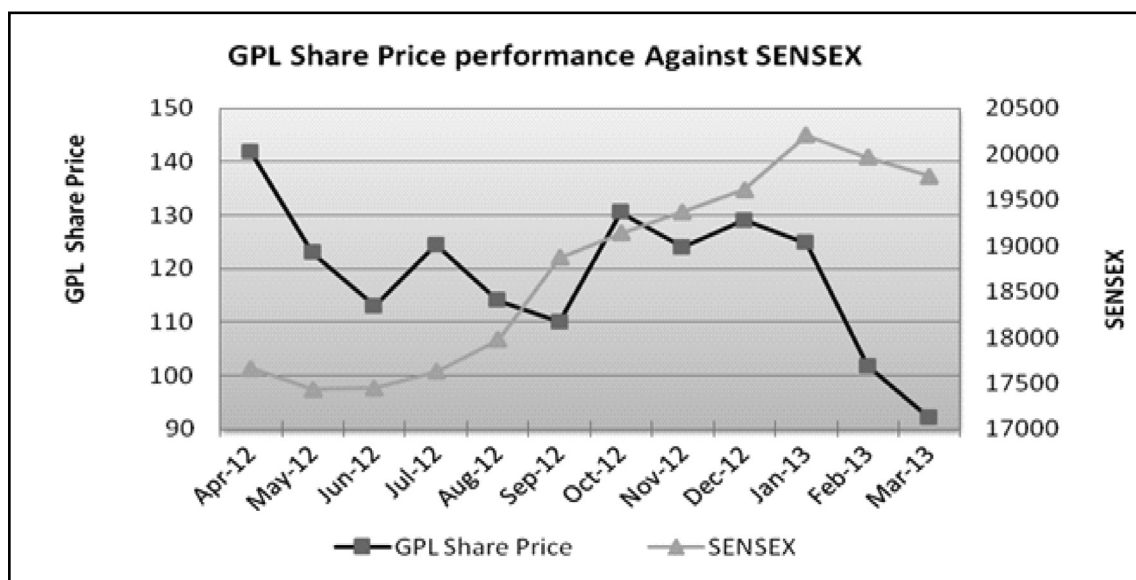
- (ii) Depository for Equity Shares : **NSDL and CDSL**

- (iii) Demat ISIN Number : **INE336H01015**

g) Table: II Stock Market Price Data:

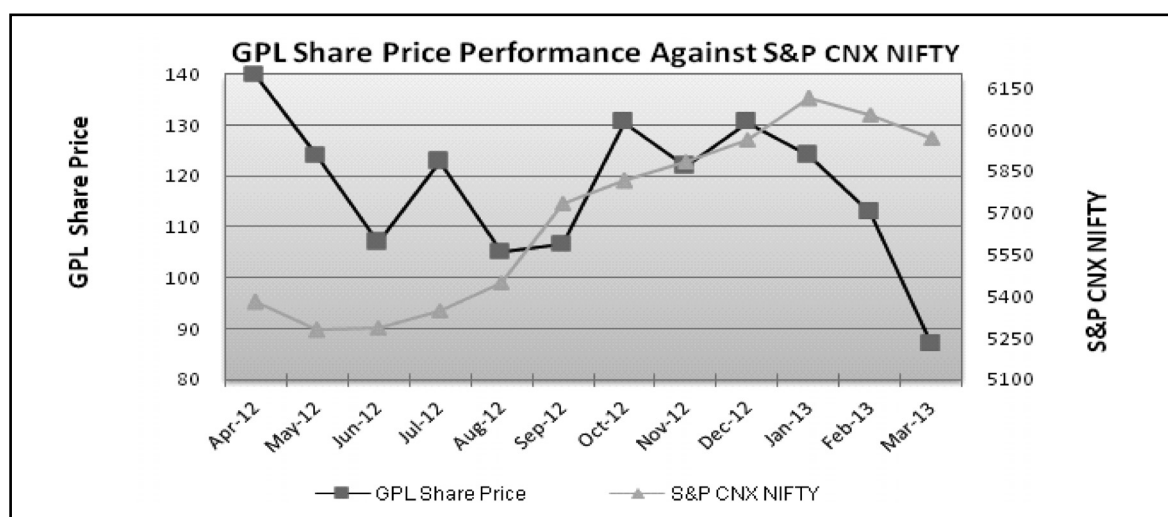
Month	BSE SHARE PRICE		BSE SENSEX	
	High	Low	High	Low
Apr-12	141.70	118.20	17664.10	17010.16
May-12	122.95	101.20	17432.33	15809.71
Jun-12	113.00	94.00	17448.48	15748.98
Jul-12	124.45	97.00	17631.19	16598.48
Aug-12	114.00	91.55	17972.54	17026.97
Sep-12	110.00	89.55	18869.94	17250.80
Oct-12	130.50	108.35	19137.29	18393.42
Nov-12	124.00	105.10	19372.70	18255.69
Dec-12	129.00	107.05	19612.18	19149.03
Jan-13	124.80	95.05	20203.66	19508.93
Feb-13	101.85	79.00	19966.69	18793.97
Mar-13	92.10	65.00	19754.66	18568.43

h) Stock Price Performance in comparison with BSE SENSEX



i) **Stock Price Performance in comparison with NSE NIFTY**

Month	NSE SHARE PRICE		NSE NIFTY INDEX	
	High	Low	High	Low
Apr-12	139.80	118.10	5378.75	5154.30
May-12	123.90	102.05	5279.60	4788.95
Jun-12	107.00	94.00	5286.25	4770.35
Jul-12	122.80	90.30	5348.55	5032.40
Aug-12	105.00	92.00	5448.60	5164.65
Sep-12	106.80	90.20	5735.15	5215.70
Oct-12	130.50	107.00	5815.35	4888.20
Nov-12	121.90	107.00	5885.25	5548.35
Dec-12	130.55	113.40	5965.15	5823.15
Jan-13	124.00	95.70	6111.80	5935.20
Feb-13	112.80	75.65	6052.95	5671.90
Mar-13	86.95	64.00	5971.20	5604.85

j) **Registrar and Transfer Agents : (RTA)**
Karvy Computershare Private Limited

Unit: Gayatri Projects Limited

Plot No., 17-24, Vittal Rao Nagar,

Madhapur, Hyderabad – 500 081

Tel: 040 – 2342 0818, 040-44655000, Fax: 040 – 2342 0814

Email: einward.ris@karvy.com Website: www.karvycomputershare.com

k) **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 15 days from the date of receipt, if the documents are complete in all respects. The Directors, the Chief Financial Officer and the Company Secretary are severally empowered to approve transfers.

a. (i) Distribution of shareholding as on 31st March, 2013:

Table 12:

Category (Amount)	No. of cases	% of Cases	Total shares	Amount	% of Amount
1 – 5000	101135	93.17%	907622	9076220	3.00%
5001- 10000	367	3.38%	286544	2865440	0.95%
10001- 20000	177	1.63%	268418	2684180	0.89%
20001- 30000	53	0.49%	131796	1317960	0.44%
30001- 40000	31	0.29%	110278	1102780	0.36%
40001- 50000	20	0.18%	96546	965460	0.32%
50001- 100000	48	0.44%	350270	3502700	1.16%
100001 & Above	44	0.42%	28075520	280755200	92.88%
Total	10855	100%	30226994	302269940	100%

(ii) Table : 13 Categories of shareholders as on 31st March, 2013:

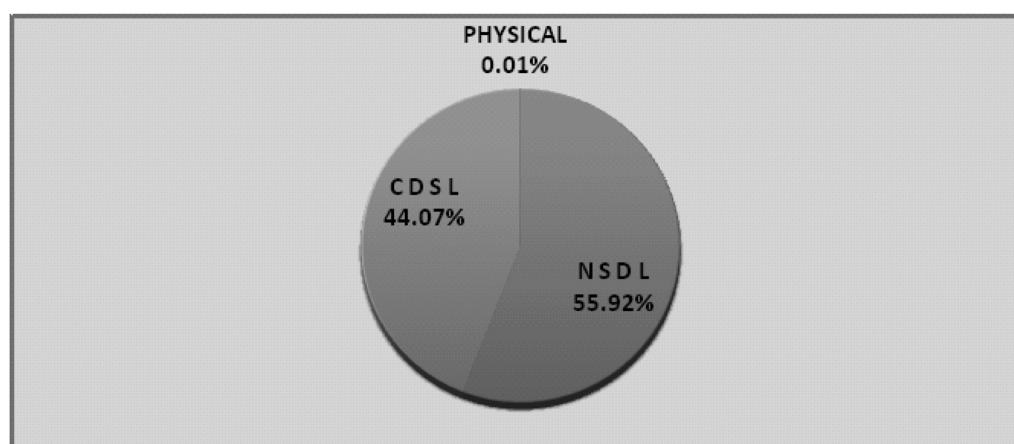
S. No	Category	No. of Cases	Total shares	% to Equity
1	Promoters & Directors	5	15211536	50.32%
2	Foreign Institutional Investors	10	8467986	28.01%
3	Resident Individuals	9972	2757545	9.12%
4	Mutual Funds	2	1310479	4.34%
5	Insurance Companies	1	1198040	3.96%
6	Indian Venture Capital	1	588351	1.95%
7	Bodies Corporates	291	398001	1.32%
8	Non Resident Indians	225	155432	0.51%
9	H U F	312	133498	0.44%
10	Clearing Members	35	5901	0.02%
11	Directors And Relatives	1	225	0.00%
	Total	10855	30226994	100.00%

l) Dematerialization of Shares and Liquidity:

As on 31st March, 2013, 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.

Table 14: As on 31st March, 2013 the Equity shares of the Company are dematerialized as follows:

Sl. No	Category	Total No. of Shares	% To Equity
1	Physical	2989	0.01
2	Dematerialized	30224005	99.99
	Total	30226994	100%



m) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity.

Company has no outstanding GDRs/ ADRs/ Warrants or any other Convertible instruments and as such there is no impact on the equity share capital of the company.

n) Listing of Debt Securities :

The Non – Convertible Debentures issued by the company are listed on Bombay Stock Exchange (BSE).

Debenture Trustee for Privately placed debentures:

IL & FS Trust Company Limited
IL & FS Financial Centre, Plot No C22, G Block,
Bandra Kurla Complex, Bandra East,
Mumbai- 400051.

o) 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
Email: cs@gayatri.co.in;

p) Unpaid / Unclaimed dividend

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by Company to the Investor Education and Protection Fund, established by the Central Government under the provisions of Section 205C of the Companies Act, 1956.

Shareholders of the Company who have either not received or have not encashed their dividend warrants, for the financial year 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 are requested to claim the unpaid/ unclaimed dividend from the Company before transfer to the above mentioned fund.

Table: 15

Financial Year	Rate of Dividend	Date of Declaration	Unclaimed Amount(₹)
2006-07	20%	September 28, 2007	52410.00
2007-08	25%	September 29, 2008	28751.00
2008-09	40%	September 24, 2009	46176.00
2009-10	50%	September 27, 2010	70709.00
2010-11	50%	September 02, 2011	98705.00
2011-12	30%	September 13, 2012	82227.00

Separate letters have been sent to the Shareholders who are yet to encash the Dividend indicating that Dividend yet to be encashed by the concerned shareholder and that the amount remaining unpaid will be transferred as per the above dates. Members are requested to utilize this opportunity and get in touch with Company's Registrar and Share Transfer Agent, M/s Karvy Computershare Pvt. Limited, Hyderabad for encashing the unclaimed Dividend standing to the credit of their account.

After completion of seven years as per the above table, no claims shall lie against the said Fund or against the Company for the amounts of Dividend so transferred nor shall any payment be made in respect of such claims.

q) Code of Conduct

The company has laid down a code of conduct for all Board members and senior management personnel. The Code of Conduct is available on the website of the company www.gayatri.co.in.

B. COMPLIANCE REPORT ON NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

1. The Board – Chairperson's Office

The Chairperson of Gayatri is a Non-Executive Promoter Director and is not maintaining any office and has not incurred any expenses during the year. Some of our independent directors have not completed a tenure exceeding a period of nine years on the Board of Directors of the Company.

2. Remuneration Committee

The Board of Directors constituted a Remuneration Committee, which is entirely composed of Non-Executive Directors. The Committee also discharges the duties and responsibilities as described under non-mandatory requirements of Clause 49. The details of the Remuneration Committee and its powers have been discussed in this section of the Annual Report.

3. Shareholders rights

We display our quarterly and half yearly results on our web site, www.gayatri.co.in and also publish our results in widely circulated newspapers. We did not send half yearly results to each household of the shareholders during the financial year 2012-13.

4. Audit Qualifications

The Auditors have qualified about the non provision of the IJM Gayatri Joint Venture losses in their report and management has clarified that in view of the various claims pending with the departments for their contractual failures the losses are not considered in the JV books. The claims which are primarily attributed to such employer failures are expected to be awarded in favor of the joint venture in near future. 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. In the unlikely situation of not awarding the entire amount of claims, GPL has to provide an amount of ₹ 46.30 crores towards its share of 40% in the IJM-Gayatri Joint Venture.

5. Whistle Blower Policy

The details of the Ombudsmen process and its functions have been discussed earlier in this section.

6. Secretarial Audit

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form and in physical form.

CEO / CFO CERTIFICATION

To

The Board of Directors

GAYATRI PROJECTS LIMITED

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of GAYATRI PROJECTS LIMITED ("the Company"), to the best of our knowledge and belief 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 violation 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.
- e) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

T.V. SANDEEP KUMAR REDDY
Managing Director

P. SREEDHAR BABU
Chief Financial Officer

Place : Hyderabad

Date : 28th May 2013.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

To

The Members of Gayatri Projects Limited

As required under Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management and the same has been placed on the Company's website. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended 31st March, 2013.

For GAYATRI PROJECTS LIMITED

T.V. SANDEEP KUMAR REDDY

Managing Director

Place : Hyderabad

Date : 28th May 2013.

Independent Auditors' Report

To the Members of **Gayatri Projects Limited**.

Report on the Financial Statements

We have audited the accompanying financial statements of **Gayatri Projects Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

We invite attention of members to the matters detailed in Note No: 33 regarding non- provision of share of joint venture losses amounting to ₹ 46.30 Crores (Previous Year ₹ 53.78 Crores). Had the provision been made for these losses, the reserves and surplus and short term loans and advances of the Company would have been lower by ₹ 46.30 Crores (Previous Year ₹ 53.78 Crores). This was a subject matter of qualification in the auditors' report for the year ended 31st March, 2012 also.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *subject to the effects of the matter described in the Basis for Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss, 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, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act and
 - e) On the basis of written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **C.B.MOULI & ASSOCIATES**
Chartered Accountants
(Registration No: 002140S)

MANI OOMMEN
Partner
Membership No: 24046

Place : Hyderabad
Date : 28th May, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph I under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

- i. In respect of its Fixed Assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of all 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. In our opinion, the Company has not disposed off substantial part of its fixed assets during the year under report and the going concern status of the Company is not affected.
- ii. In respect of its inventories:
 - a. According to the information and explanations given to us, the inventories have been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 has maintained proper records of its inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii. In respect of the Loans secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
 - a. The Company has given unsecured loans to three parties covered in the register maintained under section 301 of the Companies Act, 1956. At the year end the balance of loan granted to such parties was ₹ 4601.55 Lakhs and the maximum balance outstanding during the year was ₹ 4601.55 Lakhs.
 - b. In our opinion and according to the information and explanations given to us, the terms and conditions of such loans given by the Company are not prima facie prejudicial to the interests of the Company.
 - c. The principal amount is repayable on demand and there is no repayment schedule and therefore there is no overdue amount.
 - d. The Company has not taken any loans secured or unsecured, from companies, firms, other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of sub-clauses (f) and (g) of clause 4(iii) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system. *However, the internal controls over accounting of consumption, wastages, material reconciliation need further strengthening.*
- v. In respect of the Contracts or arrangements referred to in sec 301 of the Companies Act, 1956;
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5 lakhs in respect of each party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us, 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. Therefore the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the Company.

- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. According to the information and explanation given to us, the Company is in the process of updating cost records in respect of its construction activities for which the maintenance of cost records have been prescribed u/s 209(1)(d) of the Companies Act, 1956 pursuant to the Companies (Cost Accounting Rules) Rules, 2011 notified by the Central Government of India.
- ix. In respect of Statutory dues:
- According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor education and protection fund, Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess with the appropriate authorities during the year.
 - According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March, 2013 pending for a period of more than six months from the date they became payable.
 - According to the information and explanation given to us, there are no dues of Sales tax, Income Tax, Wealth Tax, Service Tax, Customs Duty and Cess which have not been deposited as on 31st March, 2013 on account of any dispute, except the following:

Sl. No.	Name of the Statute	Name of the Tax Due	Forum where Dispute is pending	Amount ₹ in Lakhs
1	Mines and Minerals (Development and Regulation) Act, 1957	Department of Mines and Geology	Appeal Pending before Supreme Court	1,043.51
2	Central Sales Tax Act, 1956 and Sales Tax Acts of Various States	Sales Tax/Vat	Appeals pending before various states	2,313.90
3	Central Excise Act, 1944	Service Tax	Appeals pending before various states	1,726.78
4	Income Tax Act, 1961	Income Tax	Appeal pending before CIT(Appeals)	3,667.87

- x. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institutions and banks as at the Balance Sheet date.
- xii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence clause (xii) of paragraph 4 of the Order is not applicable.
- xiii. In our opinion, the Company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- xiv. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the clause (xiv) of paragraph 4 of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, 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 interests of the Company.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the company were, prima facie, applied during the year for the purpose for which the loans were obtained.

- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short term basis have been used for long term investment.
- xviii. 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 during the year.
- xix. The Company has not issued any debentures during the year and hence clause (xix) of paragraph 4 of the Order is not applicable.
- xx. The Company has not raised any money by way of Public Issue during the year and hence clause (xx) of paragraph 4 of the Order is not applicable.
- xxi. 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 year.

For **C.B.MOULI & ASSOCIATES**
Chartered Accountants
(Registration No: 002140S)

Place : Hyderabad
Date : 28th May, 2013

MANI OOMMEN
Partner
Membership No: 24046

BALANCE SHEET AS AT 31st MARCH, 2013

₹ in Lakhs

Particulars	Note	As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a. Share capital	3	3,022.70	2,396.82
b. Reserves and surplus	4	59,520.17	49,225.36
		62,542.87	51,622.18
2. Non-Current Liabilities			
a. Long-term borrowings	5	41,908.26	13,571.95
b. Deferred tax liabilities (net)	6	3,165.87	2,478.21
c. Other long-term liabilities	7	43,955.38	37,098.90
d. Long-term provisions	8	548.06	228.44
		89,577.57	53,377.50
3. Current Liabilities			
a. Short-term borrowings	9	91,100.00	82,181.82
b. Trade payables	10	37,074.15	24,957.46
c. Other current liabilities	11	11,556.80	27,234.24
d. Short-term provisions	12	1,059.99	1,089.62
		1,40,790.94	1,35,463.14
Total		2,92,911.38	2,40,462.82
II. ASSETS			
1. Non-Current Assets			
a. Fixed assets			
i) Tangible assets	13	24,738.09	27,393.87
ii) Capital work-in-progress		1,166.94	1,166.94
b. Non-current investments	14	76,827.44	62,349.16
c. Long-term loans and advances	15	740.29	5,834.36
		1,03,472.76	96,744.33
2. Current Assets			
a. Inventories	16	22,411.79	14,703.51
b. Trade receivables	17	84,903.80	51,428.33
c. Cash and Bank Balances	18	19,895.09	14,412.22
d. Short-term loans and advances	19	61,892.82	57,495.94
e. Other current assets	20	335.12	5,678.49
		1,89,438.62	1,43,718.49
Total		2,92,911.38	2,40,462.82
Significant accounting policies	2		

The accompanying notes and other explanatory information form an integral part of the financial statements.

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

For and on behalf of the Board

T. INDIRA SUBBARAMI REDDY
Chairperson

T.V.SANDEEP KUMAR REDDY
Managing Director

MANI OOMMEN
Partner

PSREEDHAR BABU
Chief Financial Officer

I.V.LAKSHMI
Company Secretary

Place : Hyderabad.
Date : 28th May 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

₹ in Lakhs

Particulars	Note	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
I Revenue from operations	21	2,02,220.21	1,80,190.39
II Other income	22	247.63	333.36
III Total Revenue		2,02,467.84	1,80,523.75
IV EXPENSES			
Cost of materials consumed	23	51,524.16	40,133.46
Work Expenditure	24	1,16,967.56	1,08,494.89
Changes in Inventories of Work-In-Progress	25	(3,073.10)	(3,682.14)
Employee benefit expense	26	4,189.25	4,149.20
Finance costs	27	13,522.98	10,437.38
Depreciation and amortization expense	13	3,128.64	2,905.68
Other expenses	28	6,007.27	11,101.29
Total Expenses		1,92,266.76	1,73,539.76
V Profit before exceptional & extraordinary items and tax		10,201.08	6,983.99
VI Exceptional Items		—	—
VII Profit before extraordinary items and tax		10,201.08	6,983.99
VIII Extraordinary Items		—	—
IX Profit Before Tax		10,201.08	6,983.99
X Tax Expenses			
(a) Current tax expense relating to prior years		—	5.86
(b) Current Tax		3,204.51	1,990.80
(c) Deferred Tax		687.66	390.21
XI Profit (Loss) for the year		6,308.91	4,597.12
XII Earnings per share (of 10/- each):			
(a) Basic		24.53	37.83
(b) Diluted		24.53	31.11
Significant accounting policies	2		

The accompanying notes and other explanatory information form an integral part of the financial statements.

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

For and on behalf of the Board

T. INDIRA SUBBARAMI REDDY
Chairperson

T.V.SANDEEP KUMAR REDDY
Managing Director

MANI OOMMEN
Partner

P.SREEDHAR BABU
Chief Financial Officer

I.V.LAKSHMI
Company Secretary

Place : Hyderabad
Date : 28th May 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

₹ in Lakhs

Particulars	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
A Cash Flow from Operating Activities		
Profit Before Tax	10,201.08	6,983.99
Adjustments For :		
Depreciation and amortization expense	3,128.64	2,905.68
Finance Cost	12,933.57	10,437.38
Interest income & other non-operating income	(247.63)	(333.36)
Loss on sale of Assets (Net)	5.10	203.57
Foreign Currency Translation and Transactions – ECB	589.41	—
Foreign Currency Translation and Transactions - Net	2,782.20	7,923.59
Operating Profit Before Working Capital Changes	29,392.37	28,120.85
Adjustments For :		
Trade Receivables, Loans and Advances and Other Assets	(27,434.91)	(27,788.00)
Inventories	(7,708.28)	(8,278.05)
Trade Payables, other Liabilities and Provisions	19,756.89	17,774.66
Cash Generated From Operations	14,006.07	9,829.46
Income Tax Paid	(3,204.51)	(1,996.66)
Net Cash From Operating Activities	10,801.56	7,832.80
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(489.96)	(9,134.03)
Changes in capital work in progress	—	(1,166.94)
Sale of Fixed Assets	12.00	560.04
Interest income & other non-operating income	247.63	333.36
Purchase of Non-Current Investments	(14,478.28)	(22,705.00)
Net Cash Used In Investing Activities	(14,708.61)	(32,112.57)
C Cash Flow from Financing Activities		
Proceeds from issue of share capital including share premium	7,521.77	14,064.87
Net Proceeds from long-term borrowings	10,391.66	6,495.17
Net Proceeds from Working Capital Facilities	23,158.34	2,663.54
Net Proceeds from short-term loans	(14,240.16)	9,246.83
FCCB Premium	(1,734.04)	—
QIP Issue Expenses paid	(122.03)	—
Foreign Currency Translation and Transactions loss paid	(2,782.20)	—
Finance Cost	(11,967.73)	(10,197.38)
Dividend & Dividend Tax paid	(835.69)	(701.33)
Net Cash From Financing Activities	9,389.92	21,571.70
Net Increase In Cash And Cash Equivalents	5,482.87	(2,708.07)
Opening Cash And Cash Equivalents	14,412.22	17,120.29
Closing Cash And Cash Equivalents	19,895.09	14,412.22

Note:

- Cash and Cash Equivalents consist of Cash on hand and balances with Banks that includes Margin Money Deposits for Bank Guarantees of ₹ 10,459.39 Lakhs (Previous Year ₹ 8,076.10 Lakhs)
- The Cash flow statement is prepared in accordance with the indirect method stated in Accounting Standard 3 issued by ICAI on "Cash Flow Statement" and presents cash flows by Operating, Investing and Financing activities.
- Figures in brackets represent cash outflows.
- See accompanying Notes forming part of the Financial Statements.

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

For and on behalf of the Board

T. INDIRA SUBBARAMI REDDY
Chairperson

T.V.SANDEEP KUMAR REDDY
Managing Director

MANI OOMMEN
Partner

Place : Hyderabad.
Date : 28th May 2013

PSREEDHAR BABU
Chief Financial Officer

I.V.LAKSHMI
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2013

1. CORPORATE INFORMATION

Gayatri Projects Limited founded in 1989 is one of India's premier infrastructure company based in Hyderabad executing major civil works including Roads, Canals, Airport Runways, Ports/Harbors, Dams & Reservoirs, Railways etc.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ["GAAP"] in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the central government. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations viz. SEBI guidelines override the same requiring a different treatment.

2.2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI to the Companies Act, 1956 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) - 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule VI to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the Listing Agreement.

2.3 Use of estimates

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.4 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 variations 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) Claims including the insurance claims are accounted for on cash basis.
- vi) Revenue from wind power operations is recognized when the units are reliably measured and billed and it is reasonable to expect ultimate collection.
- vii) All other revenues are recognized only when collectability of the resulting receivable is reasonably assured.

2.5 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 is accounted as and when dividend/ share of profit or loss are declared by the entities.

2.6 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.

2.7 a) Tangible Fixed assets

Tangible 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.

b) Depreciation and amortization

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.

2.8 Foreign Currency Transactions

The reporting currency of the company is Indian Rupee. 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 Statement of Profit and Loss. Non-monetary foreign currency items are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

2.9 Investments

Trade investments comprise investments in subsidiary companies, joint ventures, associate companies and in the entities in which the Company has strategic business interest.

Investments are classified as Non-Current and current investments. Non-Current 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.

2.10 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 recognized as expenses 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.

2.11 Deferred Revenue Expenditure

Projects and Other amenities expenditure incurred up to 31st March, 2013, 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Commitments

Commitments are future liabilities for contractual expenditure.

Commitments are classified and disclosed as follows:

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for
- b. Uncalled liability on shares and other investments partly paid
- c. Funding related commitment to subsidiary, associate and joint venture companies and
- d. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

2.19 Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

2.20 Cash Flow Statement

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

- i. transactions of a non-cash nature
- ii. any deferrals or accruals of past or future operating cash receipts or payments and
- iii. items of income or expense associated with investing or financing cash flows

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

2.21 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

Amounts in the financial statements are presented in ₹ lakhs, except for per share data and as otherwise stated.

3. SHARE CAPITAL

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Authorised 4,00,00,000 (Previous Year 4,00,00,000) Equity shares of ₹ 10/- each	4,000.00	4,000.00
Issued, Subscribed and Paid-Up: 3,02,26,994 (Previous Year 2,39,68,242) Equity Shares of ₹ 10/- each fully paid-up	3,022.70	2,396.82
Total :	3,022.70	2,396.82

3(a) Details of Shares issued during the year:

Pursuant to the resolution passed at the Board of Directors meeting held on 10th July 2012 and in compliance with the provisions under the Companies Act, 1956 and SEBI regulations, the Company has issued 62,58,752 equity shares of ₹ 10/- each for cash at a premium of ₹ 110.18 per equity share through Qualified Institutional Placement.

3(b) Terms / Rights, Preferences and restrictions attached to Equity Shares:

The company has only one class of shares referred to as equity shares having a par value of ₹10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors have recommended dividend of ₹ 3.00 per equity share in their meeting held on 28th May, 2013, subjected to approval of the shareholders in the ensuing Annual General Meeting (For the year ended 31st March, 2012 : ₹ 3.00 per equity share).

3(c) The reconciliation of number of shares and amount outstanding is as under:

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
Number of shares at the beginning	2,39,68,242	2,396.82	1,19,89,000	1,198.90
Add: Shares issued to the existing Share Holders on Right basis	—	—	1,19,79,242	1,197.92
Add: Shares issued under the qualified institutional placement	62,58,752	625.88	—	—
Number of shares at the end	3,02,26,994	3,022.70	2,39,68,242	2,396.82

3(d) Details of Shareholders holding more than 5% shares in the Company:

Name of Share Holder	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indira Subbarami Reddy Tikkavarapu	106,30,932	35.17	106,30,932	44.35
Sandeep Kumar Reddy Tikkavarapu	45,79,544	15.15	45,79,544	19.11
Afrin Dia	28,20,000	9.33	—	—
India Max Investment Fund Limited	23,57,000	7.80	—	—

4. RESERVES AND SURPLUS

₹ in Lakhs

Particulars	As at 31 st March 2013	As at 31 st March 2012
Capital Reserve		
Opening balance	143.40	143.40
Add : Forfeiture of warrants	—	—
Closing Balance	143.40	143.40
Securities Premium Account		
Opening Balance	20,360.37	7,493.42
Add : Receipts on exercise of Qualified institutional placement	6,895.89	—
Receipts on issue of Right Shares	—	13,177.17
Less: Issue expenses	(122.03)	(310.22)
FCCB Premium	(1,734.04)	—
Closing Balance	25,400.19	20,360.37
Debenture Redemption Reserve		
Opening Balance	1,300.00	1,300.00
Add: Transferred from Statement of Profit and Loss	—	—
Closing Balance	1,300.00	1,300.00
General Reserve		
Opening Balance	8,500.00	7,600.00
Add: Transferred from Statement of Profit and Loss	1,000.00	900.00
Closing Balance	9,500.00	8,500.00
Surplus as per Statement of Profit and Loss		
Profit / Loss brought forward	18,921.59	16,060.16
Add: Surplus for the year	6,308.91	4,597.12
Amount available for appropriation	25,230.50	20,657.28
Appropriations:		
Dividend and Dividend Tax	1,053.92	835.69
Transferred to Debenture Redemption Reserve	—	—
Transferred to General Reserve	1,000.00	900.00
Closing Balance	23,176.58	18,921.59
Total :	59,520.17	49,225.36

5. LONG TERM BORROWINGS

₹ in Lakhs

Particulars	As at 31 st March 2013		As at 31 st March 2012	
	Non-Current	Current	Non-Current	Current
Debentures - Secured				
520 (31 st March, 2012: 520) 11.50% Redeemable Non-convertible Debentures (NCDs) of ₹ 10,00,000/- each	3,640.00	1,560.00	5,200.00	—
Bonds – Unsecured				
Zero Coupon Foreign Currency Convertible Bonds (FCCBs)	—	—	—	14,296.47
Term Loans – Secured				
From Banks				
i) Equipment Loans	2,206.92	1,633.92	3,813.81	1,690.56
ii) Other Term loans	20,000.00	2,500.00	1,250.00	6,250.00
iii) External Commercial Borrowing	13,021.15	259.88	—	—
From Others				
i) Equipment Loans	2,963.26	1,843.41	3,224.92	2,982.01
ii) Vehicle Loans	76.93	133.17	83.22	66.58
Total :	41,908.26	7,930.38	13,571.95	25,285.62

- 5.1 a. Debentures :** The Company has issued 520-11.50% Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each on private placement in the form of Separately Transferable Redeemable Principal Parts (STRPPs) for cash at par aggregating ₹ 5200 Lakhs.
- b. External Commercial Borrowing:** The Company availed Foreign Currency Loan of USD \$ 24.42 million from an Indian Scheduled Bank to meet a part of funds requirement towards redemption of outstanding FCCBs. The ECB loan is repayable in 24 quarterly installments commencing from October 2013 with rate of interest at 3 months USD LIBOR+500bps.

5.2 Nature of Security:

Debentures: The Debentures are secured by the pari passu first charge on the fixed assets of a group company and redeemable in the 3rd, 4th and 5th year in the ratio of 30:30:40 and the earliest date of redemption being 1st December 2013.

External Commercial Borrowing:

- Equitable mortgage of immovable property of 600 acrs in the name of Group Company.
- Pledge of unencumbered equity shares of promoters in Gayatri Projects Ltd.
- Personal guarantee of the two promoter directors

Equipment Loans:

The Equipment loans are secured by hypothecation of specific equipments acquired out of the said loans.

Vehicle Loans:

The Vehicle loans availed are secured by hypothecation of specific vehicles purchased out of the said loans

Other Term Loans:

The other secured term loans are secured by hypothecation of construction equipments not specifically charged to other banks.

All the above term loans and non convertible debentures are guaranteed by Directors.

5.3 Maturity Profile of Term Loans is set out below:

₹ in Lakhs

Particulars	2014-15	2015-16	2016-17	After 2016-17
Debentures – Non Convertible	1,560.00	2,080.00	—	—
Equipment loans from Banks	1,313.65	782.23	111.04	—
Term Loans from Banks	2,000.00	—	—	—
External Commercial Borrowing	779.64	1,299.40	1,559.28	9,088.22
Equipment loans from Others	1,203.32	1,137.71	622.23	—
Vehicle loans from Others	73.88	3.05	—	—

5.4 Current maturities of long term borrowings have been disclosed under the head "Other Current Liabilities" (Refer Note- 11).

6. DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liability as at 31st March, 2013 comprises of the following

₹ in Lakhs

Particulars	As at 31 st March 2013	As at 31 st March 2012
A) Deferred Tax Assets on timing differences due to : Provision for Gratuity and Leave Encashment	(23.29)	(63.10)
B) Deferred Tax Liability on timing differences due to: Depreciation	3,189.16	2,541.31
Deferred Tax Liability (net) (B-A)	3,165.87	2,478.21

7. OTHER LONG TERM LIABILITIES

₹ In Lakhs

Particulars	As at 31 st March 2013	As at 31 st March 2012
Advances from Contractees	43,955.38	37,098.90
Total :	43,955.38	37,098.90

8. LONG TERM PROVISIONS

₹ In Lakhs

Particulars	As at 31 st March 2013	As at 31 st March 2012
Employee Benefits	548.06	228.44
Total :	548.06	228.44

9. SHORT TERM BORROWINGS

₹ In Lakhs

Particulars	As at 31 st March 2013	As at 31 st March 2012
<u>From Banks</u>		
Secured		
- Term Loans	15,000.00	5,000.00
- Working Capital Facilities	66,100.00	42,941.66
Un-Secured		
- Term Loans	10,000.00	34,240.16
Total :	91,100.00	82,181.82

9.1 Nature of security and terms of repayment:

Equipment Loans (Secured)

- The equipment loans are secured by hypothecation of specific equipments acquired out of the said loans.
- The equipment loans are repayable in monthly installments.
- The equipment loans are guaranteed by Directors.
- There are no defaults in repayment of loans and interest on the Balance Sheet date.

Term Loans (Secured)

The Secured Loans availed are secured by Hypothecation of Unencumbered fixed assets and project specific stock and receivables.

Working Capital Loans (Secured)

The working capital facilities from the consortium of Banks are secured by:

- Hypothecation against first charge on stocks, book debts and other current assets of the Company both present and future ranking *pari passu* with consortium banks.
- Hypothecation against first charge on all unencumbered fixed assets of the Company both present and future ranking *pari passu* with consortium banks.
- Equitable mortgage of properties belonging to promoters, directors, group companies.
- Personal guarantee of promoter directors, group companies/firms and relatives.
- There are no defaults in repayment of loans and interest on the Balance Sheet date.

Term Loans (Un-secured)

- The other term loans are repayable in monthly installments.
- There are no defaults in repayment of loans and interest on the Balance Sheet date.

10. TRADE PAYABLES

₹ in Lakhs

Particulars	As at 31 st March 2013	As at 31 st March 2012
Micro, Small and Medium Enterprises	—	—
Others	37,074.15	24,957.46
Total :	37,074.15	24,957.46

11. OTHER CURRENT LIABILITIES

₹ in Lakhs

Particulars	As at 31 st March 2013	As at 31 st March 2012
Current maturities		
- Long Term Borrowings	7,930.38	10,989.15
- Zero Coupon Foreign Currency Convertible Bonds (FCCBs)	—	14,296.47
Interest accrued and due on borrowings	1,474.37	508.53
Remuneration Payable to Directors	68.99	134.83
Unpaid dividends	3.79	3.05
Unpaid matured debentures and interest accrued thereon	96.66	98.30
Other Liabilities *	1,982.61	1,203.91
Total :	11,556.80	27,234.24

* Includes statutory dues, payables towards services and expenses.

12. SHORT TERM PROVISIONS

₹ in Lakhs

Particulars	As at 31 st March 2013	As at 31 st March 2012
Employee Benefits	6.07	253.93
Provision for Dividend	906.81	719.04
Provision for Dividend Tax	147.11	116.65
Total :	1,059.99	1,089.62

13. FIXED ASSETS

₹ in Lakhs

Particulars	Original Cost				Depreciation and Amortization				Net Book Value	
	As at 1 st April 2012	Additions/Adjustment during the period	Deletions/Retirement during the period	As at 31 st March, 2013	Up to 1 st April, 2012	For the year	Deductions/Adjustment during the year	Up to 31 st March 2013	As at 31 st March 2013	As at 31 st March 2012
i) Tangible Assets - Free Hold :										
Land	21.48	13.64	—	35.12	—	—	—	—	35.12	21.48
Plant and Equipment	22,137.80	149.99	—	22,287.79	6,337.31	1,091.63	—	7,428.94	14,858.85	15,800.49
Earth Moving Machinery	13,770.75	38.74	39.14	13,770.35	9,457.35	1,451.61	22.04	10,886.92	2,883.43	4,313.40
Wind Power Equipment	5,936.86	—	—	5,936.86	253.86	313.46	—	567.32	5,369.54	5,683.00
Furniture and Fixtures	403.89	0.29	—	404.18	176.18	25.58	—	201.76	202.42	227.71
Vehicles	2,346.98	287.30	—	2,634.28	999.19	246.36	—	1,245.55	1,388.73	1,347.79
TOTAL	44,617.76	489.96	39.14	45,068.58	17,223.89	3,128.64	22.04	20,330.49	24,738.09	27,393.87

ii) Intangible Assets - Nil

iii) Capital Work in Progress : Capital work in progress represents Machinery Purchased for ₹ 1,166.94 lakhs (Previous year ₹ 1,166.94 Lakhs) and yet to be installed and put to use.

14. NON-CURRENT INVESTMENTS

₹ in Lakhs

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares	Amount	No. of Shares	Amount
A. Non-trade Investments (Valued at cost unless stated otherwise)				
Unquoted Equity Shares				
Investment in Subsidiary Companies				
Equity Shares of ₹10/- each, fully paid in Gayatri Infra Ventures Ltd.,	12,50,000	12,532.38	12,50,000	12,532.38
Equity Shares of ₹10/- each, fully paid in Gayatri Energy Ventures Pvt. Ltd.,	65,24,030	63,983.28	50,00,000	49,505.00
Equity Shares of ₹10/- each, fully paid in Bhandara Thermal Power Corporation Ltd.,	25,500	2.55	25,500	2.55
Equity Shares of ₹10/- each, fully paid in Sai Maatarani Tollways Ltd.,	50,000	5.00	50,000	5.00
Investment in Associate Companies				
Equity Shares of ₹10/- each, fully paid in Balaji Highways Holdings Pvt. Ltd.,	49,000	4.90	49,000	4.90
Equity Shares of ₹10/- each, fully paid in Indore Dewas Tollways Ltd.,	16,660	1.67	16,660	1.67
Equity Shares of ₹10/- each, fully paid in HKR Roadways Ltd.,	37,000	3.70	37,000	3.70
		76,533.48		62,055.20
B. Investment in Other Companies				
Quoted - at Cost				
Equity Shares of ₹10/- each in Gayatri Sugars Ltd.,	11,63,607	293.10	11,63,607	293.10
Equity Shares of ₹10/- each in Syndicate Bank Ltd.,	1,728	0.86	1,728	0.86
		293.96		293.96
Total :		76,827.44		62,349.16

Details of quoted / unquoted investments:

Particulars	As at 31 st March 2013	As at 31 st March 2012
Aggregate Amount of Quoted Investment	293.96	293.96
Aggregate Market value of Quoted Investment	25.52	36.84
Aggregate Amount of Unquoted Investment	76,533.48	62,055.20

Note:

- Of these, 12,00,000 Equity shares of Gayatri Infra Ventures Limited have been pledged to IL & FS for the term loan availed by Gayatri Infra Ventures Limited
- Of these, 50,000 Equity shares of Gayatri Energy Ventures Pvt. Ltd. have been pledged to PTC for the loan availed by Thermal Powertech Corporation India Limited.
- Of these, 16,96,248 Equity shares of Gayatri Energy Ventures Pvt. Ltd. have been pledged to IFCI for the loan availed by the same company.
- Of these, 36,995 Equity shares of HKR Roadways Limited have been pledged to ITCL for the loan availed by HKR Roadways Limited.
- Of these, 16,660 Equity shares of Indore Dewas Tollways Limited have been pledged to SBI Capital Security Trustee Company Limited for the Loan availed by Indore Dewas Tollways Limited.
- Of these, 11,58,251 Equity shares of Gayatri Sugars Limited have been pledged to Yes Bank Limited for the loan availed by Gayatri Sugars Limited.

The diminution in the market value of quoted investments is considered temporary by the management and therefore, no provision is made for such diminution as envisaged in the Companies (Accounting Standard) Rules, prescribed by the Central Government.

15. LONG TERM LOANS AND ADVANCES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
To Related Parties – unsecured, considered good		
- Subsidiaries	699.03	20.00
- Loan to Joint Venture	—	5,773.10
To Others – Unsecured, considered good		
- Security Deposit	41.26	41.26
Total :	740.29	5,834.36

16. INVENTORIES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Construction material	12,369.41	7,734.23
Work in Progress	10,042.38	6,969.28
Total :	22,411.79	14,703.51

Raw Materials, Construction materials, stores and 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 materials, work expenditure, labour cost and appropriate overheads.

17. TRADE RECEIVABLES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	76,263.97	49,249.12
Unsecured, considered doubtful	—	—
Less: Provision for doubtful debts	—	—
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	8,639.83	2,179.21
Unsecured, considered doubtful	—	—
Less: Provision for doubtful debts	—	—
Total :	84,903.80	51,428.33

18. CASH AND CASH EQUIVALENTS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
a) Cash on hand	31.70	138.03
b) Balances with Banks		
- Current Accounts	7,046.32	3,399.18
- Fixed Deposits	2,357.68	2,798.92
c) Other Deposits		
- Margin money for Bank Guarantees / LCs	10,459.39	8,076.09
Total :	19,895.09	14,412.22

19. SHORT TERM LOANS AND ADVANCES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
a) Loans and Advances to Related Parties		
Un-Secured, Considered Good		
Joint Ventures	3,902.52	—
b) Loans and Advances to Others		
Un-Secured, Considered Good		
Advances to Suppliers	1,159.84	659.13
Advances to Subcontractors	49,804.98	47,740.77
Staff Advances	180.01	121.89
Deposits with Government Agencies	3,954.21	3,015.40
Other Advances	2,891.26	5,958.75
Total :	61,892.82	57,495.94

20. OTHER CURRENT ASSETS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Pre-paid expenses	193.79	560.71
Share Application Money Pending Allotment	141.33	5,117.78
Total :	335.12	5,678.49

21. REVENUE FROM OPERATIONS

₹ in Lakhs

Particulars	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
Contract Revenue	2,02,055.94	1,79,945.33
Share of Profit from Joint Ventures	164.27	245.06
Total :	2,02,220.21	1,80,190.39

22. OTHER INCOME

₹ in Lakhs

Particulars	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
Interest Income	162.76	175.45
Other Non Operating Income	84.87	157.91
Total :	247.63	333.36

23. COST OF MATERIALS CONSUMED

₹ in Lakhs

Particulars	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
Steel	5,807.72	4,528.27
Cement	3,174.09	3,456.33
Bitumen	6,333.82	9,711.46
Metal	5,523.06	5,525.06
Sand & Gravel	1,092.26	946.50
Electrical Materials	6,667.30	3,850.98
Railway Line Materials	6,416.32	1,790.48
Coal Handling System Materials	7,547.68	—
RCC & GI Pipes	1,365.56	1,902.90
Building Materials	854.68	2,101.61
HSD Oils and Lubricants	5,875.25	5,661.87
Stores and Consumables	635.64	361.17
Other Materials	230.78	296.83
Total :	51,524.16	40,133.46

24. WORK EXPENDITURE

₹ in Lakhs

Particulars	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
Departmental Recoveries	4,482.99	3,338.92
Work executed by sub-contractors	45,036.95	66,389.94
Earth Work	16,042.76	9,803.24
Concrete Work	19,827.82	7,643.13
Transport Charges	1,773.30	1,702.98
Hire Charges	1,074.88	995.30
Road work	10,495.24	4,532.04
Repairs and Maintenance	1,516.94	2,235.83
Taxes and Duties	6,195.61	4,924.41
Royalties, Seigniorage and Cess	646.66	786.65
Insurance	355.64	326.56
Other Work Expenditure	9,518.77	5,815.89
Total :	1,16,967.56	1,08,494.89

25. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS

₹ in Lakhs

Particulars	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
Opening Work-In-Progress	6,969.28	3,287.14
Less : Closing Work-In-Progress	10,042.38	6,969.28
Total :	(3,073.10)	(3,682.14)

26. EMPLOYEE BENEFITS EXPENSE

₹ in Lakhs

Particulars	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
Salaries and Wages	3,148.72	3,028.26
Directors' Remuneration	582.00	524.98
Contribution to Provident Fund and Other Funds	68.03	52.28
Staff Welfare	390.50	543.68
Total :	4,189.25	4,149.20

27. FINANCE COST

₹ in Lakhs

Particulars	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
Interest Expenses		
- Term Loans	7,633.12	4,765.12
- Working Capital Facilities	3,306.96	4,598.95
- Non-Convertible Debentures	598.00	599.64
- ECB Loan	451.04	—
- Others	642.01	63.23
Other Borrowing Cost	891.85	410.44
Total :	13,522.98	10,437.38

28. OTHER EXPENSES

₹ in Lakhs

Particulars	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
Printing and Stationery	73.10	80.11
Telephones	98.10	104.75
Travelling and Conveyance	418.53	412.59
Advertisement Expenses	62.90	158.73
General Expenses	155.27	221.81
Consultancy Fee	654.34	573.78
Donations	649.08	486.78
Rent	376.52	361.36
Power and fuel	201.57	157.69
Rates and Taxes	78.43	67.83
Tender Expenses	57.76	80.89
Insurance	35.71	31.34
Auditors Remuneration*	47.19	47.20
Loss on Impairment of Assets / Sale of Assets	5.10	203.57
Foreign exchange translation loss**	2,782.20	7,923.59
Other Administration Expenses	311.47	189.27
Total :	6,007.27	11,101.29

* ₹ 3.50 Lakhs paid to Statutory Auditors towards QIP issue certification fee (Previous year ₹ 10.00 lakhs towards Rights Issue Certification Fee) is charged to Issue expenses.

** The exchange translation loss of FCCB bonds.

29. LEASES

Disclosure under Accounting Standard – 19 “Leases”, issued by the Institute of Chartered Accountants of India. The Company has taken various residential/godown/office 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:

Lease Obligations Payable

₹ in Lakhs

Due	Minimum Lease Payments
Less than one year	82.80
Between one and five years	158.70
More than five years	—

Lease Obligations Recognized

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Lease Rentals recognized during the year	82.80	6.90

30. Contingent Liabilities and Commitments

The details of the Contingent Liabilities and Commitments to the extent not provided is as follows:

a. Contingent Liabilities

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
a) Claims against the company not acknowledged as debt	—	—
b) Guarantees given by the Banks towards performance & Contractual Commitments		
i) issued on behalf of the Company	48,578.60	62,309.96
ii) Issued on behalf of Subsidiaries/Group Companies	24,034.76	16,105.52
c) Other money for which the company is contingently liable	—	—
d) Disputed Liability of Income Tax, Sales Tax, Service Tax and Seigniorage charges	8,752.06	1,547.12

b. Commitments

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Corporate Guarantees given to group companies	5,77,060.00	5,64,166.00

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

₹ in Lakhs

Name of the Company	Relationship	Balances as at		Maximum outstanding	
		31.03.2013	31.03.2012	2012-13	2011-12
IJM Gayatri Joint Venture	Joint Venture	3,902.52	5,773.10	3,902.52	5,773.10

32. 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.

33. Joint Venture Losses not considered
IJM-Gayatri Joint Venture

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 during the period 1998-2006 in Package I, II & III and AP 13 of NHAI, APSH 7 and APSH 8 in the State of Andhra Pradesh.

An excess expenditure of ₹ 134.45 crores was incurred for completion of the IJM Gayatri JV by the company and debited to the JV account. The JV has not accounted the same due to pending claims with the employers and with an intention to account the same as and when the claims are actually realised.

The JV has raised claims in excess of ₹ 300 Crores on the National Highways Authority of India and Andhra Pradesh State Government, which are pending for consideration before the appropriate legal forum. So far the joint venture has got favorable awards amounting to ₹ 61.99 crores including interest on claims and the remaining claims are

under adjudication. Out of the favorable awards, the JV has received orders for release of payments for ₹ 29.01 crores and as against this the JV has received ₹ 18.70 crores during the year which was passed on to the Company. The management is reasonably confident of recovering substantial amount from these claims. In the unlikely situation of the claims not being received to the extent of expenditure incurred, IJM-Gayatri Joint Venture has to account the net expenditure of ₹ 115.75 crores (Previous Year ₹ 134.45 crores) in its books and the Company has to provide an amount of ₹ 46.30 crores (Previous Year ₹ 53.78 crores) towards its 40% share of loss in the joint venture.

34. Disclosure pursuant to Accounting Standard (AS) – 15(Revised) “Employee’s Benefits”:

- i) The summarized position of Post-employment benefits and long term employee benefits recognized in the statement of Profit & Loss 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:**

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Present Value of Obligation as at the beginning of the year	358.32	239.96	124.05	47.92
Interest Cost	28.66	19.20	9.93	3.83
Current Service Cost	19.55	20.19	9.39	22.69
Benefits Paid	(4.60)	(1.15)	(2.42)	(1.01)
Actuarial loss / (gain) on Obligations	(3.36)	80.12	14.61	50.62
Present Value of Obligation at year end	398.57	358.32	155.56	124.05

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

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Estimated Present Value of obligations as at the end of the year	398.57	358.32	155.56	124.05
Fair value of Plan Assets as at the end of the year	—	—	—	—
Net Liability recognized in Balance Sheet	398.57	358.32	155.56	124.05

(c) **Expenses recognized in Statement of Profit & Loss:**

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Current Service Cost	19.55	20.19	9.39	22.69
Interest Cost	28.66	19.20	9.93	3.83
Expected return on Plan Asset	—	—	—	—
Net Actuarial (Gain)/Loss recognized during the period	(3.36)	80.12	14.61	50.62
Total expenses recognized in Statement of Profit & Loss	44.85	119.51	33.93	77.14

(d) Principal Actuarial Assumption:

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Discount Rate	8.00%	8.00%	8.00%	8.00%
Salary Escalation Rate	4.00%	4.00%	4.00%	4.00%
Retirement Age	60	60	60	60
Mortality	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Attrition Rate	1%	1%	1%	1%

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

35. Related Party Transactions pursuant to Accounting Standard(AS)-18

Details of related parties:

Subsidiary Companies Gayatri Energy Ventures Pvt.Ltd Gayatri Infra Ventures Ltd Sai Matarani Tollways Limited	Step-down Subsidiaries Companies Gayatri Lalitpur Roadways Ltd Gayatri-Jhansi Roadways Ltd Thermal Powertech Corporation India Ltd Bhandra Thermal Power Corporation Limited
Associated Companies	Key Management Personnel (KMP)
Hyderabad Expressways Limited Cyberabad Expressways Limited Western UP Tollway Limited HKR Roadways Limited Balaji Highways Holding Limited (Considered as Subsidiary as per AS-21 for consolidation) Indore Dewas Tollways Limited (Considered as Subsidiary as per AS-21 for consolidation)	Mr. T.V. Sandeep Kumar Reddy Mr. J. Brij Mohan Reddy Mrs. T. Indira Subbarami Reddy
Entities in which KMP are interested	Joint Ventures
Deep Corporation Pvt. Ltd Indira Constructions Pvt. Ltd Gayatri Tissue & Papers Ltd Gayatri Sugars Ltd Gayatri Hi-Tech Hotels Ltd Gayatri Property Ventures Pvt. Ltd. Gayatri Hotels & Theaters Pvt. Ltd. GSR Ventures Pvt. Ltd. T.V.Sandeep Kumar Reddy & Others Gayatri Bio-Organics Limited TSR Foundation Dr.T.Subbarami Reddy (HUF) Balaji Charitable Trust TSR Lalitakala Parishat	Gayatri - RNS Joint Venture IJM Gayatri Joint Venture Gayatri Ranjit Joint Venture Gayatri - GDC Joint Venture Gayatri – BCBPPL Joint Venture Jaiprakash Gayatri Joint Venture Gayatri ECI Joint Venture Maytas-Gayatri Joint Ventures Gayatri – Ratna Joint Venture MEIL-GAYATRI-ZVS-ITT Consortium Simplex Gayatri Consortium Gayatri-JMC Joint Venture Viswanath - Gayatri Joint Venture

Transactions with the related parties:

₹ in Lakhs

Sl	Particulars	2012-13				
		Subsidiary & Step-down Subsidiaries	Associate Entities	Entities in which KMP are interested	Joint ventures	KMP
1	Equity contribution	14,478.28 (22,705.00)	—	—	—	—
2	Contract Receipts	37,171.14 (29,174.78)	39,366.40 (12,361.98)	3,951.26 (13,387.69)	39,038.79 (73,913.40)	—
3	Contract payments	— (102.65)	—	605.53 (1,337.96)	—	—
4	Office Rent & Maintenance	—	—	103.50 (101.46)	—	—
5	Other Payments	90.00 (110.50)	198.71 (79.60)	65.38 (7.60)	17.83 —	—
6	Donations	—	—	639.27 (465.78)	—	—
7	Remuneration Paid	—	—	—	—	582.00 (524.98)
8	Contract Advances/ Other Adv.	4,990.23 (423.69)	1,196.65 (965.17)	—	2,119.34 (5,302.24)	—
9	Corporate Guarantees	— (100.00)	1,800.00 —	17,000.00 —	— —	— —
10	Closing balances – Debit	17,736.87 (21,134.03)	14,470.71 (6,309.28)	26,812.66 (29,548.35)	24,897.35 (29,613.82)	—
11	Closing balances – Credit	9,470.44 (7,589.06)	776.23 (103.53)	183.79 (171.47)	10,258.54 (11,656.70)	68.99 (134.83)

Figures in brackets relate to previous year.

36. Un-hedged Foreign Currency Exposures as at 31st March, 2013

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

Particulars	Currency	2012-13		2011-12	
		Foreign Currency Equivalent	₹ Equivalent	Foreign Currency Equivalent	₹ Equivalent
Amount payable in Foreign Currency:					
External Commercial Borrowings (ECB)	USD (in Lakhs)	122.09	13,281.03	—	—
Foreign Currency Convertible Bonds (FCCB)	JPY (in Lakhs)	—	—	22,900.00	14,296.47

JPY denotes Japanese Yen and USD denotes United States Dollar

37. 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, 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.

38. Earnings Per Share (EPS)

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

₹ in lakhs

Particulars	2012-13	2011-12
Profit After Tax for calculation of Basic EPS (₹ in Lakhs)	6,308.91	4,597.12
Profit After Tax for calculation of Diluted EPS (₹ in Lakhs)	6,308.91	4,597.12
Weighted average No. of equity shares as denominator for calculating Basic EPS. (No. in Lakhs)	257.17	121.52
Weighted average No. of equity shares as denominator for calculating Diluted EPS. (No. in Lakhs)	257.17	147.79
Basic EPS (₹)	24.53	37.83
Diluted EPS (₹)	24.53	31.11

39. Disclosure in respect of Joint Ventures pursuant to Accounting Standard – 27 “Financial Reporting of Interest in Joint Ventures”

a) List of Joint Ventures

S. No	Name of the Joint Venture	Description of Interest	% of Holding	Country of residence
1	IJM Gayatri Joint Venture	Jointly controlled entity (construction of Road works)	40	India
2	Jaiprakash Gayatri Joint Venture	Jointly controlled entity (construction of Canals, Dams etc., works)	49	India
3	Gayatri Ranjit Joint Venture	Jointly controlled entity (construction of Road works)	40	India
4	Gayatri ECI Joint Venture	Jointly controlled entity (construction of Road works)	50	India
5	Gayatri – Ratna Joint Venture	Jointly controlled entity (construction of Road and Irrigation works)	80	India
6	Gayatri – GDC Joint Venture	Jointly controlled entity (construction of Road works)	70	India
7	Gayatri – BCBPPL Joint Venture	Jointly controlled entity (construction of Canals, Dams etc., works)	60	India
8	Gayatri - RNS Joint Venture	Jointly controlled entity (construction of Road works)	60	India
9	Gayatri- JMC Joint Venture	Jointly controlled entity (construction of Road works)	75	India
10	MEIL-Gayatri-ZVS-ITT Consortium	Jointly controlled entity (construction of Road works)	48.44	India
11	Viswanath - Gayatri Joint Venture	Jointly controlled entity (construction of Road works)	50	India
12	Maytas-Gayatri Joint Venture	Jointly controlled entity (construction of Road works)	37	India

b) Financial Interest in Jointly Controlled Entities:

₹ in lakhs

Sl. No.	Name of Integrated Joint Ventures/ Jointly controlled entities	Company's Share						
		As at March 31, 2013		For the Year Ended 31st March, 2013				
		Assets	Liabilities	Income	Expenses	Tax	Net Profit	Net Loss
1	IJM Gayatri Joint Venture	2,617.13 (1,976.79)	2,535.82 (2,025.63)	1,870.58 (—)	1,963.48 (5.30)	-125.37 (—)	32.47 (—)	— (5.30)
2	Jaiprakash Gayatri Joint Venture	1,497.61 (2,668.78)	1,484.94 (2,656.11)	13,795.60 (11,450.54)	13,795.60 (11,450.05)	— (—)	— (0.49)	— (—)
3	Gayatri ECI Joint Venture	6,134.32 (5,276.62)	5,048.48 (4,517.44)	11,191.09 (14,994.27)	10,864.43 (14,504.16)	— (—)	326.66 (490.11)	— (—)
4	Gayatri – Ratna Joint Venture	6,657.51 (6,745.37)	6,650.79 (6,737.69)	— (7.68)	— (—)	— (—)	— (7.68)	— (—)
5	Gayatri – GDC Joint Venture	799.12 (931.27)	799.12 (931.27)	— (—)	— (—)	— (—)	— (—)	— (—)
6	Gayatri – BCBPPL Joint Venture	1,076.20 (2,033.55)	1,063.32 (2,031.06)	4,251.60 (10,705.20)	4,239.09 (10,702.71)	2.12 (—)	10.39 (2.49)	— (—)
7	Gayatri – RNS Joint Venture	2,618.98 (3,326.10)	2,618.98 (3,326.10)	3,486.25 (8,960.05)	3,486.25 (8,960.05)	— (—)	— (—)	— (—)
8	Gayatri- JMC Joint Venture	954.72 (1,527.58)	954.72 (1,527.58)	5,484.89 (2,764.87)	5,484.89 (2,764.87)	— (—)	— (—)	— (—)
9	MEIL-Gayatri-ZVS -ITT Consortium	830.64 (1,095.24)	830.64 (1,095.24)	2,333.35 (13,816.87)	2,333.35 (13,816.87)	— (—)	— (—)	— (—)
10	Viswanath-Gayatri Joint Venture	3,040.15 (1,766.08)	3,040.15 (1,766.08)	3,003.96 (1,614.44)	3,003.96 (1,614.44)	— (—)	— (—)	— (—)
11	Gayatri-Ranjit Joint Venture	79.51 (79.60)	79.51 (79.60)	— (—)	— (—)	— (—)	— (—)	— (—)
12	Maytas-Gayatri Joint Venture	73,884.20 (31,394.89)	73,883.67 (31,394.89)	452.85 (72,144.12)	452.04 (72,144.12)	— (—)	0.81 (—)	— (—)
	Total:	1,00,190.09 (58,821.87)	98,990.14 (58,088.69)	45,870.17 (1,36,458.04)	45,623.09 (1,35,962.57)	(123.25) (—)	370.33 (500.77)	— (5.30)
	Share of net assets in jointly controlled entities	594.95 (733.18)						

Figures in brackets relate to previous year.

40. Managerial Remuneration:

Managerial Remuneration paid during the year:

₹ in Lakhs

Particulars	2012-13	2011-12
Salaries	522.00	462.00
Perquisites	—	2.98
Commission	60.00	60.00
Total :	582.00	524.98

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

₹ in Lakhs

Particulars	2012-13	2011-12
Profit Before Taxation	10,201.08	6,983.99
Add : Managerial Remuneration	582.00	524.98
Provision for Doubtful Debts / Advances	—	—
Loss on Sale of Fixed Assets / Written off Assets	5.10	232.57
Sub Total	10,788.18	7,741.54
Less : Profit on Sale of Shares	—	—
Profit on Sale of Assets	—	—
Profit on Sale of Land	—	—
Adjustment / Bad debts written off against the provision created earlier	—	—
Profit for the year as per Section 349	10,788.18	7,741.54
Maximum Commission / Remuneration payable under Section 309 @ 10%	1,078.82	774.15
Actual Remuneration taken (Incl. Perks)	582.00	524.98

41. Dues to Micro and Small Enterprises:

On the basis of information available with the Company, there are no dues outstanding for more than 45 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 ended together with interest paid/payable as required under the said Act have not been given.

42. There are no amounts due and outstanding to be credited to Investors Education & Protection Fund as on 31st March, 2013.

43. Auditors’ Remuneration (excluding service tax) and expenses charged to the accounts:

₹ in Lakhs

S.No.	Particulars	2012-13	2011-12
1	Statutory Audit	18.00	18.00
2	Limited Review	12.00	12.00
3	Tax Audit	5.00	5.00
4	Certification Fee	7.00	7.00
5	Certification Fee for QIP/Rights issue of Shares	3.50	10.00
Total :		45.50	52.00

44. Disclosure pertaining to Accounting Standard -29 is as below.

₹ in Lakhs

Account Head	Opening Balance	Provisions made During the year	Paid/Utilized during the year	Closing Balance
Gratuity	358.32	44.85	4.60	398.57
Leave Encashment	124.05	33.93	2.42	155.56
Taxation	—	3,204.51	3,204.51	—
Proposed Dividend & Dividend Tax	835.69	1,053.92	835.69	1,053.92

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

₹ in Lakhs

S.No.	Particulars	2012-13	2011-12
1	Contract revenue recognized for the year ended	2,02,055.94	1,79,945.33
2	Contract cost incurred and recognized profits, less losses	183,340.46	159,036.87
3	Amount of advances received till date, net of recoveries	43,955.38	37,098.90
4	Gross amount due from customers for contract works	84,903.80	51,428.33

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

46. Additional Information.

i) CIF value of Imports

₹ in Lakhs

S. No.	Particulars	2012-13	2011-12
1.	Purchase of Capital Goods	—	423.44

ii) Expenditure / (Income) in Foreign Currency:

₹ in Lakhs

S. No.	Particulars	2012-13	2011-12
1	Travelling Expenses	22.84	27.44
2	FCCB Expenses	7.27	2.04
3	Interest/Premium of FCCB buyback	—	1190.99
4	Fee for Singapore Stock Exchange	—	0.21
5	Interest on ECB Loan	451.04	—
6	Consultancy Fee	7.76	—

iii) Details of major raw materials consumption

₹ in Lakhs

Particulars	2012-13		2011-12	
	Value	%	Value	%
Indigenous	27,806.20	99.50	31,619.97	96.37
Imported	139.65	0.50	1,192.04	3.63
Total :	27,945.85	100.00	32,812.01	100.00

47. All amounts are rounded off to nearest thousand.

The accompanying notes and other explanatory information form an integral part of the financial statements.

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

For and on behalf of the Board

T. INDIRA SUBBARAMI REDDY
Chairperson

T.V.SANDEEP KUMAR REDDY
Managing Director

MANI OOMMEN
Partner

PSREEDHAR BABU
Chief Financial Officer

I.V.LAKSHMI
Company Secretary

Place : Hyderabad
Date : 28th May 2013

Independent Auditors' Report

To the Board of Directors of **Gayatri Projects Limited**.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Balance Sheet of **Gayatri Projects Limited** ('the Company, its subsidiaries and its jointly controlled entities constitute 'the Group') as at 31st March, 2013, the consolidated Statement of Profit and Loss and the consolidated Cash flow statement for the year then ended on that date both annexed thereto.

The consolidated financial statements have been prepared by the Company's management in accordance with the requirement of Accounting Standard-21 on Consolidated Financial Statements, Accounting Standard-23 on Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard-27 on Financial Reporting of Interest in Joint Ventures as notified by the Companies (Accounting Standards) Rules, 2006.

Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Group, in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view, in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

We invite attention of members to the matters detailed in Note No: 34 regarding non provision of share of joint venture losses amounting to ₹ 46.30 Crores (Previous Year ₹ 53.78 Crores). Had the provision been made for these losses, the balances in the reserves and surplus and the short term loans and advances of the Company would have been lower by ₹ 46.30 Crores (Previous Year ₹ 53.78 Crores).

Qualified Opinion

Based on our audit and on consideration of the reports of other auditors on separate financial statements of jointly controlled entities, the audited and unaudited financial statements of subsidiaries and on the other financial information of the components and to the best of our information and according to the explanations given to us, *subject to the effects of the matter described in the Basis for Qualified Opinion paragraph*, we are of the opinion that the aforesaid 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 31st March, 2013;
- (ii) in the case of the Consolidated Statement of Profit and Loss, 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 cash flows of the Group for the year ended on that date.

Other Matters

In respect of the financial statements of:

- a. certain subsidiaries whose audited financial statements reflect total assets of ₹ 49,545.02 lakhs as at 31st March, 2013, total revenues of ₹ 0.36 lakhs and net cash out flows of ₹ 2,677.39 for the year then ended have been audited by other auditors and our opinion is solely based on their reports;
- b. certain joint ventures with its audited financial statements to the extent of company's share reflected in the consolidated financial statements with a total assets of ₹ 12,462.51 lakhs as at 31st March, 2013, total revenue of ₹ 22,242.04 lakhs and net cash outflows of ₹ 1,321.71 Lakhs for the year then ended have been audited by other auditors and our opinion is solely based on their reports and
- c. certain joint ventures with its unaudited financial statements to the extent of company's share reflected in the consolidated financial statements with a total assets of ₹ 27,944.24 lakhs as at 31st March, 2013, total revenue of ₹ 167.55 Lakhs and net cash inflows of ₹ 121.76 Lakhs for the year then ended which were compiled by the management of these concerns and our opinion is solely based on these statements and any adjustments to their balances could have consequential effects on the attached consolidated financial statements.

Our opinion is not qualified on these matters.

For C.B.MOULI & ASSOCIATES

Chartered Accountants

Firm Registration No: 002140S

MANI OOMMEN

Partner

Membership No: 24046

Place: Hyderabad

Date : 28th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2013

₹ in Lakhs

Particulars	Note	As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a. Share capital	2	3,022.70	2,396.82
b. Reserves and surplus	3	63,757.01	57,988.84
		66,779.71	60,385.66
2. Minority Interest		39,106.54	38,642.22
3. Non-Current Liabilities			
a. Long-term borrowings	4	5,43,743.28	3,79,913.29
b. Deferred tax liabilities (net)	5	2,984.02	2,351.32
c. Other long-term liabilities	6	1,23,876.60	52,643.61
d. Long-term provisions	7	5,355.33	3,230.71
		6,75,959.23	4,38,138.93
4. Current Liabilities			
a. Short-term borrowings	8	94,277.65	84,491.57
b. Trade payables	9	61,849.61	45,993.45
c. Other current liabilities	10	75,938.60	45,322.99
d. Short-term provisions	11	1,229.90	1,146.91
		2,33,295.76	1,76,954.92
Total :		10,15,141.24	7,14,121.73
II. ASSETS			
1. Non-Current Assets			
a. Fixed assets			
i. Tangible assets	12(a)	51,196.40	49,713.89
ii. Intangible assets	12(b)	1,19,966.86	1,04,507.67
iii. Capital work-in-progress	12(c)	4,61,937.36	1,03,886.24
iv. Intangible assets under development	12(d)	35,017.13	1,16,076.24
b. Non-current investments	13	35,758.32	35,821.66
c. Long-term loans and advances	14	34,716.55	58,953.62
d. Other non-current assets	15	10,961.48	2,924.02
		7,49,554.10	4,71,883.34
2. Current Assets			
a. Current Investments	16	45.27	387.05
b. Inventories	17	43,649.95	14,703.51
c. Trade receivables	18	81,788.38	59,842.23
d. Cash and bank balances	19	39,441.89	80,171.54
e. Short-term loans and advances	20	92,737.22	81,733.38
f. Other current assets	21	7,924.43	5,400.68
		2,65,587.14	2,42,238.39
Total :		10,15,141.24	7,14,121.73
Significant accounting policies	1		

The accompanying notes and other explanatory information form an integral part of the financial statements.

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 SUBBARAMI REDDY
 Chairperson

T.V. SANDEEP KUMAR REDDY
 Managing Director

Place : Hyderabad
 Date : 28th May 2013

P. SREEDHAR BABU
 Chief Financial Officer

I.V. LAKSHMI
 Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013

₹ in Lakhs

Particulars	Note	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
I Revenue from operations	22	1,97,133.52	2,19,958.85
II Other income	23	854.76	634.89
III Total Revenue		19,79,88.28	2,20,593.74
IV EXPENSES			
Cost of materials consumed	24	36,428.78	31,905.35
Work Expenditure	25	1,22,849.71	1,45,845.92
Changes in Inventories of Work-In-Progress	26	(12,082.79)	(3,682.14)
Employee benefits expense	27	3,578.63	3,625.85
Finance costs	28	27,045.47	22,072.24
Depreciation and amortization expense	12(a,b)	11,173.16	8,208.89
Other expenses	29	5,844.05	11,076.62
Total Expenses		1,94,837.01	2,19,052.73
V Profit before exceptional & extraordinary items & tax		3,151.27	1,541.01
VI Exceptional Items		—	—
VII Profit before extraordinary items and tax		3,151.27	1,541.01
VIII Extraordinary Items		—	—
IX Profit Before Tax		3,151.27	1,541.01
X Tax Expenses			
a. Current Tax		(3,205.78)	(1,990.80)
b. Tax for Previous Year		—	(7.08)
c. Deferred Tax		(637.37)	(357.25)
XI Profit after Tax		(691.88)	(814.12)
XII Less: Minority Interest		(1,646.49)	(1,371.15)
XIII Profit for the year		954.61	557.03
XIV Earnings per share (of ₹10/- each):			
a. Basic		3.71	4.58
b. Diluted		3.71	3.77

Significant accounting policies

I

The accompanying notes and other explanatory information form an integral part of the financial statements.

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 SUBBARAMI REDDY

Chairperson

T.V. SANDEEP KUMAR REDDY

Managing Director

Place : Hyderabad

Date : 28th May 2013**P. SREEDHAR BABU**

Chief Financial Officer

I.V. LAKSHMI

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

₹ in Lakhs

Particulars	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
A. Cash Flow From Operating Activities:		
PROFIT BEFORE TAX	3,151.27	1,541.01
ADJUSTMENTS FOR :		
Depreciation and amortization expense	11,173.16	8,208.89
Finance Cost	27,045.47	22,072.24
Interest income	(201.75)	(252.03)
Loss on sale of Assets (Net)	3.84	203.57
Foreign Currency Translation Loss on ECB - Net	589.41	—
Foreign Currency Translation and Transactions - Net	2,782.20	7,923.59
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	44,543.60	39,697.27
ADJUSTMENTS FOR :		
Trade Receivables, Loans and Advances and Other Assets	(19,274.13)	(66,715.95)
Inventories	(28,946.44)	(8,278.05)
Trade Payables, other Liabilities and Provisions	1,31,443.88	21,755.78
CASH GENERATED FROM OPERATIONS	1,27,766.91	(13,540.95)
Income Tax Paid	(3,205.78)	(1,997.88)
NET CASH OUT FLOW FROM OPERATING ACTIVITIES	1,24,561.13	(15,538.83)
B. Cash Flows from Investing Activities		
Changes in Fixed Assets	(3,07,532.08)	(1,46,984.46)
Adjustment for change in status of erstwhile Associate into Subsidiary	5.04	(61.17)
Interest income	201.75	252.03
Purchase of Non-Current Investments	63.34	(32,525.90)
Purchase of Current Investments	341.78	(296.68)
NET CASH USED IN INVESTING ACTIVITIES	(3,06,920.17)	(1,79,616.18)
C. Cash Flows from Financing Activities		
Proceeds from issue of share capital includes share premium net off of expenditure	10,761.09	14,064.87
Proceeds from Minority Interest (Net)	2,110.81	37.66
Net Proceeds from long-term borrowings	1,46,650.09	1,83,026.02
Net Proceeds from Working Capital Facilities	23,158.34	2,663.54
Net Proceeds from short-term loans	(13,372.26)	876.37
FCCB Premium paid	(1,734.04)	—
Foreign Currency Translation and Transactions - Net	(2,782.20)	—
QIP Issue exp	(122.03)	—
Finance Cost	(22,204.72)	(18,586.43)
Dividend & Dividend Tax paid	(835.69)	(701.33)
NET CASH FROM FINANCING ACTIVITIES	1,41,629.39	1,81,380.70
NET INCREASE IN CASH AND CASH EQUIVALENTS	(40,729.65)	(13,774.31)
OPENING CASH AND CASH EQUIVALENTS	80,171.54	93,945.85
CLOSING CASH AND CASH EQUIVALENTS	39,441.89	80,171.54

Note:

- Cash and Cash Equivalents consist of Cash on hand and balances with Banks that includes Margin Money Deposits for Bank Guarantees of ₹ 11,366.40 Lakhs (Previous Year ₹ 8,180.10 Lakhs)
- The Cash flow statement is prepared in accordance with the indirect method stated in Accounting Standard 3 issued by ICAI on Cash flow statements and presents Cash flows by Operating, Investing and Financing activities.
- Figures in brackets represent cash outflows.
- See accompanying Notes forming part of the Financial Statements.

As per our report of even date attached

For and on behalf of the Board

For C.B.MOULI & ASSOCIATES

Chartered Accountants

T. INDIRA SUBBARAMI REDDY

Chairperson

T.V. SANDEEP KUMAR REDDY

Managing Director

MANI OOMMEN

Partner

Place : Hyderabad

Date : 28th May 2013

P. SREEDHAR BABU

Chief Financial Officer

I.V. LAKSHMI

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013

1.1 Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ["GAAP"] in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the central government. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations viz. SEBI guidelines override the same requiring a different treatment.

1.2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI to the Companies Act, 1956 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule VI to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the Listing Agreement.

1.3 Use of estimates

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

1.4 Principles of Consolidation

The consolidated financial statements have been prepared on the following basis:

- a) The Financial Statements of the Company and its subsidiary companies have been consolidated on a line by line basis by adding together 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') and the financial statements are presented to the extent possible, in the same manner as the parent company's independent financial statements.
- b) Investments in associate companies have been accounted for, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post-acquisition change in the Company's share of net assets of the associate. The carrying amount of investment in associate companies is reduced to recognize any decline which is other than temporary in nature and such determination of decline in value, if any, is made for each investment individually. The unrealized profits/losses on transactions with associate companies are eliminated by reducing the carrying amount of investment.
- c) The Company's interests in joint ventures are consolidated as follows:

Type of Joint Venture	Accounting treatment
Jointly controlled operations	Company's share of revenues, common expenses, assets and liabilities are included in revenues, expenses, assets and liabilities respectively.
Jointly controlled assets	Share of the assets, according to nature of the assets, and share of the liabilities are shown as part of gross block and liabilities respectively. Share of expenses incurred on maintenance of the assets is accounted as expense. Monetary benefits, if any, from use of the assets are reflected as income.
Jointly controlled entities	The Company's interest in jointly controlled entities are proportionately consolidated on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after eliminating the unrealized profits/losses on intra-group transactions.

- d) Goodwill/Capital Reserve is included /adjusted in the carrying amount of the investment.

1.5 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. The estimates made by the Company being technical in nature have been relied upon by the auditors.
- 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) The price escalation and other 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) Toll income is recognized/accounted as and when collected in accordance with the provisions of the concession agreement entered with the respective authorities.
- vii) Annuity income is accounted on accrual basis as per the concession agreement entered with the respective authorities.
- viii) Claims including the insurance claims are accounted for on cash basis.
- ix) Revenue from wind power operations is recognized when the units are reliably measured and billed and it is reasonable to expect ultimate collection.

1.6 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.

1.7 a. Tangible Fixed Assets

- 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) Tangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".
- b. Depreciation and Amortization
- i) Depreciation is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation for additions to/deductions from owned assets is calculated pro-rata from/to the month of additions/deductions.
 - ii) Assets acquired under finance leases are depreciated on a straight line method over the lease term.

1.8 Intangible Assets and Amortization

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are amortized as follows:

- a) Computer software: Over a period of Three years.
- b) Toll collection / annuity rights obtained in consideration for rendering construction services represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (BOT) projects undertaken by the Group. Toll collection rights are capitalized as intangible asset upon completion of the project at the cumulative construction costs including related margins plus obligations towards negative grants payable to National Highway Authority of India (NHAI), if any. Till the completion of the project, the same is recognized as intangible assets under development. The revenue towards collection of toll/other income during the period of construction is reduced from the cost of intangible asset under development. Toll collection rights are amortized over the period of rights given under the concession agreement.

Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets. Amortization on impaired assets is provided by adjusting the amortization charges in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development"

- c) Goodwill represents the difference between the Group's share in the net worth of a subsidiary or an associate or a joint venture, and the cost of acquisition at each point of time of making the investment in the subsidiary or the associate or the joint venture. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents negative goodwill arising on consolidation.

1.9 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. Non-monetary foreign currency items are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

1.10 Investments

Investments are classified as non-current and current investments. Non-Current 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.

1.11 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.

1.12 Deferred Revenue Expenditure

Projects and Other amenities expenditure incurred upto 31st March, 2013, 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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 Tax

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.

1.17 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.

1.18 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.

1.19 Commitments

Commitments are future liabilities for contractual expenditure.

Commitments are classified and disclosed as follows:

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for
- b. Uncalled liability on shares and other investments partly paid

- c. Funding related commitment to subsidiary, associate and joint venture companies and
- d. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

1.20 Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

1.21 Cash Flow Statement

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

- i. transactions of a non-cash nature
- ii. any deferrals or accruals of past or future operating cash receipts or payments and
- iii. items of income or expense associated with investing or financing cash flows

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

1.22 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

2. SHARE CAPITAL

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Authorised		
4,00,00,000 (Previous Year 4,00,00,000) Equity shares of ₹ 10/- each	4,000.00	4,000.00
Issued, Subscribed and Paid-Up:	3,022.70	2,396.82
3,02,26,994 (Previous Year 2,39,68,242) Equity Shares of ₹ 10/- each fully paid-up		
Total :	3,022.70	2,396.82

2(a) Details of Shares issued during the year:

Pursuant to the resolution passed at the Board of Directors meeting held on 10th July 2012 and in compliance with the provisions under the Companies Act, 1956 and SEBI regulations, the Company has issued 62,58,752 equity shares of ₹ 10/- each for cash at a premium of ₹ 110.18 per equity share through Qualified Institutions Placement.

2 (b) Rights, Preferences and restrictions attached to Equity Shares:

The company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors have recommended dividend of ₹ 3.00 per equity share in their meeting held on 28th May, 2013, subjected to approval of the shareholders in the ensuing Annual General Meeting (For the year ended 31st March, 2012 : ₹ 3.00 per equity share).

2(c) The reconciliation of number of shares and amount outstanding is as under:

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
Number of shares at the beginning	2,39,68,242	2,396.82	1,19,89,000	1,198.90
Add: Shares issued to the existing Share Holders on Right basis	—	—	1,19,79,242	1,197.92
Add: Shares issued under the qualified institutional placement	62,58,752	625.88	—	—
Number of shares at the end	3,02,26,994	3,022.70	2,39,68,242	2,396.82

2(d) Details of Shareholders holding more than 5% shares in the Company:

Name of Share Holder	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indira Tikkavarapu	106,30,932	35.17	106,30,932	44.35
Sandeep Kumar Reddy Tikkavarapu	45,79,544	15.15	45,79,544	19.11
Afrin Dia	28,20,000	9.33	—	—
India Max Investment Fund Limited	23,57,000	7.80	—	—

3. RESERVES AND SURPLUS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
a. Capital Reserve		
Opening balance	143.40	143.40
Add : Forfeiture of warrants	—	—
Closing Balance	143.40	143.40
b. Securities Premium Account		
Opening Balance	30,486.49	17,619.54
Add : Receipts on issue of Shares	10,135.21	13,177.17
FCCB Premium paid	(1,734.04)	—
Less: Utilised towards Rights issue expenses	(122.03)	(310.22)
Closing Balance	38,765.63	30,486.49
c. Capital Reserve (Grant)*	1,950.13	4,371.50
d. Debenture Redemption Reserve		
Opening Balance	1,300.00	1,300.00
Add: Transferred from Statement of Profit and Loss	—	—
Closing Balance	1,300.00	1,300.00
e. General Reserve		
Opening Balance	8,500.00	7,600.00
Add: Transferred from Statement of Profit and Loss	1,000.00	900.00
Closing Balance	9,500.00	8,500.00
f. Surplus in the Statement of Profit and Loss		
Opening Balance	13,187.45	14,400.94
Add: Surplus for the year	954.61	557.03
Add/(Less) Other Adjustments	9.71	(34.83)
Amount available for appropriation	14,151.77	14,923.14
Appropriations:		
Dividend and Dividend Distribution Tax	1,053.92	835.69
Transferred to Debenture Redemption Reserve	—	—
Transferred to General Reserve	1,000.00	900.00
Closing Balance	12,097.85	13,187.45
Total :	63,757.01	57,988.84

* Grants received/receivable from NHA in the nature of “promoter contribution” are credited to “capital reserve”.

4. LONG TERM BORROWINGS

₹ in Lakhs

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Non-Current	Current	Non-Current	Current
Debentures - Secured				
520 (31 st March, 2012: 520) 11.50% Redeemable Non-convertible Debentures (NCDs) of ₹ 10,00,000/- each	3,640.00	1,560.00	5,200.00	—
150,000,000 (31 st March, 2012 : 150,000,000) 10.50% Compulsorily Convertible Debentures (CCD) of ₹10/- each	15,000.00	—	15,000.00	—
External Commercial Borrowing	13,021.15	259.88	—	—
Bonds – Unsecured				
Zero Coupon Foreign Currency Convertible Bonds (FCCBs)	—	—	—	14,296.47
Term Loans – Secured				
From Banks				
i) Equipment Loans	2,206.92	1,633.92	3,813.81	1,690.56
ii) Vehicle Loans	—	—	6.52	2.52
iii) Other Term loans	1,54,595.17	7,393.17	1,57,122.73	10,539.46
From Others				
i) Equipment Loans	2,963.26	1,843.41	3,224.92	2,982.01
ii) Vehicle Loans	76.93	133.17	83.22	66.58
iii) Other Term loans	1,99,982.04	1,506.25	1,66,054.65	1,342.69
Term Loans - Unsecured				
i) From related parties	5,691.74	—	13,532.04	—
ii) Others	781.11	—	735.15	—
Buyers Credit - Unsecured	1,45,784.96	—	15,140.25	—
Total :	5,43,743.28	14,329.80	3,79,913.29	30,920.29

- 4.1 a. **Debentures :** The Company has issued 520 11.50% Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each on private placement in the form of Separately Transferable Redeemable Principal Parts (STRPPs) for cash at par aggregating ₹ 5200 Lakhs.
- b. **External Commercial Borrowing:** The Company availed Foreign Currency Loan of USD \$ 24.42 million from an Indian Scheduled Bank to meet a part of funds requirement towards redemption of outstanding FCCBs. The ECB loan is repayable in 24 quarterly installments commencing from October 2013 with rate of interest at 3 months USD LIBOR+500bps.

4.2 Nature of Security:

Debentures:**520 11.50% Redeemable Non-convertible Debentures (NCDs)**

The Company has issued 520 11.50% Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each on private placement in the form of Separately Transferable Redeemable Principal Parts (STRPPs) for cash at par aggregating ₹ 5200 Lakhs. The Debentures are secured by the pari passu first charge on the fixed assets of a group company and redeemable in the 3rd, 4th and 5th year in the ratio of 30:30:40 and the earliest date of redemption being 1st December, 2013.

150000000 10.50% Compulsorily Convertible Debentures (CCD)

- 24,79,338 Equity Shares of Jinbhuvish Power Generations Private Ltd held by the Company are pledged in favour of IFCI Limited as collateral security for the debentures issued by the Company
- 26% of Total equity shares of the Company held by Gayatri Projects Ltd i.e 13,00,000 are pledged in favour of IFCI Limited as collateral security for the debentures issued by the Company.
- The debentures are guaranteed by the personal guarantee of T. V. Sandeep Kumar Reddy and T. Indira Reddy, Directors of the company.
- Gayatri Projects Ltd the holding company of the Company has given buy back guarantee to IFCI Ltd.

External Commercial Borrowing:

- Equitable mortgage of immovable property of 600 acre in the name of Group Company.
- Pledge of unencumbered equity shares of promoters in Gayatri Projects Ltd.
- Personal guarantee of the two promoter directors

Equipment Loans:

The Equipment loans are secured by hypothecation of specific equipment acquired out of the said loans.

Vehicle Loans:

The Vehicle loans availed are secured by hypothecation of specific vehicles purchased out of the said loans

Other Term Loans:

The other secured term loans are secured by hypothecation of construction equipment not specifically charged to other banks.

4.3 All the above term loans and Non Convertible Debentures are guaranteed by Directors.

4.4 The Term loans from banks and financial institutions are repayable commencing from the year 2012 till 2025.

5. DEFERRED TAX LIABILITIES (Net)

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Deferred Tax Liability as at beginning of the year	2,351.32	2020.41
Adjustment for change in share of Joint Controlled Entities	(4.67)	(26.34)
Deferred Tax Liability for the year	637.37	357.25
Total :	2,984.02	2,351.32

6. OTHER LONG TERM LIABILITIES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Advances from Contractees	51,757.92	46,255.38
Capital Creditors	49,522.31	4,520.66
5% Cumulative Participatory Redeemable convertible Preference Shares (CPRCPS) of Subsidiary Company	21,448.47	—
Retention Money Payable	1,147.90	1,867.57
Total :	1,23,876.60	52,643.61

7. LONG TERM PROVISIONS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Employee Benefits	604.02	248.37
Provision for Periodic Maintenance	4,751.31	2,982.34
Total :	5,355.33	3,230.71

8. SHORT TERM BORROWINGS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
From Banks – Secured		
Equipment Loans	15,000.00	5,000.00
Working Capital Facilities	66,100.00	42,941.66
From Banks - Un-secured		
Term Loans	10,000.00	34,240.16
Loans / Advances from related parties – Un-secured	3,177.65	2,309.75
Total :	94,277.65	84,491.57

8.1 Nature of security and terms of repayment:

Equipment Loans (Secured)

- The equipment loans are secured by hypothecation of specific equipments acquired out of the said loans.
- The equipment loans are repayable in monthly installments.
- The equipment loans are guaranteed by Directors.
- There are no defaults in repayment of loans and interest on the Balance Sheet date.

Term Loans (Secured)

The Secured Loans availed are secured by Hypothecation of Unencumbered fixed assets and project specific stock and receivables.

Working Capital Loans (Secured)

The working capital facilities from the consortium of Banks are secured by:

- Hypothecation against first charge on stocks, book debts and other current assets of the Company both present and future ranking *pari passu* with consortium banks.
- Hypothecation against first charge on all unencumbered fixed assets of the Company both present and future ranking *pari passu* with consortium banks.
- Equitable mortgage of properties belonging to promoters, directors, group companies.
- Personal guarantee of promoter directors, group companies/firms and relatives.
- There are no defaults in repayment of loans and interest on the Balance Sheet date.

Term Loans (Un-secured)

- The other term loans are repayable in monthly installments.
- There are no defaults in repayment of loans and interest on the Balance Sheet date.

9. TRADE PAYABLES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Micro, Small and Medium Enterprises*	—	—
Others	61,849.61	45,993.45
Total :	61,849.61	45,993.45

* There are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

10. OTHER CURRENT LIABILITIES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Current maturities (refer note no.4)		
- Long Term Borrowings	14,329.80	16,623.82
- Zero Coupon Foreign Currency Convertible Bonds	—	14,296.47
Interest accrued and due on borrowings	6,560.09	2,341.75
Interest accrued but not due on borrowings	2,203.64	1,581.23
Remuneration Payable to Directors	68.99	134.83
Unpaid dividends	3.79	3.05
Unpaid matured debentures and interest accrued thereon	—	296.79
Application money received for allotment of securities and due for refund and interest accrued thereon	335.69	335.70
Capital Creditors	43,746.14	4,512.86
Other Liabilities *	8,690.46	5,196.49
Total :	75,938.60	45,322.99

* includes statutory dues, payables towards services and expenses.

11. SHORT TERM PROVISIONS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Provision for Dividend & Dividend Distribution Tax	1,053.92	835.69
Provision for Income Tax	—	9.01
Employee Benefits	8.81	254.00
Provision for Other expenses	167.17	48.21
Total :	1,229.90	1,146.91

12. FIXED ASSETS

₹ in Lakhs

Particulars	Original Cost			Depreciation And Amortization			Net Book Value	
	As at	Additions/	Deductions/	As at	Up to	For the	Deductions/	As at
	01/04/2012	Adjustment during the year	Retirement/ Adjustment during the year	31/03/2013	01/04/2012	year	Adjustment during the year	31/03/2013
a) TANGIBLE ASSETS								
Land	19,588.04	2,158.86	—	21,746.90	—	—	—	21,746.90
Roads & Buildings	992.41	1,790.25	—	2,782.66	14.25	32.29	—	2,736.12
Plant and Equipment	23,892.12	453.98	16.54	24,329.56	6,468.42	1,294.26	5.56	16,572.44
Vehicles	2,474.63	372.07	14.26	2,832.44	1,030.46	259.69	3.10	1,545.39
Wind Power Equipment	5,936.86	—	—	5,936.86	253.86	313.46	—	5,369.54
Earth Moving Machinery	13,770.75	38.74	39.14	13,770.35	9,457.35	1,451.61	22.04	2,883.43
Furniture and Fixtures	468.76	93.99	3.66	559.09	185.34	32.55	1.38	342.58
Sub-total :	67,123.57	4,907.89	73.60	71,957.86	17,409.68	3,383.86	32.08	51,196.40
b) INTANGIBLE ASSETS								
Goodwill on consolidation	5,370.63	73.51	—	5,444.14	—	—	—	5,444.14
Goodwill on Amalgamation	—	0.97	—	0.97	—	—	—	0.97
Carriage Way	1,08,169.77	23,361.23	—	1,31,531.00	9,238.58	8,031.78	—	1,14,260.64
Computer Software	220.33	85.98	—	306.31	14.48	30.72	—	261.11
Sub-total :	1,13,760.73	23,521.69	—	1,37,282.42	9,253.06	8,062.50	—	1,19,966.86
Total	1,80,884.30	28,429.58	73.60	2,09,240.28	26,662.74	11,446.36	32.08	1,71,163.26
								1,54,221.56

Less : Depreciation of project companies grouped under pre-operative expenditure pending allocation (273.20)

Net Depreciation charged to statement of Profit & Loss

11,173.16

c. CAPITAL WORK IN PROGRESS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Opening Balance	1,03,886.24	64,837.73
Add : Expenditure incurred during the year	3,60,204.56	76,413.71
Less : Transfer to Asset / Capitalised during the year	(2,153.44)	(37,365.20)
Closing Balance	4,61,937.36	1,03,886.24

d. INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Opening Balance	1,16,076.24	63,026.55
Add : Expenditure incurred during the year	16,867.57	53,049.69
Less : Capitalised during the year	(26,581.89)	—
Less : Adjustment for change in status of erstwhile subsidiaries into associates.	(71,344.79)	—
Closing Balance	35,017.13	1,16,076.24

13. NON-CURRENT INVESTMENTS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
A.Trade Investments (Valued at cost unless stated otherwise)		
Unquoted Equity Shares		
Investment in Associate Companies		
49,000 Equity Shares of ₹10/- each, fully paid in Balaji Highways Holdings Pvt. Ltd.,	0.81	—
37,000 Equity Shares of ₹10/- each, fully paid in HKR Roadways Ltd.	3.80	—
28,32,66,074 (Previous Year: 28,32,66,074) Equity share of ₹ 10/- each fully paid - NCC Power Projects Ltd (NCCPPL)	32,457.31	32,524.91
30,000 (Previous Year:30000) equity share of ₹ 10/- each fully paid up Sembcorp Gayatri O&M Co. Pvt Ltd	2.44	2.79
Investment in Others		
24,79,338 (Previous Year:24,79,338) Equity shares of ₹ 10/- each fully paid up - Jimbhuish Power Generation Pvt Ltd (JPGPL)	3,000.00	3,000.00
B. Investment in Other Companies		
Quoted - at Cost		
11,63,607 (Previous Year 11,63,607) Equity Shares of ₹10/- each in Gayatri Sugars Ltd.,	293.10	293.10
1,728 (Previous Year 1,728) Equity Shares of ₹10/- each in Syndicate Bank Ltd.,	0.86	0.86
Total :	35,758.32	35,821.66
Details of quoted / unquoted investments:		
Aggregate Amount of Quoted Investment	293.96	293.96
Aggregate Market value of Quoted Investment	25.53	36.84
Aggregate Amount of Unquoted Investment	35464.36	35,527.70
Aggregate provision for diminution in the value of investments	—	—

Pledge of shares:

- 15,28,76,806 Equity Shares of NCCPPL are pledged in favour of Rural Electrification Corporation Ltd as collateral security for the loan availed by NCCPPL
- 24,79,338 Equity Shares of JPGPL are pledged in favour of IFCI Limited as collateral security for ₹150 Crores debentures issued by the Company to IFCI Ltd

iii) Of these, 36,995 Equity shares of HKR Roadways Limited have been pledged to ITCL for the loan availed by HKR Roadways Limited.

iv) Of these, 11,58,251 Equity shares of Gayatri Sugars Limited have been pledged to Yes Bank Limited for the loan availed by Gayatri Sugars Limited.

The diminution in the market value of quoted investments is considered temporary by the management and therefore, no provision is made for such diminution as envisaged in the Companies (Accounting Standard) Rules, prescribed by the Central Government.

14. LONG TERM LOANS AND ADVANCES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
To Related parties - Unsecured, considered good		
Loan to Joint Ventures	—	5773.10
Others	2,385.70	70.07
Subordinate Shareholders' Contribution	6,840.87	—
To others - Unsecured, considered good		
Capital Advances to suppliers	16,051.08	46,591.08
Security Deposit	62.80	49.09
Prepaid Expenses	1,973.22	1,031.08
Electricity and Other deposits	50.00	75.13
Balances with customs authorities	7,352.88	5,364.07
Total :	34,716.55	58,953.62

15. OTHER NON-CURRENT ASSETS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Margin Deposit against Bank Guarantees / Letter of Credits.	9,103.32	0.02
Un-amortized process fees	1,792.00	1,924.00
Balance with Government Agencies	66.16	—
Advance for purchase of Equity Shares	—	1,000.00
Total :	10,961.48	2,924.02

16. CURRENT INVESTMENTS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Investments In Mutual Funds (At Cost)	45.27	387.05
Total :	45.27	387.05

17. INVENTORIES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Raw Materials	12,369.41	7,734.22
Work in Progress	31,280.54	6,969.29
Total :	43,649.95	14,703.51

Raw Materials, Construction materials, stores and 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 materials, work expenditure, labour cost and appropriate overheads.

18. TRADE RECEIVABLES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Trade receivables outstanding for a period less than six months from the date they are due for payment Unsecured, considered good	73,148.55	57,653.10
Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good	8,639.83	2,189.13
Total :	81,788.38	59,842.23

19. CASH AND BANK BALANCES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
a) Cash on hand	84.00	163.63
b) Balances with Banks		
- Current Accounts	25,529.80	13,822.43
- Fixed Deposits	2,461.69	58,005.38
c) Margin money for Bank Guarantees / LCs	11,366.40	8,180.10
Total :	39,441.89	80,171.54

*Margin Money Deposits with carrying amount of ₹11,366.40 Lakhs (Previous Year : ₹8,180.10 Lakhs) are earmarked against bank guarantees/LCs taken by the company (or subsidiaries of the company)

20. SHORT-TERM LOANS AND ADVANCES

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
To Related Parties -Un-secured, Considered Good		
Holding Company	4,101.65	8,067.09
Other Related Parties	7,626.64	1,719.49
To Others - Un-secured, Considered Good		
Advances to Suppliers	1,159.84	675.78
Advances to Subcontractors	60,934.29	56,120.84
Staff Advances	184.29	125.01
Deposits with Government Agencies	8,639.77	6,378.72
Other Advances	10,090.74	8,646.45
Total :	92,737.22	81,733.38

21. OTHER CURRENT ASSETS

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Share Application Money Pending Allotment	3,472.35	1,772.67
Interest Accrued but not due	20.27	443.01
Annuity Income accrued but not due	1,977.27	867.57
Pre-paid expenses	1,984.61	1,667.98
Others	469.93	649.45
Total :	7,924.43	5,400.68

22. REVENUE FROM OPERATIONS

₹ in Lakhs

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Contract Revenue	1,76,055.34	2,03,514.03
Share of Profit from Joint Ventures	164.27	245.06
Annuity Income	17,732.82	13,279.02
Toll Revenue	3,181.09	2,920.74
Total :	1,97,133.52	2,19,958.85

23. OTHER INCOME

₹ in Lakhs

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Interest Income	201.75	252.03
Other Non Operating Income	653.01	382.86
Total :	854.76	634.89

24. COST OF MATERIALS CONSUMED

₹ in Lakhs

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Steel	4,360.00	4,898.61
Cement	2,382.86	2,679.52
Bitumen	4,754.95	7,528.80
Metal	4,146.29	4,283.30
Sand & Gravel	819.98	733.78
Electrical Materials	436.00	3,777.34
Railway Line Materials	5,881.83	—
Coal Handling System Materials	6,918.95	—
RCC & GI Pipes	1,025.16	1,475.23
Building Materials	641.63	1,629.28
HSD Oils and Lubricants	4,410.68	4,389.37
Stores and Consumables	477.19	280.00
Other Materials	173.26	230.12
Total :	36,428.78	31,905.35

25. WORK EXPENDITURE

₹ in Lakhs

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Departmental Recoveries	3,365.49	2,588.53
Work executed by sub-contractors	66,622.23	1,11,231.08
Earth Work	10,684.25	7,210.15
Concrete Work	14,885.20	5,925.34
Transport Charges	1,331.25	1,320.24
Hire Charges	806.93	771.61
Road work	8,342.65	3,513.46
Repairs and Maintenance	1,138.80	1,733.34
Taxes and Duties	4,809.40	3,897.42
Royalties, Seigniorage and Cess	485.93	609.85
Insurance	266.99	253.16
Operation & Maintenance Expenses	2,666.50	2,108.57
Other Work Expenditure	7,444.09	4,683.17
Total :	1,22,849.71	1,45,845.92

26. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS

₹ in Lakhs

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Opening Work-In-Progress	19,197.75	3,287.14
Less : Closing Work-In-Progress	31,280.54	6,969.28
Total :	(12,082.79)	(3,682.14)

27. EMPLOYEE BENEFITS EXPENSE

₹ in Lakhs

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Salaries and Wages	2,637.38	2,631.31
Directors' Remuneration	582.00	524.98
Contribution to Provident Fund and Other Funds	58.22	44.38
Staff Welfare	301.03	425.18
Total :	3,578.63	3,625.85

28. FINANCE COSTS

₹ in Lakhs

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Interest Expenses		
- On Term Loans	20,914.15	14,684.94
- On Working Capital Facilities	3,306.96	4,598.95
- On Debentures	598.00	1984.78
- ECB Loan	451.04	—
- On Others	642.01	64.36
Other Borrowing Cost	1,133.31	739.21
Total :	27,045.47	22,072.24

29. OTHER EXPENSES

₹ in Lakhs

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Printing and Stationery	56.74	64.12
Telephones	74.01	82.05
Travelling and Conveyance	360.39	392.69
Advertisement Expenses	47.22	123.06
General Expenses	116.71	171.96
Consultancy Fee	625.56	467.78
Donations	649.08	377.38
Rent	323.40	357.19
Power and fuel	151.33	122.25
Rates and Taxes	72.79	70.36
Tender Expenses	43.36	62.71
Insurance	64.08	67.66
Auditors Remuneration	62.80	64.94
Loss on Sale of Assets	3.84	157.81
Foreign exchange translation loss*	2,782.20	7,923.59
Other Administration Expenses	410.54	571.07
Total :	5,844.05	11,076.62

* The exchange translation loss includes (a) the currency translation loss of ₹ 2782.20 lakhs (Previous Year ₹ 6732.60 lakhs) and (b) exchange difference arising on buy back of 42 FCCB bonds amounting to ₹ Nil (Previous Year ₹ 1190.99 lakhs).

30. All amounts in the financial statements are presented in ₹ in Lakhs 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.

31. Basis of 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, Associates 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, Associates 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.

32. 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 Private Limited	Wholly owned Subsidiary	100	India
2	Gayatri Infra Ventures Limited	Subsidiary	70.59	India
3	HKR Roadways Limited	Subsidiary	74	India
4	Sai Maatarini Tollways Limited	Subsidiary	99.51	India
5	Balaji Highways Holding Limited (Considered as subsidiary as per AS-21 for consolidation)	Associate	49	India
6	Indore Dewas Tollways Limited (Considered as subsidiary as per AS-21 for consolidation)	Associate	33.33 (66.66 along with subsidiary)	India
7	IJM Gayatri Joint Venture	Joint Venture	40	India
8	Jaiprakash Gayatri Joint Venture	Joint Venture	49	India
9	Gayatri ECI Joint Venture	Joint Venture	50	India
10	Gayatri Ratna Joint Venture	Joint Venture	80	India
11	Gayatri - Ranjit Joint Venture	Joint Venture	60	India
12	Gayatri - GDC Joint Venture	Joint Venture	70	India
13	Gayatri - BCBPPL Joint Venture	Joint Venture	60	India
14	Gayatri - RNS Joint Venture	Joint Venture	60	India
15	Gayatri - JMC Joint Venture	Joint Venture	75	India
16	MEIL-Gayatri-ZVS-ITT Consortium	Joint Venture	48.44	India
17	Viswanath-Gayatri Joint Venture	Joint Venture	50	India
18	Maytas-Gayatri JV	Joint Venture	37	India

33. Contingent Liabilities and Commitments

The details of the Contingent Liabilities and Commitments to the extent not provided as follows:

a. Contingent Liabilities

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
a) Claims against the company not acknowledged as debt	—	—
b) Guarantees given by the Banks towards performance & Contractual Commitments		
i) issued on behalf of the Company	48,578.60	62,309.96
ii) Issued on behalf of Subsidiaries / Group Companies	24,034.76	16,105.52
c) Other money for which the company is contingently liable	—	—
d) Disputed Liability of Income Tax, Sales Tax, Service Tax and Seigniorage charges	9,556.37	2,824.27

b. Commitments

₹ in Lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Corporate Guarantees given to group companies	5,77,060.00	5,64,166.00
Claims against the Company not acknowledged as debt	2,172.07	2315.35

34 Joint Venture Losses not considered**IJM-Gayatri Joint Venture**

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 during the period 1998-2006 in Package I, II & III and AP 13 of NHAI, APSH 7 and APSH 8 in the State of Andhra Pradesh.

An excess expenditure of ₹134.45 crores was incurred for completion of the IJM Gayatri JV by the company and debited to the JV account. The JV has not accounted the same due to pending claims with the employers and with an intention to account the same as and when the claims are actually realised.

The JV has raised claims in excess of ₹ 300 Crores on the National Highways Authority of India and Andhra Pradesh State Government, which are pending for consideration before the appropriate legal forum. So far the joint venture has got favorable awards amounting to ₹ 61.99 crores including interest on claims and the remaining claims are under adjudication. Out of the favorable awards, the JV has received orders for release of payments for ₹ 29.01 crores and as against this the JV has received ₹ 18.70 crores during the year which was passed on to the Company. The management is reasonably confident of recovering substantial amount from these claims. In the unlikely situation of the claims not being received to the extent of expenditure incurred, IJM-Gayatri Joint Venture has to account the net expenditure of ₹ 115.75 crores (Previous Year ₹ 134.45 crores) in its books and the Company has to provide an amount of ₹ 46.30 crores (Previous Year ₹ 53.78 crores) towards its 40% share of loss in the joint venture.

35. EARNING PER SHARE (EPS)

Basic Earning Per Share is calculated as per Accounting Standard 20 on Earnings Per Share.

₹ in Lakhs

Particulars	2012-13	2011-12
Profit After Tax for calculation of Basic EPS (₹ in Lakhs)	954.61	557.03
Profit After Tax for calculation of Diluted EPS (₹ in Lakhs)	954.61	557.03
Weighted average No. of equity shares as denominator for calculating Basic EPS. (No. in Lakhs)	257.17	121.52
Weighted average No. of equity shares as denominator for calculating Diluted EPS (No. in Lakhs)	257.17	147.79
Basic EPS (₹)	3.71	4.58
Diluted EPS (₹)	3.71	3.77

36. Related party transactions pursuant to Accounting Standard AS-18

(i) Details of related parties :

Entities in which KMP are interested	Key Management Personnel (KMP)
Deep Corporation Pvt. Ltd Indira Constructions Pvt. Ltd Gayatri Tissue & Papers Ltd Gayatri Sugars Ltd Gayatri Hi-Tech Hotels Ltd Gayatri Property Ventures Pvt. Ltd. Gayatri Hotels & Theaters Pvt. Ltd GSR Ventures Pvt. Ltd. Amaravathi Thermal Power Pvt.Ltd. Gayatri Bio-Organics Limited TSR Foundation Dr.T.Subbarami Reddy (HUF) Balaji Charitable Trust TSR Lalitakala Parishad T.V.Sandeep Kumar Reddy & Others	Mr. T.V.Sandeep Kumar Reddy Mr. J.Brij Mohan Reddy Mrs. T.Indira Reddy
	Joint Ventures
	Simplex Gayatri Consortium *

* not considered for consolidation

(ii) Transactions with the related parties:

₹ in Lakhs

Sl. No.	Description	2012-13		2011-12	
		Entities in which KMP are interested	KMP	Entities in which KMP are interested	KMP
1	Equity contribution	—	—	—	—
2	Contract Receipts	3,951.26	—	13,387.69	—
3	Contract payments	605.53	—	1,337.96	—
4	Office Rent & Maintenance	103.50	—	101.46	—
5	Other Payments	65.38	—	7.60	—
6	Donations	639.27	—	465.78	—
7	Remuneration Paid	—	582.00	—	524.98
8	Contract Advances/ Other Adv.	—	—	—	—
9	Corporate Guarantees	17,000.00	—	—	—
10	Closing balances - Debit	26,812.66	—	29,548.35	—
11	Closing balances - Credit	183.79	68.99	171.47	134.83

37. Segment Reporting

The Company's operations predominantly consist of providing infrastructure facilities. Hence there are no reportable segments under Accounting Standard - 17. During the year under report, 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.

38. Managerial Remuneration:

Managerial Remuneration paid during the year:

₹ in Lakhs

Particulars	2012-13	2011-12
Salaries	522.00	462.00
Perquisites	—	2.98
Commission	60.00	60.00
Total	582.00	524.98

39. Figures pertaining to the subsidiary companies and Joint ventures have been reclassified wherever necessary to bring them in line with the company's financial statements.

40. All amounts are rounded off to nearest thousand.

The accompanying notes and other explanatory information form an integral part of the financial statements.

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 SUBBARAMI REDDY
 Chairperson

T.V. SANDEEP KUMAR REDDY
 Managing Director

Place : Hyderabad
 Date : 28th May 2013

P. SREEDHAR BABU
 Chief Financial Officer

I.V. LAKSHMI
 Company Secretary

GAYATRI PROJECTS LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 24th 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 Friday the 27th day of September, 2013 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-I, 1st 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 24th Annual General Meeting of the Company to be held on Friday the 27th day of September, 2013 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 2013

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-I, 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.

Gayatri Projects Limited, B1, 6-3-1090, TSR Towers
Raj Bhavan Road, Somajiguda, Hyderabad 500 082

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