



**18th ANNUAL REPORT
2006-07**



Eighteenth Annual Report

Board of Directors

Smt. T Indira Reddy	Chairperson
Sri TV Sandeep Kumar Reddy	Managing Director
Sri J Brij Mohan Reddy	Director
Sri G Siva Kumar Reddy	Director
Sri V Linga Moorthy	Director
Sri CH Hari Vittal Rao	Director
Sri SMAA Jinnah	Director
Smt. Archana Niranjana Hingorani	Director

Company Secretary

Smt. K Anupama

Statutory Auditors

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

Bankers

Bank of Baroda
Canara Bank
Syndicate Bank
Indian Overseas Bank
Andhra Bank
Corporation Bank
IDBI

Registered Office

G2, Mangal Adesh Society
4th Road, TPS III
Santa Cruz (East)
Mumbai – 400055
Tel: 022 – 5600 5785
Website: www.gayatri.co.in

Corporate Office

B1, TSR Towers, 6-3-1090
Raj Bhavan Road, Somajiguda
Hyderabad – 500082
Tel: 040 – 23314284
Fax: 040 – 23398435
Email: gplhyd@gayatri.co.in

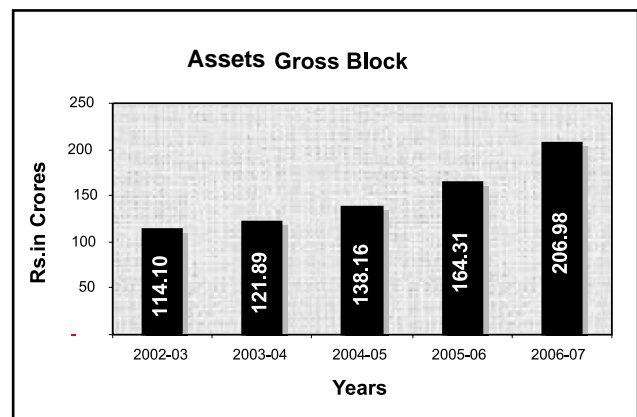
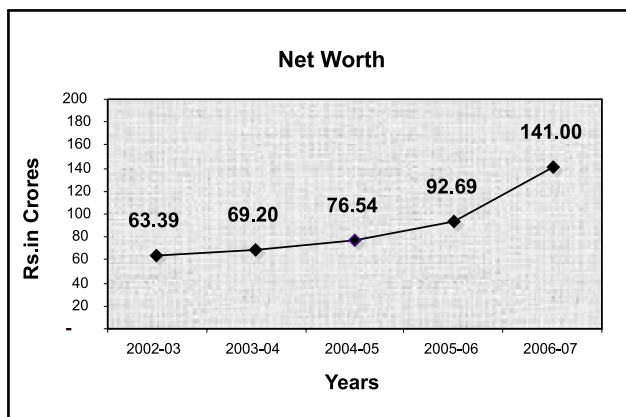
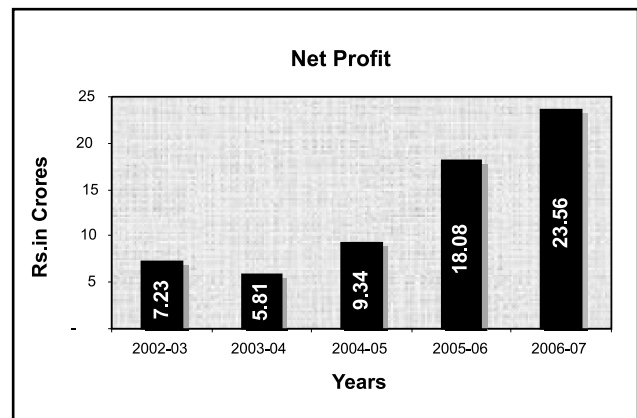
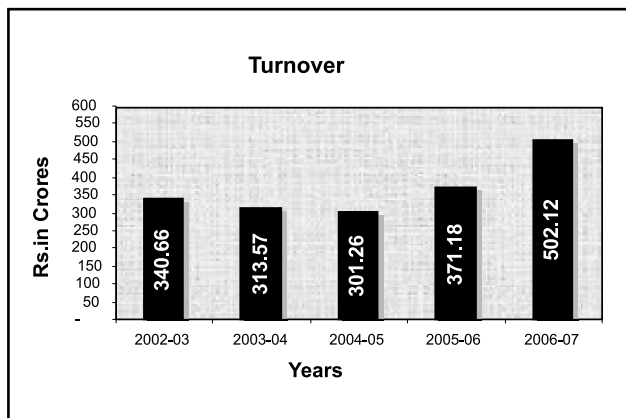
Registrars & Transfer Agents

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

FINANCIAL HIGHLIGHTS

(Rs.in Lacs)

DESCRIPTION	2006-07	2005-06	2004-05	2003-04	2002-03
Turnover	50,212.02	37,117.74	30,125.79	31,356.67	34,066.34
Profit Before Tax	3,582.36	2,759.48	1,325.13	914.34	1,073.84
Profit After Tax	2,356.38	1,807.97	934.34	581.36	723.29
Equity Capital	1,000.00	900.00	500.00	500.00	500.00
Reserves & Surplus	13,099.97	8,369.21	7,154.30	6,420.38	5,839.02
Net Worth	14,099.97	9,269.21	7,654.30	6,920.38	6,339.02
Gross Block	20,698.48	16,430.72	13,815.66	12,189.37	11,409.88
Net Block	12,858.49	9,830.42	8,167.01	7,525.97	7,603.74
Book Value (Rs.) Per Share	141.00	102.99	153.09	138.41	126.78
EPS (Rs.) Basic	24.73	19.65	17.53	11.63	14.47
Dividend	20%	15%	25%	—	—



NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of Gayatri Projects Limited will be held on 28th day, the September, 2007 at 11 A.M at the Hotel Ritz, Lotus Room, 5th Floor, 5, Jamshedji Tata Road, Behind Eros Cinema, Mumbai -400 020 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date together with the Report of the Board of Directors and Reports of Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2007.
3. To appoint a Director in place of Mr. CH Hari Vittal Rao, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. SMAA Jinnah, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. Archana Niranjana Hingorani, who retires by rotation, and being eligible, offers herself for reappointment.
6. **To appoint Auditors and fix their remuneration.**

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

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

Special Business:

7. Raising of Investment limits of FII/NRIs

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT subject to the approval of the Reserve Bank of India(RBI) and such other approvals as may be required, consent of the Company be and is hereby given to the enhancement of Investment limits of Foreign Institutional Investors (FIIs)/Non Resident Indians (NRIs) in the securities of the Company to 49% of the Equity Share capital of the Company.”

8. Appointment of Sri J. Brij Mohan Reddy as Executive Vice Chairman

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT Sri J. Brij Mohan Reddy, Director of the Company be and is hereby designated as Executive Vice Chairman with effect from 1st September, 2007.

FURTHER RESOLVED that pursuant to the provisions of Sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), as amended or re-enacted from time to time, read with Schedule XIII to the Act, the Company hereby approves the appointment of Sri J. Brij Mohan Reddy as Executive Vice Chairman of the Company for a period of three years commencing from 1st September, 2007 to 31st August 2010 and payment of such Remuneration as set out in the Explanatory Statement annexed to the Notice.”

9. Increase of Borrowing Powers of the Board of Directors:

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

“RESOLVED THAT the consent of the Company under the provisions of Section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company for borrowing any sum(s) of money from time to time as it may consider fit, on such terms and conditions as the board may deem fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained/ to be obtained from the Company’s Bankers in the ordinary course of business) will exceed the aggregate of the paid up Capital of the Company and its free reserves, so that the total amount of monies so borrowed at any time shall not exceed a sum of Rs.1500 Crores (Rupees One Thousand Five Hundred Crores only).”

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

By order of the Board
For **GAYATRI PROJECTS LTD.,**

K.ANUPAMA
Company Secretary

Place : Hyderabad
Date : 28th August 2007.

Notes :

1. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item No. 7 to 9 above, are annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable, issued on behalf of the nominating organization.
3. The Register of Members and the Share Transfer Books of the Company will be closed from 24th September, 2007 to 26th September, 2007 (both days inclusive).
4. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
5. A member desirous of seeking any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
6. The final dividend for the year ended 31st March, 2007 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 24th September, 2007.

7. Appointment / Re appointment of Directors

At the ensuing Annual General Meeting, Sri CH Hari Vittal Rao, Sri SMAA Jinnah and Dr.Archana Niranjn Hingorani, Directors retire by rotation and being eligible offer themselves for re-appointment. The relevant information as required under clause 49 of Listing Agreement concerning Corporate Governance Code in respect of appointment / re-appointment of Directors is given below for information of the Members;

Sri CH Hari Vittal Rao is a CAIIB with an experience of 43 years as a banker with Bank of Baroda and also worked as a full time advisor and responsible officer for running of the Nandi Foundation, Andhra Pradesh. After retirement he is working on Non Performing Assets Recovery Project, Reducing sick units in Banking Industry and its revival and research on self help groups. He is also a Director on the Board of APR Constructions Limited.

Sri S M A A Jinnah is a Bachelor of Engineering in Civil, from Andhra University and a Master in Structural Engineering from Indian Institute of Sciences, Bangalore. He is a fellow member of Institute of Engineers and former Chairman of Board of Chief Engineers, Government of Andhra Pradesh. He has experience of over 26 years in the field of Engineering with Andhra Pradesh Engineering Service, Ministry of Transport and Ministry of Water Resources. Retired as Engineer in Chief of Irrigation Department of Andhra Pradesh in the year 2000.

Dr. Archana Niranjn Hingorani aged 40 years, is an MBA and Ph.D in Finance from the University of Pittsburgh, USA. She is the Chief Operating Officer at IL&FS Investment Managers Ltd and responsible for various private equity transactions. She has been with IL&FS Group for the last 13 years and has now over 20 years of experience in the financial services sector. She is also a Director on the Boards of IL & FS Education & Technology Services Ltd, IL&FS Ecosmart Ltd, Bharat Fritz Werner Ltd, IL & FS Investment Managers Ltd, Konaseema EPS Oakwell Power Ltd, Continental Warehousing Corporation (Nhava Seva) Ltd, IL & FS Trust Company Ltd, IL & FS Urban Infrastructure Managers Ltd, Ramky Infrastructure Ltd, Unitech Amusement parks Ltd and IL & FS Portfolio Management Services Ltd. She is also a Member on the Audit Committee of Petronet India Ltd, IL & FS Property Management Services Ltd. and IPF Online Ltd

ANNEXURE TO NOTICE

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

Item No.7:

In view of interest envisaged by the some of the reputed FIIs and booming capital market conditions, we expect increase in the limits of FII/NRIs. In terms of Notification No. 20/2000 – RB dated 3rd May, 2000 amended from time to time, it is proposed to raise the limits of FII/NRIs to 49% which requires a special resolution to be passed by the members of the company in the general meeting. The Board of Directors therefore, recommended the same for your approval. The present Shareholding level of FII/NRIs is around 10%.

None of the directors of the company are concerned or interested in the resolution.

Item No. 8:

Sri J. Brij Mohan Reddy, aged 66 years, is an Engineering Graduate from Berkley University in U.S.A. He has specialized in Harbour Engineering (i.e., construction of break waters, piers, wharf walls, jetties etc.), RCC structures, Steel structures and Highway projects. He joined as Director in the Board of GPL in the year 1994. He is responsible for construction of the entire fisheries harbor at Chennai and major portion of mechanized ORE-handling project for Chennai Port Trust. He is also Director in Board of Western UP Tollway Ltd., Gayatri Jhansi Roadways Ltd., Gayatri Lalitpur Roadways Ltd., and Chamundeswari Builders Pvt.Ltd. Considering his experience, the Board proposes to redesignate and appoint him as Executive Vice Chairman of the company for a period of 3 years from 1st September 2007 on the following terms and conditions:

- 1) **Period:** For a period of 3 years commencing from 1st September 2007 to 31st August 2010.
- 2) **Nature of Duties:** Sri J.Brij Mohan Reddy shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in the best interests of the Company and for the business of any one or more of its associated companies and/or subsidiaries.
- 3) **a) Remuneration:** Salary of Rs. 8,00,000/- per month and other perquisites as applicable to the senior management of the Company. The remuneration may be reviewed by the board from time to time.
b) Minimum Remuneration: Where in any financial year during the tenure of Sri J. Brij Mohan Reddy, the Company has no profits or its profits are inadequate, the Company will pay to Sri J. Brij Mohan Reddy remuneration by way of basic salary, benefits, perquisites, allowances and incentive remuneration as above.
- 4) Sri J. Brij Mohan Reddy is holding 225 Equity shares in the Company.
- 5) The terms and conditions of the appointment of the Appointee may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Appointee, subject to such approvals as may be required.

None of the Directors except Sri J. Brij Mohan Reddy and TV Sandeep Kumar Reddy are deemed as concerned in the Resolution. Your Directors recommend the Resolution for approval of Members.

Item No. 9:

The company is having substantial value of works on hand and is expecting new works in future; the Company requires substantial funds for execution of works. In view of this, the Board seeks the consent of the members of the proposed resolution in order to comply with the requirements of the Companies Act, 1956. No Director of the Company is interested in this business.

By order of the Board
For **GAYATRI PROJECTS LTD.,**

K.ANUPAMA
Company Secretary

Place : Hyderabad
Date : 28th August 2007.

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 18th Annual Report of your company along with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

(Rs.in Lacs)

Particulars	2006-2007	2005-2006
Gross Income	50,545.20	37,403.93
Profit before interest, depreciation and tax	7,882.21	6,834.93
Less : Interest and financial charges	3,043.27	3,035.66
Profit before depreciation	4,838.94	3,799.27
Less : Depreciation	1,256.58	1,039.79
Profit before tax	3,582.36	2,759.48
Provision for tax	1,225.98	951.51
Profit after tax	2,356.38	1,807.97
Less : Prior Period Adjustments	—	39.13
Profit after Prior Period Adjustments	2,356.38	1,768.84
Profit brought forward	2,594.81	1,479.90
Profit available for appropriation	4,951.19	3,248.74
Appropriations:		
Dividend @ 20% (previous year @ 15%)	200.00	135.00
Dividend tax	33.99	18.93
Transfer to General Reserve	500.00	500.00
Balance carried forward	4,217.20	2,594.81
Paid-up capital	1,000.00	900.00
Reserves and Surplus	13,099.97	8,369.21

REVIEW OF OPERATIONS:

The Gross Income for the year increased to Rs.50545.20 Lacs from Rs.37403.93 Lacs representing an increase of 35%. The Company has earned a Gross Profit of Rs.7882.21 Lacs before interest, depreciation and tax as against Rs.6834.93 Lacs in the previous year. The Company has made a Net Profit of Rs.2356.38 Lacs during the year as against Rs.1768.94 Lacs in the previous year, recording a growth of 33%.

NEW PROJECTS INITIATIVES

Your Directors have the pleasure of informing you about the latest development in the Company. There are many projects in the pipeline, a few of which are:

- a) The Consortium comprising of IDFC and your Company bagged the two BOT (Annuity) Projects of Design, Construction, Development, Finance, Operation and Maintenance of Road between Jhansi to Lalitpur, in the State of UP. The Project cost is estimated to be around Rs.73300 Lacs. We were also able to tie up the necessary Loan funds from a group of Banks/Institutions. The progress of the projects is on a comfortable path.
- b) The Joint Venture formed between Gannon Dunekerley & Co.Ltd and your Company was awarded the work of Rehabilitation and Upgrading of Kapsara to Hathidad and Rajkheta to Dhanwar and Ramanujgaj Section in the State of Chattisgarh. The total project cost is estimated around is Rs.11800 Lacs.

During the year under review, your Company has in all bagged new orders valued around Rs.85500 Lacs and executed projects worth Rs. 50212 Lacs. The order book is very healthy and as on 31st March, 2007 stood at Rs.230000 Lacs.

FUTURE PLANS

Infrastructure Development across in all sectors is poised for a big leap forward. Your Company is in advantageous position with a strong experience & track record, large fleet of equipment and qualified employees. We propose to continue our efforts to consolidate the position in the Industry. Keeping in view the prospects in the Road and Irrigation sectors, the Company has set-up separate division for the same. Your Company is also exploring the prospects in the up coming areas such as Power Generation and Transmission, Building and Housing etc, in order to reduce dependence on any particular division.

RESPONSE TO INITIAL PUBLIC OFFER (IPO)

The Company came out with an IPO – this included fresh issue of shares as well as divestment of shares earlier held by Videocon group. The issue was aggressively priced in a band of Rs 275 to Rs 295 for a face value of 10 Rupee share. The market response was absolutely positive. The Institutional portion was oversubscribed 8.20 times. The Retail portion also drew a good response and was over subscribed 4.05 times. The total oversubscription was 5.68 times of the share issue. We are extremely grateful to the knowledgeable investing public for reposing their confidence in us. The shares have been duly listed in the Bombay Stock Exchange.

INCREASE OF AUTHORISED SHARE CAPITAL

During the year 2006-07 the Company has increased the Authorised Share Capital from Rs.12 Crores (divided into 1.20 Crore equity shares of Rs.10/- each) to Rs.15 Crores (divided into 1.50 Crore equity shares of Rs.10/- each).

DIVIDEND

Your Directors take pleasure in recommending a dividend of 20% (Rs.2/-per share) on the enhanced Equity Share capital of Rs.1000 Lacs for the year 2006-07 for approval of the members. The said dividend, if approved, at the 18th Annual General Meeting by the members, will be paid to all those equity share holders, whose names appeared in the register of members as of 24th September, 2007 and also to those whose names appears as beneficial owners as furnished by the National Securities Depository Ltd and the Central Depository Services (India) Ltd.

RESERVES

It is proposed to transfer Rs.500 Lacs to the General Reserves of the Company from the current year's profits.

SUBSIDIARIES

Your Directors are pleased to inform you that, during the year under review the Company has floated two Special Purpose Vehicles (SPVs) in the name and style of Gayatri Jhansi Roadways Ltd and Gayatri Lalitpur Roadways Ltd for the purpose of Design, Construction, Development, Finance, Operation and Maintenance of Road between Jhansi to Lalitpur, in the State of UP with a stake of 83% by your Company and balance by IDFC and others. As required under Section 212 of the Companies Act, 1956 the Un-audited Statements of Accounts for the period of 9 months ending on 31st March 2007 prepared by the Management and other Statements relating to the said Companies are annexed herewith.

EXPLANATION TO THE QUALIFICATIONS IN THE AUDIT REPORT

Transactions with IJM-Gayatri Joint Venture

During the year under review, the JV has incurred loss of Rs.148.34 lacs of which the company's interest of share in the loss of (40%) amounting to Rs.59.33 Lacs has not been provided for as the Board is of the opinion that this loss will be recovered from the claim likely to be awarded to the company.

Transactions with Gayatri – ECI Joint Venture

During the year under review, the JV has incurred loss of Rs.370.71 lacs of which the company's interest of share in the loss of (75%) amounting to Rs.278.03 Lacs has not been provided for as the Board is of the opinion that substantial portion of the work is yet to be commenced since the major portion of the project site is yet to be handed over to the JV and the cost of the project is within the estimates, hence not considered. But the same is considered in the Consolidated Financial Statements.

CONSOLIDATION OF ACCOUNTS

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

Joint ventures listed below are not considered for consolidation on the grounds explained against the venture:

Name of the Joint Venture	Reasons for exclusion
Jaiprakash-Gayatri Joint Venture IJM-Gayatri Joint Ventures RNS-Gayatri Joint Venture	The company’s share of commercial interest in the venture is accounted in the books and also by considering the substance over the form of the venture the exclusion of these Joint Ventures from consolidation has no material effect on the fair view of the accounts.
GPL-Brahmaputra Conso. Ltd JV Gayatri – RCC Joint Venture Simplex-Gayatri Consortium	These Joint Ventures are excluded for consolidation as the financial statements as at 31/03/2007 are not available.
Gayatri – GDC Joint Venture	Operations have not yet commenced.

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

ISSUE OF FOREIGN CURRENCY CONVERTIBLE BONDS

Your Company has closed the issue of Zero Coupon FCCB on 02nd August 2007 of JPY 3,080 million direct, unsubordinated, unsecured zero coupon convertible bonds due in 2012. Your Company proposes to utilize the proceeds of the Bonds for (i) capital expenditure and investment in infrastructure projects in accordance with applicable law, (ii) international acquisitions, and (iii) any other use as may be permitted under applicable law or regulations, from time to time. The Bonds will be convertible into ordinary shares of GPL, quoted in Indian Rupees.

DIRECTORS

Sri Ravindra K Katariya resigned as Director of the Company w.e.f. 23rd January 2007. The Board places on record its immense appreciation of the services rendered by him during his tenure as the Member of the Board of Directors of the Company.

Sri CH Hari Vittal Rao, Sri SMAA Jinnah and Dr. Archana Niranjana Hingorani retire at the ensuing AGM and being eligible offer themselves for reappointment. Sri J. Brij Mohan Reddy, Director is being appointed as Executive Vice Chairman with effect from 1st September, 2007.

PUBLIC DEPOSITS

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

CORPORATE GOVERNANCE REPORT

The Company’s shares have been listed on The Bombay Stock Exchange on 17th October 2006. The Corporate Governance Report for the year 2006-2007, has been prepared pursuant to the provisions of Clause 49 of the Listing Agreement and it forms part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures ;

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- 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, 2007 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 Auditors M/s. C.B. Mouli & Associates, Chartered Accountants, Secunderabad will retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224 (1B) of the Companies Act, 1956.

STATUTORY INFORMATION

There is one employee in the company who is drawing prescribed salary under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended. The details are given in the annexure. 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 in Foreign Currency is furnished in Notes to Accounts. There are no Foreign Exchange earnings in the year under review.

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 service to the Company, and expects continued support, higher level of productivity for achieving the targets set for the future.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Hyderabad
Date : 28th August 2007.

T. INDIRA REDDY
Chairperson

ANNEXURE – A

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

Name of the Subsidiary	Gayatri Jhansi Roadways Ltd	Gayatri Lalitpur Roadways Ltd
Financial Year of the Subsidiary will be ending on	30 th September, 2007*	30 th September, 2007*
Date of becoming Subsidiary	7 th July, 2006 (Since incorporation)	7 th July, 2006 (Since incorporation)
Number of Shares in Subsidiary held by Gayatri Projects Ltd as on 31 st March, 2007	50,000	50,000
Extent of interest of the Gayatri Projects Ltd., as on 31 st March, 2007	83%	83%
The net aggregate amount of the Subsidiary Companies Profit / (Loss) so far as it concerns the members of the Gayatri Projects Ltd.,	NA	NA
i) Dealt with in the accounts of the Gayatri Projects Ltd		
(a) for the subsidiary's financial year ended 30 th September, 2007	NA	NA
(b) for previous financial years of the subsidiary since it became subsidiary of Gayatri Projects Ltd.,	NA	NA
ii) Not Dealt with in the accounts of the Gayatri Projects Ltd		
(a) for the subsidiary's financial year ended 30 th September, 2007	NA	NA
(b) for previous financial years of the subsidiary since it became subsidiary of Gayatri Projects Ltd.,	NA	NA

* The first accounting period is for the period 07/07/2006 to 30/09/2007.

ANNEXURE – B

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees Rules, 1975 and forming part of the Director's Report for the year ended 31st March, 2007

- | | | |
|---------------------------------------|---|---|
| 1. Name | : | T.V.Sandeep Kumar Reddy |
| 2. Age (Years) | : | 40 |
| 3. Designation / Nature of Duties | : | Managing Director Overall control of the affairs of the Company |
| 4. Remuneration | : | Rs.5,00,000/- per month * |
| 5. Qualification | : | B S C E., M.S (Const.Eng+MGMT) (U.S.A) |
| 6. Total Experience (Years) | : | 18 |
| 7. Date of Commencement of Employment | : | 15 th September, 1989 |
| 8. Last Employment | : | Vice Chairman & Managing Director of Gayatri Sugars Limited |

* He has drawn remuneration for last three months of the year.

Notes :

The appointment is contractual. Other terms and conditions are as per Company Rules.

For and on behalf of the Board

Place : Hyderabad
Date : 28th August 2007.

T. INDIRA REDDY
Chairperson

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

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

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

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

Industry Overview

Infrastructure development across sectors such as power, oil and gas, ports, roads, railways, airports and urban infrastructure contributes over 50 per cent of the revenues of the construction industry in India. Given high GDP growth and sound economic fundamentals, several infrastructure sectors are poised for a big leap forward.

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

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

Road Sector

The National Highways (NH), with a total length of 65,569 km, serves as the arterial network across the country. The ongoing program of four-laning the 5,900 km long Golden Quadrilateral (GQ) connecting Delhi, Mumbai, Chennai and Kolkata is nearing completion. The ongoing four-laning of the 7,300 km North-South East-West (NSEW) corridor is to be completed by December 2009. In its third meeting held on 13 January, 2005, the Committee on Infrastructure adopted an Action Plan for development of the National Highways network. An ambitious National Highway Development Programme (NHDP), involving a total investment of Rs.2,20,000 crore up to 2012, has been established. With the aim of giving new thrust the National Highway Development Programme (NHDP), the government has decided to pump in Rs.20,000 Crores for six laning of 3,000 km highways under phase-V of the programme in 2007-08. (Source : Business Standard, dated 1st June, 2007).

Port Sector

India has 12 major ports and 187 minor ports along the 7,517 km long coastline. The 12 major ports control around 76 per cent of the traffic. India's ports must gear up to handle growing volumes. All major ports have drawn up plans to each add a container terminal. The government launched the National Maritime Development Programme to covers 276 port projects at an investment of Rs. 600 billion by 2012. Further, 111 shipping and inland water transport projects entailing an

investment of Rs. 400 billion are expected to be completed by 2025. The overall investment required in the ports sector in the Tenth Plan is estimated to be Rs. 80,000 crores of which nearly 70% is proposed to be attracted from the private sector.

Irrigation Sector

Finance Minister P Chidambaram announced in the Budget 2007, plans to revamp the Accelerated Irrigation Benefit Programme and under this project 35 projects will be completed and another 9,00,000 hectares of land will be brought under irrigation in the current financial year. The investment requirement in the irrigation sector includes substantial investments in water infrastructure such as multipurpose dams, barrages, irrigation canals, check dams, rain water harvesting structures, tube wells and rural electrification. To harness river waters and to irrigate the parched lands the State governments have since agreed for river linking projects. Several State Governments have announced various irrigation projects like dams, canals, reservoirs, etc. The State Government of Andhra Pradesh has announced in the Budget 2007 that 'JALAYAGNAM', to irrigate 2 lakh acres by 2008 with an outlay of Rs. 13,000 crores. The Tamilnadu State Government has proposed a project named 'Irrigated Agriculture Modernization and Water Resources Management Project' with an outlay of Rs. 3900 crores with the financial assistance from World Bank. The Government of Maharashtra has announced in the State Budget for the year 2007-08 that an annual addition irrigation potential of 2 lacs hectares is proposed to be created during the year with an annual outlay of Rs 3828.77 crores.

Freight Corridor Project

The dedicated rail freight corridor project is slated to be the Indian Railways (IR) biggest venture to date. It was approved in 2005 by the committee on infrastructure headed by the prime minister. The first phase of the multi billion dollar Delhi-Mumbai Industrial corridor supported by a multi modal dedicated freight corridor is expected to be completed by 2012. The second phase is expected to be over by 2016. The cost of the project is estimated to be between \$ 90-100 billion.

Urban Infrastructure

The urban infrastructure sector includes urban housing, sanitation, water supply and waste management. It also covers special economic zones and IT parks. The housing boom continues due to cheap, easily available housing finance and the process of urban reform. In water, various State Governments have taken up projects such as in-The Madhya Pradesh Water Restructuring Project, Karnataka Urban Water Sector Improvement Project, the Maharashtra Rural Water Supply and Sanitation "Jalaswarajya" Project and Maharashtra Water Sector Improvement Project are also being undertaken through the Water and Sanitation Program of the World Bank. In waste management, some cities have been taking up state-of-the-art waste management projects, with the involvement of the private sector. These include the Bangalore Integrated Solid Waste Management Complex Project, Jaitpur Engineered Landfill Project in Delhi, Mandur Waste-to-Energy Project in Bangalore, and Solid Waste Management Programme in West Bengal.

Opportunities and Strengths

The Company sees an exciting growth on the back of continuing GDP growth of almost 9% over last four years and Government of India's focus and sustained increased budgetary allocation and increased funding by international and multilateral development finance institutions for infrastructure development in India.

During the last 16 years we executed several construction project all over the country. The client list includes National Thermal Power Corporation, National Aluminium Company, South Eastern Railways, Jindal Vijaynagar Steel, International Airports Authority, Kakinada Port Project, Upper Krishna Project in Karnataka, Sardar Sarovar Project in Gujarat and various irrigation projects in Maharashtra Govt. and Orissa Irrigation Department.

The Company is currently executing projects amounting to Rs.3436.12 Crores of NHAI / Irrigation Departments of various State Governments namely Andhra Pradesh, Madhya Pradesh, Chattisgarh and Gujarat and for other clients. Out of the projects in hand, the highways constitutes projects amounting to Rs. 2220.73 Crores, irrigation projects Rs. 1202.67 Crores and other works constitutes Rs. 12.72 Crores.

The Company owns a large fleet of state of art construction equipments valued at Rs.20698.48 Lacs as on 31st March 2007.

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

During the year under review, the Company has in all bagged new orders valued around Rs.85500 Lacs and executed project worth Rs.50212 Lacs. The order book is very healthy and stood at Rs.230000 Lacs as on 31st March, 2007.

Major Projects Received During the Year:

(Rs.In Crores)

S.No	Name of the Work	Value
1	Design, Construction and Development of Road between Jhansi and Lalitpur on NH-25/26 in the State of UP (UP-2)	345.00
2	Design, Construction and Development of Road between Jhansi and Lalitpur on NH-26 in the State of UP (UP3)	253.00
3	Rehabilitation and Upgrading of Ambikapur to Sernersot Section in the State of Chattisgarh	65.18
4	Construction of Internal Road in JSL Plant Premises at Kalinga Nagar Industrial Complex, Duburi, Jajpur in the State of Orissa.	15.00
5	Roads, Drains & Culverts for DHDT Project of M/s.Bongaigaon Refinery Petrochemical Limited in the State of Assam.	7.83
6	Flood Control Measures for Visakhapatnam Airport in the State of Andhra Pradesh.	51.20
7	Rehabilitation and Upgrading of Kapsara to Hathidad and Rajkheta to Dhanwar and Ramanujgaj Section in the State of Chattisgarh	118.07

Initial Public Offering

In another significant development, the Company entered the Capital Market with an Initial Public Offering (IPO) of equity shares that met with resounding success. The company has gone for Initial Public Offer (IPO) of 29,00,000 Equity Shares of Rs.10 each for cash at a price of Rs.295 per equity share aggregating Rs.85.55 Crores, consisting of offer for sale of 19,00,000 equity shares by Videocon Appliances Limited & Videocon Industries Limited and a fresh issue of 10,00,000 equity shares by the company. The issue was aggressively priced in a band of Rs 275 to Rs 295 for a Face value of 10 Rupee share. The market response was absolutely positive. The Institutional portion was oversubscribed 8.20 times. The Retail portion also drew a good response and was over subscribed 4.05 times. The total oversubscription was 5.68 times of the share issue. The issue shares were allotted on 10th October, 2006 and shares were listed on 17th October, 2006 in Bombay Stock Exchange. The issue proceeds have been utilized for the issue objects.

Risks and Concerns

The volatility in the prices of critical raw material like, Steel, Cement, Diesel and Bitumen is a major risk for the Company. However, in the most of the contracts this has been protected by escalation clause. The change of Government Policies can significantly affect the operations. Considering the priority given to the infrastructure sector by the present Government, this risk is reduced. Due to rapid growth in the industry, the shortage of manpower is considered as risk. To mitigate the manpower shortage and to attract the talent, the Company has taken staff incentive policy programmes.

Internal Control Systems

The Company has an adequate system of internal control implemented by the management apart from internal audit by a firm of Chartered Accountants, 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.

Financial Performance

Turnover: During the year under review the Company has achieved turnover of Rs.50212.02 Lacs as compared to Rs.37117.74 Lacs in the previous year, registering a growth of 35%.

Share Capital: The Company's Authorized Share Capital is increased from Rs.1200 Lacs to Rs.1500 Lacs and paid up capital increased from Rs.900 Lacs to Rs.1000 Lacs in the year 2006-07.

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Reserves & Surplus: The Reserves & Surplus of the Company has increased to Rs.13099.97 Lacs from Rs.8369.21 Lacs in the previous year and the increase was mainly due to Rs.2122.39 Lacs undistributed profit for the year 2006-07 and Share Premium of Rs.2608.37 Lacs on the shares allotted during IPO.

Net worth: The Company's net worth increased to Rs.14099.97 Lacs from Rs.9269.21 Lacs, mainly due to Profits made during the year 2006-07 and Share Premium.

Secured Loans : There is a marginal increase in the Secured Loans from Rs.19038.01 Lacs to Rs.20636.86 Lacs due to increase in Working Capital Loans in the year 2006-07.

Unsecured Loans : The unsecured loans consisting of Mobilisation and Machinery advances is increased from Rs.6380.76 Lacs to Rs.7868.30 Lacs, due to advances received on the new works awarded during the year 2006-07.

Fixed Assets: The Company's Fixed Assets (Gross Block) is increased by Rs.4267.76 Lacs in the year 2006-07, mainly because of additional machinery purchased for the major road projects.

Net Current Assets : The net current assets has marginally increased from Rs.26363.53 Lacs to Rs.27507.31 Lacs during the year 2006-07, mainly due to increase in advances given to Supplier, Sub Contractors etc.,

Operational Performance

Income: There has been an increase in the Gross Income of the Company from Rs.37403.93 Lacs to Rs.50545.20 Lacs, registering a impressive growth of 35% over the previous year.

Direct Cost: The direct cost for the year under review worked out to 80.65% of the turnover as against 78.12% last year, the increase is mainly due to increase in the cost of materials.

Overheads: This mainly consisting of Salaries and other Administrative expenses, which works out to Rs.1899.24 Lacs for the current year as against of Rs.1349.10 Lacs in the previous year. The increase is due to raising salaries and partly due to increase in the activity.

Interest Cost: During the year there is marginal increase of Rs.7.61 Lacs in the interest cost as compared to previous year. As compared with the volume of the activity, the interest cost has reduced from 8.12% to 6.02%.

Depreciation: The depreciation was Rs.1256.58 Lacs, up from Rs.1039.79 Lacs during the previous year. As compared with the volume of the activity, the depreciation cost has reduced from 2.78% to 2.49%.

Provision for Tax: The Company has provided for a sum of Rs.1225.98 Lacs as a current tax, deferred tax and Fringe Benefit Tax.

Net Profit: The Company operations during the year under review have resulted in a net profit of Rs.2356.38 Lacs as against Rs.1768.34 Lacs in the previous year, registering an increase of 33%.

Dividend: The Company has recommended a dividend of 20% and the total pay out works out to Rs.233.99 Lacs which includes dividend tax.

Human Resources

Human Capital in the Organisation has always remained the constant appreciating assets, which have propelled the Organisation to its present status. The Management is paying special attention to various aspects like training, welfare and safety of the employees and thereby further strengthening the Human Resources. Identification of Key and critical position and identifying individuals with leadership skills and nurturing them as a future leaders, has been a continuous process. The relationship with employees remained cordial through out the year under review.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2006-07

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

LISTING OF THE COMPANY'S SHARES IN STOCK EXCHANGE

The Company's shares were listed on Bombay Stock Exchange Ltd on 17th October 2006. Accordingly, the Corporate Governance Report for the year 2006-07 has been prepared pursuant to the provisions of Clause 49 of the Listing Agreement.

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

II. BOARD OF DIRECTORS

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

Name of the Director & Category	No. of Board meetings during the year 2006- 07		Whether attended last AGM held on 1 st September 2006	No. of directorships in other public Companies	No. of Committee positions held in other public companies	
	Held	Attended			Chairman	Member
Mrs. T Indira Reddy (Chairperson) Non Executive & Non Independent	16	15	Yes	7	—	1
Mr. T.V. Sandeep Kumar Reddy (Managing Director) Executive & Non Independent	16	16	Yes	7	1	1
Mr. J Brij Mohan Reddy Non Executive & Non Independent	16	5	Yes	3	—	—
Mr. G Siva Kumar Reddy Non Executive & Non Independent	16	15	Yes	1	—	—
Mr. Ravindra K Katariya Non Executive & Non Independent *	16	8	Yes	—	—	—
Dr. V Linga Moorthy Non Executive & Independent	16	15	No	2	1	—
Mr. CH Hari Vittal Rao Non Executive & Independent	16	16	No	1	—	—
Mr. SMAA Jinnah Non Executive & Independent	16	16	No	—	—	—
Dr. Archana Niranjana Hingorani Non Executive & Non Independent	16	2	No	12	—	—

* He resigned as Director of the Company w.e.f. 23rd January 2007.

Sixteen Board Meetings were held during the period April 1, 2006 to March 31, 2007 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows :

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30th May 2006, 5th June 2006, 10th June 2006, 12th June 2006, 23rd June 2006, 10th July 2006, 28th August 2006, 4th September 2006, 8th September 2006, 12th September 2006, 30th September 2006, 3rd October 2006, 10th October 2006, 30th October 2006, 25th November 2006, 23rd January 2007.

III. AUDIT COMMITTEE

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

The Functions of Audit Committee include:

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

- b) Mr. CH Hari Vittal Rao was appointed as Chairman of the Audit Committee w.e.f 5th June 2006. Mr. Ravindra K Katariya stepped down from the Audit Committee and Mr. SMAA Jinnah was appointed as member of the Audit Committee w.e.f 23rd January 2007.

- c) The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below :

Name of the Director	No. of Audit Committee meetings	
	Held	Attended
Mr. CH Hari Vittal Rao – Chairman	4	4
Mr. Ravindra K Katariya – Member*	4	2
Dr. V Linga Moorthy – Member	4	3
Mr. SMAA Jinnah – Member **	4	1

* Details provided upto the date of resignation.

** Details provided from the date of appointment.

- d) Four Audit Committee meetings were held during the year. The dates on which the said meetings were held are as follows: 10th June 2006, 28th August 2006, 30th October 2006 and 23rd January 2007.

The necessary quorum was present at all the meetings.

IV. Remuneration Committee

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

- Mrs. T Indira Reddy – Chairperson
- Mr. G Siva Kumar Reddy – Member
- Mr. V Linga Moorthy - Member

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

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

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

For Managing Director:

The total remuneration, subject to shareholders approval consists of

- a fixed component consisting of salary, allowances and perquisites and benefits which are in line with the Company's rules for senior managerial personnel

For Non Executive Directors

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

d) Remuneration and sitting fees paid to the Directors during the financial year 2006-2007.

Name of the Director	Category	Remuneration payable /paid	
		Salary & Perks (Rs)	Sitting fees (Rs)
Mrs. T Indira Reddy	Non Executive & Non Independent	—	7,500
Mr T V Sandeep Kumar Reddy	(Managing Director) Executive & Non Independent	15,00,000	7,500
Mr J Brij Mohan Reddy	Non Executive & Non Independent	—	2,500
Mr G.Siva Kumar Reddy	Non Executive & Non Independent	—	7,500
Mr. Ravindra K Katariya *	Non Executive & Non Independent	—	5,000
Dr. V Linga Moorthy	Non Executive & Non Independent	—	17,500
Mr. CH Hari Vittal Rao	Non Executive & Non Independent	—	17,500
Mr. SMAA Jinnah	Non Executive & Non Independent	—	17,500
Dr. Archana Niranjan Hingorani	Non Executive & Non Independent	—	—

* He resigned as Director of the Company w.e.f. 23rd January 2007.

e) Two Remuneration Committee meetings were held during the financial year 2006-2007. The dates on which the said meetings were held are as follows: 10th June, 2006 and 23rd January, 2007.

Name of the Director	No. of Audit Committee meetings	
	Held	Attended
Mrs.T.Indira Reddy - Chairperson	2	2
Mr. G Siva Kumar Reddy – Member	2	2
Dr. V Linga Moorthy – Member	2	—

The necessary quorum was present at all the meetings.

V. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

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

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

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

- | | |
|---------------------------|----------|
| 1. Mr. Brij Mohan Reddy | Chairman |
| 2. Mr. SMAA Jinnah | Member |
| 3. Mr. CH Hari Vittal Rao | Member |

c) Name, designation and address of Compliance Officer:

P Sreedhar Babu,
 Chief Finance Cum Compliance Officer
 6-3-1090, TSR Towers, Raj Bhavan Road,
 Somajiguda, Hyderabad – 500082
 Tel: +91 40 23310330 Fax: +91 40 23398435
 E Mail: gplhyd@gayatri.co.in

d) Details of complaints received and redressed :

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	57	57	Nil

VI. GENERAL BODY MEETINGS

Annual General Meeting

The Fifteenth Annual General Meeting of the Company was held on 30th September 2004 at 3.00 PM at the Registered Office of the Company

The Sixteenth Annual General Meeting of the Company was held on 30th September 2005 at 11.00 AM at the Registered Office of the Company.

The Seventeenth Annual General Meeting of the Company was held on 1st September 2006 at 11.00 AM at the Registered Office of the Company.

Extra ordinary General Meeting

Extra ordinary General Meeting of the shareholders of the Company was held on 21st December 2006 for approving the

- Issue of FCCB's
- Increase of Authorised capital and
- Shifting of Registered Office from the State of Maharashtra to State of Andhra Pradesh.

VII. DISCLOSURES

1. Transactions entered with related parties during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. These transactions have no potential conflict with the interests of the Company at large.
2. The Board of Directors has adopted the Code of Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the Directors and the members of the Senior Management and the code has also been posted on the company's website.
3. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from 17th October, 2006 to 31st March, 2007 : Nil.
4. Secretarial Audit

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

VIII. MEANS OF COMMUNICATION

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

IX. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting :

Financial Year : 2006 – 2007
 Date : 28/09/2007
 Time : 11.00 AM
 Venue : Hotel Ritz, Lotus Room, 5th Floor, 5, Jamshedji Tata Road,
 Behind Eros Cinema, Mumbai – 400 020

b) Financial Calendar:

For the Financial Year 2007-08, results will be announced on:

Results for the first quarter ended June 30, 2007 : Latest by last week of July 2007
 Results for the second quarter ended September 30, 2007 : Latest by last week of October 2007
 Results for the third quarter ended December 31, 2007 : Latest by last week of January 2008
 Results for the fourth quarter ended March 31, 2008 : With in the time stipulated in Clause 41 of the Listing Agreement.

c) Date of Book Closure : From 24th September, 2007 to 26th September, 2007 (both days inclusive).

d) Dividend Payment Date : Within 30 days from the date of declaration

e) Listing on Stock Exchanges : The shares of the Company are listed on The Bombay Stock Exchange. Listing Fee has been paid for the stock exchange for the financial year 2007-2008.

f) Stock Market data :

Stock Code: BSE 532767

Month	BSE	
	High	Low
October 2006	348.00	288.10
November 2006	357.90	294.00
December 2006	364.30	265.10
January 2007	405.00	321.50
February 2007	423.00	268.00
March 2007	289.00	212.00

g) Registrar and Transfer Agents :

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

h) Share Transfer System :

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

i) Dematerialization of Shares and Liquidity:

As on 31st March 2007, 99.99% of the paid up equity capital of the Company has been dematerialized and the trading of Equity shares in the Stock Exchanges is under compulsory dematerialization.

ISIN : INE336H01015

j) Shareholding as on 31st March, 2007

1) Distribution of shareholding as on 31st March, 2007:

Category (Amount)	No. of cases	% of cases	Total shares	Amount	% of Amount
1 – 5000	10891	95.326042 %	799614	7996140	7.996140 %
5001 – 10000	251	2.196937 %	206522	2065220	2.065220 %
10001 - 20000	131	1.146608 %	199692	1996920	1.996920 %
20001 - 30000	43	0.376368 %	110887	1108870	1.108870 %
30001 - 40000	19	0.166302 %	69066	690660	0.690660 %
40001 - 50000	19	0.166302 %	92676	926760	0.926760 %
50001 - 100000	30	0.262582 %	219477	2194770	2.194770 %
100001 & Above	41	0.358862 %	8302066	83020660	83.020660 %
Total	11425	100 %	10000000	100000000	100 %

2) Categories of shareholders as on 31st March, 2007

S.No	Category	No. of cases	Total shares	% to Equity
1	Promoters & Directors	4	5579695	55.796950 %
2	Resident Individuals	10515	1500395	15.003950 %
3	Indian Venture Capital	1	920000	9.200000 %
4	Bodies Corporates	346	911263	9.112630 %
5	Foreign Institutional Investors	7	832573	8.325730 %
6	Banks	1	125268	1.252680 %
7	HUF	392	65706	0.657060 %
8	Non Resident Indians	98	35913	0.359130 %
9	Clearing Members	58	28732	0.287320 %
10	Promoter Director Relative	2	305	0.003050 %
11	Foreign Nationals	1	150	0.001500 %
	Total	11425	10000000	100.00 %

3) Address for correspondence

CA Sreedhar Babu P

Chief Finance Officer & Compliance Officer

6-3-1090, TSR Towers

Raj Bhavan Road, Somajiguda, Hyderabad – 500082

Tel: +91 40 23310330 Fax: +91 40 23398435

E Mail: gplhyd@gayatri.co.in

DECLARATION

The Board of Directors of the Company at their meeting held on 7th January, 2006, have approved the code of conduct for the Directors and senior management personnel. As stipulated under the provisions of the sub-clause I (D) (iii) of Clause 49 of the Listing Agreement with stock exchanges, all the Directors and the designated personnel in the senior management of the Company have affirmed compliance with the code for the financial year ended 31st March, 2007.

For GAYATRI PROJECTS LTD

Place : Hyderabad
Date : 28th August 2007.

TV SANDEEP KUMAR REDDY
Managing Director

Chief Executive Officer and Chief Finance Officer Certification Under Clause 49 Of The Listing Agreement With The Stock Exchange

In relation to the Audited Financial Accounts of the Company as at 31st March, 2007, we hereby certify that

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

TV SANDEEP KUMAR REDDY
Managing Director

PSREEDHAR BABU
Chief Finance Officer

Place : Hyderabad
Date : 28th August, 2007.

C.B. MOULI & ASSOCIATES
CHARTERED ACCOUNTANTS

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

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

To the Members of Gayatri Projects Ltd

We have examined the compliance conditions of corporate governance by Gayatri Projects Ltd for the year ended 31st March 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management of the Company. Our examination was limited to 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, we certify that the company has complied with conditions of the corporate governance as stipulated in Clause 49 of the Listing Agreement.

We state that, as per the records maintained by the Grievance Committee there are no investor grievances pending for a period exceeding one month against the company.

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

For C.B.MOULI & ASSOCIATES
Chartered Accountants

MANI OOMMEN
Partner
Membership No. 24046

Place : Hyderabad
Date : 28th August, 2007

C.B. MOULI & ASSOCIATES
CHARTERED ACCOUNTANTS

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

AUDITORS' REPORT

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

We have audited the attached Balance Sheet of **GAYATRI PROJECTS LIMITED,** as at 31 March 2007, the Profit and Loss Account and the Cash flow statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003, as amended from time to time, issued by the Government of India in terms of sub-section 4A of section 227 of the Companies Act 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956.
 - e) On the basis of written representations received from the Directors, as on 31st March, 2007, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts **Subject to Note No. 2.8 and 2.9 of Notes to Accounts regarding non provisions for the losses incurred by Joint ventures** give the information required by the Companies Act 1956, in the manner so required and give a true and fair view and in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the State of affairs of the company as at 31 March 2007.
 - ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - iii. In the case of cash flow statement, of the cash flows for the year ended on that date.

For C.B.MOULI & ASSOCIATES
Chartered Accountants

MANI OOMMEN

Partner

Membership No. 24046

Place : Hyderabad
Date : 28th August, 2007

ANNEXURE TO THE AUDITOR'S REPORT:

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

01.
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) According to the information and explanations given to us, physical verification of the fixed assets was carried out by the management in a phased periodical manner during the year under report, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets, No major material discrepancies were noticed on such verification.
 - c) The company has not disposed off substantial part of fixed assets during the year under report and the going concern status of the company is not affected.

02.
 - a) According to the information and explanations given to us, inventories have been physically verified during the year under report by the management. In our opinion the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given by the management, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining proper records of inventory and the discrepancies noticed on physical verification between the physical stocks as compared to book records were not material in relation to the operations of the company and nature of its business.

03. The Company has taken and granted unsecured loans to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 or Companies under the same management with in the meaning of Section 371 (1B), transactions are as per the provisions of Section 372A of the Act.
 In our opinion and according to the information and explanations given by the management, the terms and conditions of such transactions are *prima-facie* not prejudicial to the interest of the Company.

04. In our opinion and according to the information and explanations given by the management, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of Inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

05.
 - a) In our opinion and according to the information and explanations given by the management, the transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, have been so entered.
 - b) In our opinion and according to the information and explanations given by the management, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lacs in respect of any party during the year under report, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where such market is available.

06. In our opinion and according to the information and explanations given by the management, the company has not accepted any deposits from the public with in the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

07. In our opinion, the internal audit of the company has been carried out by a firm of Chartered Accountants appointed by management, the scope and coverage of internal audit is commensurate with the size of the Company and the nature of its business.

08. In our opinion and according to the information and explanations given by the management, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act 1956.

09.
 - a) In our opinion and according to the information and explanations given by the management, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess with the appropriate authorities.
 - b) According to the information and explanations given to us no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31 March, 2007 pending for a period of more than six months from the date they became payable.
 - c) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Wealth Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute, except the following:

Eighteenth Annual Report

Sl. No	Nature of dues- Name of the Statute	Year to which Amt. relates	Forum where dispute is pending and Amt. (Rs. In Lacs)	
			Appellate Authority	Amount
A	Sales Tax- Kerala	1998-1999	Appeals Before the Deputy Commissioner (Appeals) Ernakulam, Kerala State	53.83
B	Sales Tax- Kerala	1999-2000	Appeals with Appellate Tribunal Additional Bench, Palakkad, Kerala State	42.57
C	Sales Tax – Karnataka	2000-2001	Appeals with Appellate Tribunal, Bangalore, Karnataka State	24.80
D	Entry Tax – Karnataka	2004-2005	Pending for consideration with The Principal Secretary to Govt., Govt. of Karnataka, Infrastructure Development Department, Bangalore, Karnataka State	31.58
E	Service Tax	2005-2006	Appeal with Commissioner of Customs & Central Excise, Hyderabad-II, Andhra Pradesh State	68.09

10. In our opinion, the company is not having any accumulated losses and has not incurred any cash losses during the financial year covered by our audit, and in the immediately preceding financial year.
11. In our opinion and according to the information and explanation given by the management, the company has not defaulted in repayment of dues to any financial institution or banks or debenture holders.
12. In our opinion and according to the information and explanation given by the management, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly Clause (xii) of the Order is not applicable to the company.
13. In our opinion, Clause (xiii) of the order is not applicable to the company since the company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society.
14. In our opinion, Clause (xiv) of the order is not applicable to the company since the company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given by the management, the terms and conditions of the guarantees given by the company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the company.
16. In our opinion and according to the information and explanations given by the management, on an overall basis, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanation given by the management and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanation given by the management, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act.
19. According to the information and explanation given by the management, the company has not issued any new debentures during the year under report.
20. During the year, the company has gone for Initial Public Offer of 29 Lacs equity shares of Rs.10 each for cash at a price of Rs.295 per equity share consisting of offer for sale of 19 Lacs equity shares by existing shareholders and a fresh issue of 10 Lacs equity shares by the company.
In our opinion, complete disclosure has been made by management in the financial statement on the end use of money raised by way of public issue of Rs. 2950 Lacs and the same has been verified. .
21. In our opinion and according to the information and explanations given by the management, no fraud on or by the company has been noticed or reported during the year.

For C.B.MOULI & ASSOCIATES
Chartered Accountants

MANI OOMMEN
Partner

Membership No. 24046

Place : Hyderabad
Date : 28th August, 2007

BALANCE SHEET AS AT 31st MARCH, 2007

PARTICULARS	SCH NO	AS AT 31st MARCH 2007 Rs.in Lacs	AS AT 31st MARCH 2006 Rs.in Lacs
SOURCE OF FUNDS			
Share Holders Funds			
Share Capital	1	1,000.00	900.00
Reserves & Surplus	2	<u>13,099.97</u>	<u>8,369.21</u>
		14,099.97	9,269.21
Loan Funds			
Secured Loans	3	20,636.86	19,038.01
Unsecured Loans	4	<u>7,868.30</u>	<u>6,380.76</u>
		28,505.16	25,418.77
Deferred Tax Liability		<u>1,776.64</u>	<u>1,829.93</u>
TOTAL		<u>44,381.77</u>	<u>36,517.91</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	20,698.48	16,430.72
Less: Depreciation		<u>7,839.99</u>	<u>6,600.30</u>
Net Block		12,858.49	9,830.42
Investments	6	4,015.97	323.96
Current Assets, Loans & Advances			
Inventories	7	2,175.99	2,184.49
Sundry Debtors	8	13,023.47	10,463.02
Cash & Bank Balances	9	2,803.37	4,613.87
Loans & Advances	10	<u>15,598.83</u>	<u>14,297.27</u>
		33,601.66	31,558.65
Less: Current Liabilities & Provisions	11	<u>6,094.35</u>	<u>5,195.12</u>
Net Current Assets		27,507.31	26,363.53
TOTAL		<u>44,381.77</u>	<u>36,517.91</u>
Significant Accounting Policies and Notes on Accounts	18		

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

For and on behalf of the Board

MANI OOMMEN
Partner
Membership No.24046

T. INDIRA REDDY
Chairperson

T.V. SANDEEP KUMAR REDDY
Managing Director

P. SREEDHAR BABU
Chief Finance Officer

K. ANUPAMA
Company Secretary

Place : Hyderabad.
Date : 28th August, 2007

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007

PARTICULARS	SCH NO	YEAR ENDED 31st MARCH 2007 Rs.in Lacs	YEAR ENDED 31st MARCH 2006 Rs.in Lacs
INCOME			
Gross Contract Receipts		50,212.02	37,117.74
Other Income	12	333.18	286.19
TOTAL		50,545.20	37,403.93
EXPENDITURE			
Work Expenditure	13	40,603.63	29,637.44
(Increase) / Decrease in WIP	14	160.12	(417.54)
Staff Cost	15	904.21	615.65
Administrative Expenses	16	995.03	733.45
Financial Charges	17	3,043.27	3,035.66
Depreciation	5	1,256.58	1,039.79
TOTAL		46,962.84	34,644.45
Profit before Tax		3,582.36	2,759.48
Less : Provision for Income Tax, Deferred Tax & FBT		1,225.98	951.51
Net Profit after Tax		2,356.38	1,807.97
Less : Prior Period Adjustments		—	39.13
Profit after prior period adjustments		2,356.38	1,768.84
Add : Profit b/f from Prev.year		2,594.81	1,479.90
Profit available for appropriation		4,951.19	3,248.74
APPROPRIATIONS :			
Proposed Dividend @20% (Prev.Year 15%)		200.00	135.00
Dividend tax on Dividend		33.99	18.93
Transfer to General Reserve		500.00	500.00
Balance carried to Balance sheet		4,217.20	2,594.81
		4,951.19	3,248.74
Basic and Diluted EPS (Rs.)		24.73	19.65
Significant Accounting Policies and Notes on Accounts	18		

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

For and on behalf of the Board

MANI OOMMEN
Partner
Membership No.24046

T. INDIRA REDDY
Chairperson

P. SREEDHAR BABU
Chief Finance Officer

T.V. SANDEEP KUMAR REDDY
Managing Director

K. ANUPAMA
Company Secretary

Place : Hyderabad.
Date : 28th August, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

PARTICULARS	YEAR ENDED 31st MARCH 2007 Rs.in Lacs	YEAR ENDED 31st MARCH 2006 Rs.in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and Extra Ordinary items	3,582.36	2,759.48
Adjustments for:		
Depreciation	1,256.58	1,039.79
Profit on sale of fixed assets	(2.71)	(8.91)
Interest	3,043.27	3,035.66
Operating Profit before Working Capital changes	7,879.50	6,826.02
Adjustments for:		
Trade and other receivables	(3,862.01)	(1,581.13)
Changes in Inventories	8.50	(156.16)
Trade payables	665.24	735.64
Cash generated from operations	4,691.23	5,824.37
Direct taxes paid	(1,279.27)	(535.66)
Cash flow before prior period adjustments	3,411.96	5,288.71
Prior period adjustments	—	(39.13)
Net cash from operating activities	3,411.96	5,249.58
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of Fixed Assets	(4,292.19)	(2,710.56)
Sale of Fixed Assets	10.25	16.27
Investments	(3,692.01)	(30.86)
Net Cash used in Investing Activities	(7,973.95)	(2,725.15)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(3,043.27)	(3,035.66)
Proceeds from IPO	2,950.00	—
IPO Expenses	(241.63)	—
Proceeds from long term borrowing	1,598.85	2,680.93
Proceeds from short term borrowing	1,487.54	(1,121.67)
Net Cash used in Financing activities	2,751.49	(1,476.40)
Net increase in Cash and Cash Equivalents (A+B+C)	(1,810.50)	1,048.03
Cash & Cash Equivalents as at 1 st April,2006	4,613.87	3,565.84
Cash & Cash Equivalents as at 31st March,2007	2,803.37	4,613.87

- Note:**
- 1 Cash and Cash Equivalents consist of Cash on hand and balances with Banks that includes Margin Money Deposits for Bank Guarantees of Rs.2196.54 Lacs (Previous Year Rs.3884.32 Lacs)
 - 2 The Cash flow statement is prepared in accordance with the indirect method stated in Accounting Standard 3 issued by ICAI on Cash flow statements and presents Cash flows by Operating, Investing and Financing activities.
 - 3 Figures in brackets represent cash outflows.
 - 4 Notes on Accounts stated in Schedule 18 form an integral part of the Cash flow statement.

As per our report of even date

For and on behalf of the Board

For C.B. MOULI & ASSOCIATES
Chartered Accountants

MANI OOMMEN
Partner
Membership No.24046

T. INDIRA REDDY
Chairperson

T.V. SANDEEP KUMAR REDDY
Managing Director

Place : Hyderabad.
Date : 28th August, 2007

P. SREEDHAR BABU
Chief Finance Officer

K. ANUPAMA
Company Secretary

SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	AS AT 31st MARCH 2007 Rs.in Lacs	AS AT 31st MARCH 2006 Rs.in Lacs
SCHEDULE NO : 1		
SHARE CAPITAL		
Authorised Share Capital :		
150,00,000 (Prev.Yr. 120,00,000) Equity Shares of Rs10/- each	<u>1,500.00</u>	<u>1200.00</u>
	<u>1,500.00</u>	<u>1200.00</u>
Issued, Subscribed and paid-up capital :		
Equity Shares of Rs.10/- each, fully paid-up [Number of shares]	<u>1,000.00</u>	<u>900.00</u>
Year ended March 31, 2006 - 90,00,000		
Year ended March 31, 2007 - 100,00,000, of the above		
a) 40,00,000 shares of Rs.10/- each fully paid bonus shares in the ratio of 5:4 were allotted by capitalization of General Reserve		
b) 10,00,000 shares of Rs.10/- each fully paid shares were allotted to public at a premium of Rs.285/- through Initial Public Offer (refer note 2.1 of Schedule 18).	<u>1,000.00</u>	<u>900.00</u>
	<u>1,000.00</u>	<u>900.00</u>
SCHEDULE NO : 2		
RESERVES & SURPLUS		
Securities Premium Account		
At the Commencement of the Year	<u>1,374.40</u>	1,374.40
Add : Additions during the year on account of Public Issue	<u>2,850.00</u>	—
Less : Share Issue Expenses	<u>241.63</u>	—
	<u>3,982.77</u>	<u>1,374.40</u>
General Reserve		
At the Commencement of the Year	<u>3,600.00</u>	3,500.00
Less : Utilized for issue of Bonus shares	—	(400.00)
Add: Transfer from Debenture Redemption Reserve	<u>675.00</u>	—
Add : Transfer from Profit & Loss A/c.	<u>500.00</u>	500.00
	<u>4,775.00</u>	<u>3,600.00</u>
Debenture Redemption Reserve	<u>800.00</u>	800.00
Less : Transfer to General Reserve (Excess)	<u>(675.00)</u>	—
	<u>125.00</u>	<u>800.00</u>
Profit & Loss Account	<u>4,217.20</u>	<u>2,594.81</u>
	<u>13,099.97</u>	<u>8,369.21</u>
SCHEDULE NO : 3		
SECURED LOANS		
A] On Working Capital Loan Account	<u>13,138.59</u>	<u>10,765.39</u>
[Secured by way of first charge on pari-passu basis on Stocks, construction materials, book debts and receivables and machinery and vehicles, not specifically charged/encumbered to any banks and further Secured by personal guarantee of Directors/promoters]		
B] On Term Loan Account		
I] From Banks	<u>5,977.50</u>	<u>5,646.27</u>
[Secured by exclusive charge on the equipment of the Company financed through the loan]		
II] From Others	<u>500.00</u>	<u>1,000.00</u>
12% Unsecured Redeemable Non-Convertible Debentures (E.D.R. 03/07/2007)		
[Secured by way of exclusive specific first charge (hypothecation) on the Construction Equipment and Personal Guarantees of the Promoter Directors and their relatives]		
C] Equipment And Vehicle Loans	<u>985.67</u>	<u>1,540.97</u>
[Secured by exclusive charge by way of hypothecation on certain specific equipments of the Company]		
D] Deferred Payment Guarantees (From Banks)	<u>35.10</u>	<u>85.38</u>
[Secured by exclusive charge on the equipment of the Company financed through the loan]		
	<u>20,636.86</u>	<u>19,038.01</u>
SCHEDULE NO : 4		
UNSECURED LOANS		
Advances from Contractees & Others	<u>7,868.30</u>	<u>6,380.76</u>
[Includes advances received against Bank Guarantees from Contractees towards Mobilization / Equipment / Material and Work advances etc and others]		
	<u>7,868.30</u>	<u>6,380.76</u>

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE NO : 5 FIXED ASSETS

PARTICULARS	GROSS BLOCK						DEPRECIATION				NET BLOCK	
	As at 01/04/2006	Additions	Deletions	As at 31/03/2007	Up to 31/03/2006	For the year	Depn. On Deletion	Up to 31/03/2007	As on 31/03/2007	As on 31/03/2006		
	(Rs.in Lacs)											
Land	11.73	—	—	11.73	—	—	—	—	11.73	11.73		
Plant & Machinery	10,139.02	2,422.50	—	12,561.52	2,552.22	519.25	—	3,071.47	9,490.05	7,586.80		
Vehicles	558.96	205.75	12.00	752.71	339.76	62.83	7.44	395.15	357.56	219.20		
Earth Moving Machinery	5,501.71	1,650.91	12.43	7,140.19	3,616.79	661.30	9.45	4,268.64	2,871.55	1,884.92		
Office Sheds	17.29	—	—	17.29	17.29	—	—	17.29	—	—		
Furniture & Fixtures	202.01	13.03	—	215.04	74.24	13.20	—	87.44	127.60	127.77		
Capital Work in Progress	—	—	—	—	—	—	—	—	—	—		
TOTAL :	16,430.72	4,292.19	24.43	20,698.48	6,600.30	1,256.58	16.89	7,839.99	12,858.49	9,830.42		
Previous Year	13,815.66	2,710.56	95.50	16,430.72	5,648.65	1,039.79	88.14	6,600.30	9,830.42	8,167.01		

SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	AS AT 31st MARCH 2007 Rs.in Lacs	AS AT 31st MARCH 2006 Rs.in Lacs
SCHEDULE NO : 6		
INVESTMENTS		
Shares in Companies :		
Quoted Shares		
2931000 Equity Shares of Rs10/- each fully paid in Gayatri Sugars Ltd (Market Value as at 31/03/07 - Rs.225.98 Lacs)	293.10	293.10
1728 Equity Shares of Rs10/- each fully paid in Syndicate Bank Ltd (Market Value as at 31/03/07 - Rs 1.11 Lacs)	0.86	0.86
Long Term - Unquoted Shares		
Subsidiary Companies :		
3278000 Equity shares of Rs.10/- each, fully paid allotted at Rs.90/- premium in Western UP Tollway Ltd & Share Application Money of Rs.434.01 Lacs (Prev.Year 30000 Eqy. Shares)	3,712.01	30.00
50000 Equity shares of Rs.10/- each, fully paid allotted in Western Gayatri Jhansi Roadways Limited (Prev.Year Nil)	5.00	—
50000 Equity shares of Rs.10/- each, fully paid allotted in Western Gayatri Lalitpur Roadways Limited (Prev.Year Nil)	5.00	—
	4,015.97	323.96
SCHEDULE NO : 7		
INVENTORIES		
- Construction Materials, stocks & spares at cost	705.17	553.55
- Closing Work-in-progress	1,470.82	1,630.94
(As certified by Management)	2,175.99	2,184.49
SCHEDULE NO : 8		
SUNDRY DEBTORS (Un-secured)		
Outstanding for a period		
a) exceeding six months considered good	1,925.68	1,676.83
b) other debts considered good	11,097.79	8,786.19
	13,023.47	10,463.02
SCHEDULE NO : 9		
CASH & BANK BALANCES		
Cash on Hand	163.81	374.40
Balances with Scheduled Banks		
- in Current Account	403.02	355.15
- in Fixed Deposits	2196.54	3884.32
(Margin Money Deposits pledged with banks as security for Bank Guarantees, LCs etc.)		
	2,803.37	4,613.87

SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	AS AT 31st MARCH 2007 Rs.in Lacs	AS AT 31st MARCH 2006 Rs.in Lacs
SCHEDULE NO : 10		
LOANS & ADVANCES		
Unsecured considered good		
Advances receivable in cash or kind or value to be received	14,447.50	12,956.46
Prepaid Expenses	738.89	902.10
Deposits with Govt. Agencies & Others	412.44	438.71
	15,598.83	14,297.27
SCHEDULE NO : 11		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	3,832.85	3,561.38
Other liabilities	1,798.97	1,479.81
PROVISIONS		
For dividend	200.00	135.00
For taxation	262.53	18.93
	6,094.35	5,195.12

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

PARTICULARS	Year Ended 31st MARCH 2007 Rs.in Lacs	Year Ended 31st MARCH 2006 Rs.in Lacs
SCHEDULE NO : 12		
OTHER INCOME		
Interest Income	257.58	182.36
Commission Income	6.19	71.14
Miscellaneous Income	69.41	32.69
	333.18	286.19
SCHEDULE NO : 13		
WORK EXPENDITURE		
Steel	1,354.89	345.23
Cement	1,147.03	220.87
Bitumen	3,354.11	2,105.65
Metal	1,606.94	734.70
HSD Oils & Lubricants	2,990.25	1,084.16
Other Materials	1,164.40	379.85
Departmental Recoveries	1,061.56	1,570.23
Work executed by sub contractors	10,129.93	12,766.09
Earth Work	6,383.98	3,944.17
Concrete Work	4,130.21	1,721.15
Transport Charges	397.19	381.31
Hire Charges	546.42	475.67
Road work	2,610.50	1,777.78
Repairs & Maintenance	1,335.45	404.69
Works Contract Tax / VAT	797.99	223.85
Royalty Paid to Govt.dept.	231.49	290.27
Tender Expenses	8.09	49.36
Insurance	51.80	127.08
Other Work Expenditure	1,301.40	1,035.33
	40,603.63	29,637.44

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

PARTICULARS	Year Ended 31st MARCH 2007 Rs.in Lacs	Year Ended 31st MARCH 2006 Rs.in Lacs
SCHEDULE NO : 14		
INCREASE/DECREASE IN W.I.P.		
Opening Work in Progress	1,630.94	1,213.40
Less : Closing Work in Progress	1,470.82	1,630.94
	160.12	(417.54)
SCHEDULE NO : 15		
STAFF COST		
Salaries	764.38	519.76
Employee Benefits	124.00	91.16
Directors' Remuneration	15.83	4.73
	904.21	615.65
SCHEDULE NO : 16		
ADMINISTRATIVE EXPENSES		
Printing and Stationery	39.56	36.93
Telephones	52.73	55.14
Traveling and Conveyance	161.52	172.51
Advertisement Expenses	16.75	7.87
General Expenses	66.15	53.62
Consultancy Fee	277.23	140.03
Donations	48.55	48.35
Rent	100.97	85.06
Electricity Charges	23.74	28.44
Auditors Remuneration :		
Statutory Audit	6.50	3.50
Tax Audit	1.50	0.50
Other Services	2.00	1.00
	10.00	5.00
Other Administration Expenses	197.83	100.50
	995.03	733.45
SCHEDULE NO : 17		
FINANCE CHARGES		
Interest	2,481.41	2,588.39
Bank Charges & Commission	561.86	447.27
	3,043.27	3,035.66

SCHEDULE NO : 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis for preparation of financial statements

The financial statements have been prepared to comply in all respects with mandatory Accounting Standards issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The accounts are prepared under historical cost convention and on the going concern basis, with revenue recognized, expenses accounted on their accrual and in accordance with applicable Accounting Standards issued by Institute of Chartered Accountants of India. The accounting policies have been consistently applied by the company.

1.2. Use of estimates

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

1.3. Revenue recognition

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 in nature.

Price escalation and other claims and/or variation in the contract work are included in contract revenue only when:

- a) Negotiations have reached at an advanced stage such that it is probable that customer will accept the claim; and
- b) The amount that is probable will be accepted by the customer can be measured reliably.

1.4. Inventories and work in progress

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

1.5. Fixed assets and depreciation

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. Depreciation is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Leasehold improvements are amortised over the period of lease.

1.6. Foreign currency transactions

Foreign exchange transactions are accounted at the rates prevailing on the date of transactions. Monetary assets and 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 realised gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account

1.7. Investments

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

1.8. Retirement benefits

Retirement benefits in the form of Provident Fund are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. The Company has no further obligations beyond these contributions. Provision for Gratuity to employees is provided for on accrual basis. Leave encashment is accounted on cash basis.

1.9. 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.

1.10. 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.

1.11. Earning per share

Basic and Diluted Earning Per Share (EPS) is reported in accordance with Accounting Standard on Earning Per Share issued by ICAI. EPS is computed by dividing the net profit or loss for the year by weighted average number of Equity shares outstanding during the year.

1.12. Taxation

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. Provision for deferred tax is made for timing differences arising between the taxable income and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date.

Fringe Benefit Tax (FBT) payable under the provisions of Income tax Act, 1961 is in accordance with the Guidance Note on 'Accounting for Fringe Benefit Tax' issued by ICAI regarded as an additional income tax and considered in determination of the profits for the year.

Tax on distributed profits payable under the provisions of Income tax Act, 1961 is in accordance with the Guidance Note on 'Accounting for Corporate Dividend Tax on distribution of profits' issued by ICAI and considered in determination of profits for the year.

1.13. Impairment of Fixed Assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying value of the Company's fixed assets. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable value and such impairment loss is charged to profit and loss account.

1.14. Provisions for Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligations 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 recognised but are disclosed in the notes.

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

2. NOTES TO ACCOUNTS

2.1. Share Capital

During the year, the company has gone for Initial Public Offer (IPO) of 29,00,000 Equity Shares of Rs.10 each for cash at a price of Rs.295 per equity share aggregating Rs.85.55 Crores, consisting of offer for sale of 19,00,000 equity shares by Videocon Appliances Limited & Videocon Industries Limited and a fresh issue of 10,00,000 equity shares by the company. The issue was oversubscribed and shares were allotted on 10th October, 2006 and shares were listed on 17th October, 2006 in Bombay Stock Exchange. The issue proceeds have been utilized for the issue objects

Utilization of money raised by issue of Equity shares during the year

(Rs.in Lacs)

Sl. No.	Particulars	Amount
1.	Investment in Western UP Tollway Ltd.	2000.00
2.	Repayment of Term Loan of Bank of Baroda	517.20
3.	Repayment of Term Loan of Corporation Bank	200.00
4.	Issue Related Expenses paid	232.80
	Total	2950.00

Expenses incurred for the 'Issue of shares and Offer for sale' during the year amounting to Rs.241.63 Lacs (inclusive of expenditure directly incurred) are adjusted against Securities Premium Account in accordance with the provisions of Section 78 of the Companies Act, 1956.

2.2. Non Convertible Debenture and redemption reserve

Non-Convertible Debentures are secured by way of exclusive specific first charge (hypothecation) on the Construction Equipment whose Book Value as on 31/03/2001 is Rs.3013 Lacs and Personal Guarantees of the Promoter Directors and their relatives. The Debentures are redeemable in 3 equal installments starting from the end of 4th year from the date of allotment and ending at the end of 6th year from the date of allotment respectively. The two installments were paid by the company on due dates and third and last installment was due in July 2007 and the same was paid on the due date.

The company created debenture redemption reserve as per the provisions of section 117C of the Companies Act 1956. Excess provision created in earlier years has been transferred to General Reserve.

2.3. Loan Funds:

2.3.1. Secured Loans:

a) **Term Loan:**

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

b) **Working Capital Facilities:**

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

- i) Hypothecation against first charge on stocks, books debts and other current assets of the company both present and future ranking pari pasu with consortium banks.
- ii) Hypothecation against first charge on all unencumbered fixed assets of the company both present and future ranking pari passu with consortium banks.
- iii) Equitable mortgage of fourteen properties belonging to Promoters, Directors, group companies and others and personal guarantee of certain directors.

2.3.2. Unsecured Loans:

Unsecured Loans includes advances received from Contractees towards Mobilisation / Equipment / Material Advances etc., which are backed by Bank guarantees

2.4. Investments in Gayatri Sugars Ltd

Market value of the investment in Gayatri Sugars Ltd. as at 31st March 2007 is Rs.225.98 Lacs which is lesser than the carrying amount in the balance sheet by Rs. 67.12 Lacs. In the opinion of the management, the diminution in the value of investment is purely temporary in nature hence provision for the same is not provided for in the books.

2.5. Proposed Dividend

Provision for dividend @20% and dividend distribution tax has been made in the books of account as proposed by the Board of Directors, pending for approval at the ensuing Annual General Meeting.

2.6. Accounting for taxes on Income

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

(Rs.in Lacs)

Particulars	2006-07	2005-06
Deferred Tax Liability as at beginning of the year	1829.94	1414.08
Deferred Tax Liability at the end of the year	1776.63	1829.94
Deferred Tax Liability for the year	(53.29)	415.86

2.7. Impairment of assets

In the opinion of the management on basis of the valuation Report, there are no impaired assets requiring provision for impairment loss as per the accounting standard on Impairment of assets issued by ICAI.

2.8. Transactions with IJM-Gayatri Joint Venture

In IJM – Gayatri Joint Venture, IJM Corporation Berhad, Malaysia holds 60% and Gayatri Projects Limited holds 40% share. During the year under report the Company raised a Credit Note for Rs.8.60 Lacs in addition to the debit note of Rs.13238.46 Lacs raised up to the end of the financial year 2005-06 for the excess of expenditure over income since the beginning of the execution of projects in respect of execution of Package I, II & III and AP 13 of NHAI, APSH 7 and APSH 8 of State Government. However, JV has raised claims in excess of Rs. 20,000 Lacs on the employers i.e. National Highways Authority of India and Andhra Pradesh State Government, which are pending for consideration before the appropriate authorities. In view of the excess expenditure (Loss) and the expected claim (Profit), no provision has been made in the company's books of account for the company's 40% share of Loss / Profit in the IJM-Gayatri Joint Venture.

2.9. Transactions with Gayatri-ECI Joint Venture

During the year, the JV has incurred loss of Rs.370.71 lacs of which the company's interest of share in the loss (75%) amounting to Rs.278.03 Lacs has not been provided for as the Board is of the opinion that substantial portion of the work is yet to be commenced since the major portion of the project site is yet to be handed over to the JV and the cost of the project is within the estimates, hence not considered.

3. STATUTORY DISCLOSURES AND OTHER DISCLOSURES

3.1. Disclosure pursuant to Accounting Standard 7

(Rs.in Lacs)

S.No.	Particulars	2006-07	2005-06
1.	Contract revenue recognised for the year ended	50,212.02	37,117.74
2.	Contract cost incurred and recognised profits, less losses.	50,183.14	37,084.21
3.	Amount of advances received till date, net of recoveries	7,510.35	5,947.07
4.	Gross amount due from customers for contract works.	13,023.47	10,463.02

3.2. Related party transactions as per Accounting Standard 18

Details of related parties

Associated Companies	Associated Concerns	Joint Ventures
Deep Corporation Pvt. Ltd	G.Srinivasulu Reddy & Co	IJM Gayatri Joint Ventures
Indira Constructions Pvt. Ltd	TSR Foundation	Gayatri Ranjit Joint Venture
Gayatri Tissue & Papers Ltd	Dr.T.S.Reddy (HUF)	Simplex Gayatri Consortium
Gayatri Sugars Ltd	Key Management Personnel	Jaiprakash Gayatri JV
Gayatri Starchkem Ltd	Mr. T.V.Sandeep Kumar Reddy	Gayatri ECI Joint Venture
Gayatri Interactive Ltd	Subsidiary Companies	RNS Gayatri Joint Venture
Gayatri Digisoft Technologies Ltd	Gayatri Jhansi Roadways Ltd	GPL-Brahmaputra Conso.Ltd JV
Western UP Toll way Ltd	Gayatri Lalitpur Roadways Ltd	Gayatri-GDC Joint Venture

(Rs.in Lacs)

No.	Description	2006-2007				2005-2006			
		Subsidiary Companies	Associate Entities	Joint ventures	KMP	Subsidiary Companies	Associate Companies	Joint ventures	KMP
1	Equity contribution	10.00	3712.01	Nil	Nil	Nil	30.00	Nil	Nil
2	Contract Receipts	10261.51	3565.12	13510.05	Nil	Nil	14.52	2140.44	Nil
3	Contract payments	Nil	77.24	Nil	Nil	Nil	15.03	Nil	Nil
4	Office Rent & Maintenance	Nil	9.00	Nil	Nil	Nil	7.00	Nil	Nil
5	Other Services	Nil	12.00	Nil	15.10	Nil	12.00	Nil	4.73
6	Donations	Nil	48.55	Nil	Nil	Nil	13.60	Nil	Nil
7	Contract Advances/ Other Adv.	Nil	3590.81	Nil	Nil	Nil	Nil	1341.50	Nil
8	Financial Guarantees	Nil	11895.00	23056.10	Nil	Nil	12909.00	23365.40	Nil
9.	Closing balances – Debit	4767.51	555.93	3337.16	Nil	Nil	Nil	3039.64	Nil
10.	Closing balances – Credit	Nil	3494.98	2300.71	Nil	Nil	3490.77	3079.27	Nil

3.3. 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, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

3.4 Leases

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

(Rs.in Lacs)

Due	Minimum Lease Payments	Interest	Principal
Less than one year	43.84	8.09	35.75
Between one and five years	160.80	24.52	136.28
More than five years	Nil	Nil	Nil

3.5 Earning Per Share (EPS)

Earning per share calculated as per Accounting Standard 20 on Earning per share issued by the ICAI. For the purpose of computing

Particulars	2006-07	2005-06
a) Net profit available for equity share holders (Rs. In Lacs)	2356.38	1768.84
b) Weighted average No. of equity shares as denominator for calculating EPS. (No. in Lacs)	95.00	90.00
c) Basic EPS (Rs.)	24.73	19.65

3.6. Consolidated financial statements

As per the listing agreement entered with the Stock Exchanges, accounting standards issued by ICAI and provisions of Sec 212 of the Companies Act, 1956, Un-audited financial statements of the Subsidiaries for the period of 9 months ending on 31st March 2007, Associate Company and Joint venture for the year 2006-07 were consolidated and annexed herewith.

Eighteenth Annual Report

The Company's interest in Subsidiaries, Associates and Jointly Controlled Entities as on March 31, 2007 and its proportionate share in the Assets, Liabilities, Income and Expenditure of the entities consolidated as on that date are given below:

Sl. No.	Name of the Entity	Nature of the entity	% of Holding	Country of Incorporation
1	Gayatri Jhansi Roadways Ltd	Subsidiary	83	India
2	Gayatri Lalitpur Roadways Ltd	Subsidiary	83	India
3	Western UP Toll way Ltd	Associate	40	India
4	IJM Gayatri Joint Ventures	Joint venture	40	India
5	Jaiprakash Gayatri Joint Venture	Joint venture	49	India
6	Gayatri ECI Joint Venture	Joint venture	75	India
7	RNS Gayatri Joint Venture	Joint venture	50	India
8	GPL-Brahmaputra Conso. Ltd JV	Joint venture	26	India
9	Simplex Gayatri Consortium	Joint venture	30	India
10	Gayatri – RCC Joint Venture	Joint venture	60	India
11	Gayatri – GDC Joint Venture	Joint Venture	70	India

Details of Subsidiaries, Associate and Joint Ventures considered for consolidation are as follows:

(Rs. In Lacs)

S.No	Name of the Entity	Assets	Liabilities	Contingent Liabilities	Income	Expenses
1	Gayatri Jhansi Roadways Ltd	6131.14	6125.13	Nil	Nil	Nil
2	Gayatri Lalitpur Roadways Ltd	4287.74	4281.74	Nil	Nil	Nil
3	Western UP Tollway Ltd	NA	NA	NA	NA	NA
4	Gayatri ECI JV	4809.20	5283.26	Nil	550.60	916.98

3.7. Contingent Liabilities not provided for

(Rs.in Lacs)

Particulars	2006-07	2005-06
1. Guarantees given by Banks towards performance & contractual commitments		
a) To the company in the normal course of Business.	11,666.60	15,633.06
b) Guarantees given to related parties	23,056.10	23,365.44
c) Letters of credit	819.60	1,345.68
2. Corporate Guarantees given to Group Companies	11,895.00	12,909.00
3. Disputed Statutory Liabilities	220.86	416.82

3.8. Remuneration and Perquisites to Managing Director

(Rs.in Lacs)

No.	Particulars	2006-07	2005-06
1.	Remuneration	15.00	3.99
2.	Sitting Fee	0.83	Nil
3.	Perquisites	Nil	0.74
	Total	15.83	4.73

Computation of net profit under Section 349 of Companies Act, 1956

(Rs.in Lacs)

Particulars	2006-07	2005-06
Profit Before Tax	3582.36	2759.48
Add Managerial Remuneration (including Sitting Fee)	15.83	4.73
(Profit)/Loss on Sale of Fixed Assets	(2.71)	(8.91)
Profit for the purpose of calculating Managerial Remuneration	3595.48	2755.30
Maximum allowable Managerial Remuneration being 11% of the above to Directors	395.50	303.08
Actual Remuneration taken (Incl. Perks)	15.83	4.73

3.9. List of Small Scale Industrial undertakings to whom amount are due more than 30 days is as follows:

SNo.	Name of undertaking
01	K.V.J.Alloy Conductors Pvt. Ltd.
02	Automark Industries (India) Ltd.
03	Karnataka Cement Pipe Factory
04	Patil Engineering Works
05	Maxomech Equipments

The above information has been compiled in respect of parties to the extent of which they could be identified as small scale industrial undertakings on the basis of information available with the company.

The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

3.10. Information as per para 4B of part II of Sch. VI of the Companies Act – remuneration to auditors.

(Rs. in Lacs)

S.No.	Particulars	2006-07	2005-06
1.	Statutory Audit	6.50	3.50
2.	Tax Audit	1.50	0.50
3.	Other Services	2.00	1.00
	Total	10.00	5.00

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

3.11. Information as per para 4C of part II of Sch. VI of the Companies Act – regarding licensed, installed, actual production is not applicable to the Company.

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

3.12.1. Expenditure in foreign currency

(Rs. in Lacs)

S.No.	Particulars	2006-07	2005-06
1.	Purchase of Capital Assets	504.37	12.50
2.	On Directors Travel	1.19	5.07

3.12.2. Details of major raw materials consumption

(Rs.in Lacs)

S.No.	Particulars	2006-07	2005-06
1.	Steel	1354.89	345.23
2.	Cement	1147.03	220.87
3.	Bitumen	3354.11	2105.65
4.	Metal	1606.94	734.70
5.	HSD Oils & Lubricants	2990.25	1084.16

4. Previous year figures have been regrouped and recasted wherever necessary.
5. All amounts are rounded off to nearest thousand.
6. Schedule I to 18 form an integral part of accounts

As per our report of even date

For C.B. MOULI & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

MANI OOMMEN
Partner
Membership No.24046**T. INDIRA REDDY**
Chairperson**T.V. SANDEEP KUMAR REDDY**
Managing Director**P. SREEDHAR BABU**
Chief Finance Officer**K. ANUPAMA**
Company SecretaryPlace : Hyderabad.
Date : 28th August, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No.

1 1 2 5 7 9

State Code

1 1

Balance Sheet Date

3 1 0 3 2 0 0 7

Date Month Year

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

Public Issue

1 0 0

Rights issue

N I L

Bonus Issue

N I L

Private placement

N I L

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

Total Liabilities

4 4 3 8 2

Total Assets

4 4 3 8 2

SOURCES OF FUNDS

Paid-up Capital

1 0 0 0

Reserves & Surplus

1 4 8 7 7

Secured Loans

2 0 6 3 7

Unsecured Loans

7 8 6 8

APPLICATION OF FUNDS

Net Fixed Assets

1 2 8 5 8

Investments

4 0 1 6

Net Current Assets

2 7 5 0 7

Misc. Expenditure

N I L

Accumulated Losses

N I L

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

Turnover

5 0 5 4 5

Total Expenditure

4 6 9 6 3

+ - Profit/Loss Before Tax

+ 3 5 8 2

+ - Profit/Loss After Tax

+ 2 3 5 6

Earning Per Share in Rs.

2 4 . 7 3

Dividend Rate %

2 0

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

Item Code No. (ITC Code)

Not Alloted

Product Description

Construction

GAYATRI JHANSI ROADWAYS LIMITED

PROVISIONAL BALANCE SHEET AS AT 31st MARCH, 2007

PARTICULARS	SCH NO	AS AT 31st MARCH 2007 Rs.in Lacs	
SOURCE OF FUNDS			
Share Holders Funds			
Share Capital	1	6.00	
Reserves & Surplus		—	6.00
Loan Funds			
Unsecured Loans	2	3,060.49	3,060.49
Deferred Tax Liability			
			—
TOTAL			3,066.49
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		—	
Less: Depreciation		—	
Net Block			—
Capital Work in Progress			6,130.08
Current Assets, Loans & Advances			
Inventories		—	
Sundry Debtors		—	
Cash & Bank Balances	3	1.06	
Loans & Advances		—	
		1.06	
Less: Current Liabilities & Provisions	4	3,064.65	
Net Current Assets			(3,063.59)
TOTAL			3,066.49
Significant Accounting Policies and Notes on Accounts	5		

For and on behalf of the Board

J.BRIJ MOHAN REDDY
Director

T.V.SANDEEP KUMAR REDDY
Director

Place : Hyderabad
Date : 28th August, 2007

GAYATRI JHANSI ROADWAYS LIMITED

SCHEDULES TO BALANCE SHEET :

PARTICULARS	AS AT 31st MARCH 2007 Rs.in Lacs
SCHEDULE NO : 1 :	
SHARE CAPITAL	
Authorised Share Capital :	
100000 Equity Shares of Rs10/- each	10.00
	10.00
Issued, Subscribed and paid-up capital :	
60006 Equity Shares of Rs10/- each fully paid	6.00
	6.00
SCHEDULE NO : 2	
UNSECURED LOANS	
Others	3,060.48
	3,060.48
SCHEDULE NO : 3	
CASH & BANK BALANCES	
Cash & Bank Balances	1.06
	1.06
SCHEDULE NO : 4	
CURRENT LIABILITIES & PROVISIONS	
CURRENT LIABILITIES	
Sundry Creditors	3,055.88
Other liabilities	8.77
	3,064.65

SCHEDULE NO : 5 :

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

COMPANY OVER VIEW

The company Gayatri Jhansi Roadways Limited was incorporated under the Companies Act, 1956 on 7th July 2006 which is a Special Purpose Vehicle (SPV) and subsidiary to Gayatri Projects Limited.

I. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis for preparation of financial statements

The financial statements have been prepared to comply in all respects with mandatory Accounting Standards issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The accounts are prepared under historical cost convention and on the going concern basis, with revenue recognized, expenses accounted on their accrual and in accordance with applicable Accounting Standards issued by Institute of Chartered Accountants of India. The accounting policies have been consistently applied by the company.

1.2. Use of estimates

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

1.3. Financial year

The company extended the first financial year to 15 months as per the provisions of Section 210 of the Companies Act, 1956 i.e., from the date of incorporation upto 30th September, 2007, which is not in line with that of the parent company.

1.4. Fixed assets and depreciation

Fixed Assets are stated at cost of acquisition, less accumulated depreciation thereon. Expenditure which are of 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 cost of bringing the asset to its working condition for its intended use. 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.

1.5. 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.

1.6. Taxation

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. Provision for deferred tax is made for timing differences arising between the taxable income and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date.

1.7. Incidental Expenditure during Construction Period

Incidental expenditure incurred during construction period towards "Concessionaire Asset" is capitalized on completion of construction.

II. NOTES ON ACCOUNTS

2.1 The Company is a Special Purpose Vehicle (SPV) for execution of the project "Improvement, Operation and Maintenance, Rehabilitation and Strengthening of existing 2 Lane Road and widening to 4 Lane Divided Highway of NH-26 in the State of Uttar Pradesh on Built, Operate and Transfer Basis". The Company has entered into a concession agreement with National Highways Authority of India, which specified a three year construction period and seventeen years of Operation & Maintenance period.

2.2 Presently the Company is under construction period, accordingly, expenditure upto 31st March, 2007 Rs.6130.08 Lacs is carried forward under the head "Capital Work-in-Progress".

- 2.3 The Company during the period has not dealt with any suppliers under the micro Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid or payable as required under the said act have not been given.
- 2.4 The Company during the period did not transact with any Small Scale Industrial undertakings and therefore reporting details of interest on overdue outstandings and amount outstanding for more than 30 days, does not arise.
- 2.5 Additional information pursuant to Para 3, 4, 4A, 4B, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956 are not applicable to the Company at present.
- 2.6 Segment Reporting : Accounting Standard 17 on "Segment Reporting" issued by ICAI is not applicable to the Company since it is engaged in only one segment i.e., construction business.
- 2.7 Related Party Transactions as per Accounting Standard 18

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

S.No.	Name of the Related Party	Relationship
1.	Gayatri Projects Limited	Sponsor, Promoter and EPC Contractor
2.	Infrastructure Development Finance Company Ltd	Equity Holder

b) Related Party transactions during the year ended 31st March, 2007 are as follows:

Rs.in Lacs

S.No.	Description	Volume of Transactions during the period	Amount of outstanding as at 31.03.2007
1.	EPC Contract	6055.88	3055.88
2.	Equity	5.00	Nil
3.	Un-secured Loan	3000.00	3000.00

- 2.8 These Financial Statements are management accounts only; they are neither audited nor reviewed by the auditors.
- 2.9 Figures have been rounded off to the nearest thousand.
- 2.10 Since this is part of the first year of operations no previous year figures can be provided.
- 2.11 Schedule I to 5 for an integral part of accounts.

For and on behalf of the Board

J.BRIJ MOHAN REDDY
Director

T.V.SANDEEP KUMAR REDDY
Director

Place : Hyderabad
Date : 28th August, 2007

GAYATRI LALITPUR ROADWAYS LIMITED**PROVISIONAL BALANCE SHEET AS AT 31st MARCH, 2007**

PARTICULARS	SCH NO	AS AT 31st MARCH 2007 Rs.in Lacs
SOURCE OF FUNDS		
Share Holders Funds		
Share Capital	1	6.00
Reserves & Surplus		<u>6.00</u>
Loan Funds		
Unsecured Loans	2	2,561.34
		<u>2,561.34</u>
Deferred Tax Liability		—
TOTAL		<u>2,567.34</u>
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block		—
Less: Depreciation		—
Net Block		—
Capital Work in Progress		<u>4,286.68</u>
Investments		—
Current Assets, Loans & Advances		
Cash & Bank Balances	3	1.06
		<u>1.06</u>
Less: Current Liabilities & Provisions	4	1,720.40
Net Current Assets		<u>(1,719.34)</u>
TOTAL		<u>2,567.34</u>
Significant Accounting Policies and Notes on Accounts	5	

For and on behalf of the Board

J.BRIJ MOHAN REDDY
Director

T.V.SANDEEP KUMAR REDDY
Director

Place : Hyderabad
Date : 28th August, 2007

GAYATRI LALITPUR ROADWAYS LIMITED

SCHEDULES TO BALANCE SHEET :

PARTICULARS	AS AT 31st MARCH 2007 Rs.in Lacs
SCHEDULE NO : 1 :	
SHARE CAPITAL	
Authorised Share Capital :	
100,000 Equity Shares of Rs10/- each	10.00
	10.00
Issued, Subscribed and paid-up capital :	
60006 Equity Shares of Rs10/- each fully paid	6.00
	6.00
 SCHEDULE NO : 2	
UNSECURED LOANS	
Others	2,561.34
	2,561.34
 SCHEDULE NO : 3	
CASH & BANK BALANCES	
Cash & Bank Balances	1.06
	1.06
 SCHEDULE NO : 4	
CURRENT LIABILITIES & PROVISIONS	
CURRENT LIABILITIES	
Sundry Creditors	1,711.63
Other liabilities	8.77
	1,720.40

SCHEDULE NO : 5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

COMPANY OVER VIEW

The company Gayatri Lalitpur Roadways Limited was incorporated under the Companies Act, 1956 on 7th July 2006 which is a Special Purpose Vehicle (SPV) and subsidiary to Gayatri Projects Limited.

I. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis for preparation of financial statements

The financial statements have been prepared to comply in all respects with mandatory Accounting Standards issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The accounts are prepared under historical cost convention and on the going concern basis, with revenue recognized, expenses accounted on their accrual and in accordance with applicable Accounting Standards issued by Institute of Chartered Accountants of India. The accounting policies have been consistently applied by the company.

1.2. Use of estimates

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

1.3. Financial year

The company extended the first financial year to 15 months as per the provisions of Section 210 of the Companies Act, 1956 i.e., from the date of incorporation upto 30th September, 2007, which is not in line with that of the parent company.

1.4. Fixed assets and depreciation

Fixed Assets are stated at cost of acquisition, less accumulated depreciation thereon. Expenditure which are of 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 cost of bringing the asset to its working condition for its intended use. 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.

1.5. 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.

1.6. Taxation

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. Provision for deferred tax is made for timing differences arising between the taxable income and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date.

1.7. Incidental Expenditure during Construction Period

Incidental expenditure incurred during construction period towards "Concessionaire Asset" is capitalized on completion of construction.

II. NOTES ON ACCOUNTS

2.1 The Company is a Special Purpose Vehicle (SPV) for execution of the project "Improvement, Operation and Maintenance, Rehabilitation and Strengthening of existing 2 Lane Road and widening to 4 Lane Divided Highway of NH-26 in the State of Uttar Pradesh on Built, Operate and Transfer Basis". The Company has entered into a concession agreement with National Highways Authority of India, which specified a three year construction period and seventeen years of Operation & Maintenance period.

2.2 Presently the Company is under construction period, accordingly, expenditure upto 31st March, 2007 Rs.4286.68 Lacs is carried forward under the head "Capital Work-in-Progress".

- 2.3 The Company during the period has not dealt with any suppliers under the micro Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid or payable as required under the said act have not been given.
- 2.4 The Company during the period did not transact with any Small Scale Industrial undertakings and therefore reporting details of interest on overdue outstandings and amount outstanding for more than 30 days, does not arise.
- 2.5 Additional information pursuant to Para 3, 4, 4A, 4B, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956 are not applicable to the Company at present.
- 2.6 Segment Reporting : Accounting Standard 17 on "Segment Reporting" issued by ICAI is not applicable to the Company since it is engaged in only one segment i.e., construction business.
- 2.7 Related Party Transactions as per Accounting Standard 18

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

S.No.	Name of the Related Party	Relationship
1.	Gayatri Projects Limited	Sponsor, Promoter and EPC Contractor
2.	Infrastructure Development Finance Company Ltd	Equity Holder

b) Related Party transactions during the year ended 31st March, 2007 are as follows:

Rs.in Lacs

S.No.	Description	Volume of Transactions during the period	Amount of outstanding as at 31.03.2007
1.	EPC Contract	4211.63	1711.63
2.	Equity	5.00	Nil
3.	Un-secured Loans	2500.00	2500.00

- 2.8 These Financial Statements are management accounts only; they are neither audited nor reviewed by the auditors.
- 2.9 Figures have been rounded off to the nearest thousand.
- 2.10 Since this is part of the first year of operations no previous year figures can be provided.
- 2.11 Schedule I to 5 for an integral part of accounts.

For and on behalf of the Board

J.BRIJ MOHAN REDDY
Director

T.V.SANDEEP KUMAR REDDY
Director

Place : Hyderabad
Date : 28th August, 2007

C.B. MOULI & ASSOCIATES
CHARTERED ACCOUNTANTS

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

AUDITORS' REPORT

To the Board of a Directors of GAYATRI PROJECTS LIMITED,

1. We have audited the attached consolidated Balance Sheet of GAYATRI PROJECTS LIMITED ('the Company, its Subsidiaries, Joint Ventures and Associates constitute 'the Group'), as at 31 March 2007, and also the consolidated Profit and Loss Account and the consolidated Cash flow statement for the period ended on that date both annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries viz., Gayatri Jhansi Roadways Limited and Gayatri Lalitpur Roadways Limited and associate company viz., Western UP Tollway Limited and Joint Venture entities Viz., Gayatri Ranjit JV, Simplex Gayatri Consortium, Gayatri ECI JV, RNS Gayatri JV and GPL Brahmaputra Cons. Ltd JV and Gayatri GDC Ltd JV.

Un-audited management accounts for the 9 months period ended 31st March, 2007 adopted by the Board of Directors of subsidiaries viz., Gayatri Jhansi Roadways Limited and Gayatri Lalitpur Roadways Limited and audited financials for the year ended 31st March, 2007 of Associate company Western UP Tollway Limited and Audited financials for the year ended 31st March, 2007 of Joint Venture Gayatri ECI JV are considered for consolidation.

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

As stated in Note No.2 of Schedule 18 Notes to Accounts, financial statements of the all Joint Ventures except Gayatri ECI Joint Venture are not considered for the purpose of consolidation. Based on the representation given by the management and upon our review we are of the opinion that such exclusion will not materially affect the true and fair view state of affairs of the Group.

4. We report that, Subject to the matters referred in Para 3 above,
 - (a) The consolidated statements have been prepared by the company's management in accordance with the requirement of accounting standard – 21 on Consolidated statements read with 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, issued by the Institute of Chartered Accountants of India ;
 - (b) Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2007;
 - (ii) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the period ended on that date; and
 - (iii) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the period ended on that date.

For C.B.MOULI & ASSOCIATES
Chartered Accountants

MANI OOMMEN

Partner

Membership No. 24046

Place : Hyderabad
Date : 28th August, 2007

GAYATRI PROJECTS LIMITED**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2007**

PARTICULARS	SCH NO	AS AT 31st MARCH 2007 Rs.in Lacs	
SOURCE OF FUNDS			
Share Holders Funds			
Share Capital	1	1,000.00	
Reserves & Surplus	2	12,821.43	13,821.43
Loan Funds			
Secured Loans	3	21,044.64	
Unsecured Loans	4	11,676.49	32,721.13
Minority Interest Liability			2.00
Deferred Tax Liability (Net)			1,686.00
TOTAL			48,230.56
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	22,640.55	
Less: Depreciation		7,980.84	
Net Block			14,659.71
Capital Work in Progress			10,416.76
Investments	6		4,005.97
Current Assets, Loans & Advances			
Inventories	7	3,028.93	
Sundry Debtors	8	8,457.62	
Cash & Bank Balances	9	2,989.25	
Loans & Advances	10	11,077.50	
		25,553.30	
Less: Current Liabilities & Provisions	11	6,405.18	
Net Current Assets			19,148.12
TOTAL			48,230.56
Significant Accounting Policies and Notes on Accounts	18		

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

For and on behalf of the Board

MANI OOMMEN
Partner
Membership No.24046

T. INDIRA REDDY
Chairperson

T.V. SANDEEP KUMAR REDDY
Managing Director

P. SREEDHAR BABU
Chief Finance Officer

K. ANUPAMA
Company Secretary

Place : Hyderabad.
Date : 28th August, 2007

GAYATRI PROJECTS LIMITED**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007**

PARTICULARS	SCH NO	YEAR ENDED 31st MARCH 2007 Rs.in Lacs
INCOME		
Gross Contract Receipts		40,495.11
Other Income	12	333.18
TOTAL		40,828.29
EXPENDITURE		
Work Expenditure	13	30,964.46
(Increase) / Decrease in WIP	14	50.19
Staff Cost	15	1,105.57
Administrative Expenses	16	1,059.23
Financial Charges	17	3,070.59
Depreciation	5	1,362.28
TOTAL		37,612.32
Profit before Tax		3,215.97
Add / (less) : Unrealised Profit / (Loss) from Intra group transaction		—
Less : Provision for Income Tax, Deferred Tax & FBT		1,137.63
Net Profit after Tax		2,078.34
Less : Prior Period Adjustments		—
Profit after prior period adjustments		2,078.34
ADD : Profit b/f from Prev.year		2,594.31
Profit available for appropriation		4,672.65
APPROPRIATIONS :		
Proposed Dividend @20% (Prev.Year 15%)		200.00
Dividend tax on Dividend		33.99
Transfer to General Reserve		500.00
Balance carried to Balance sheet		3,938.66
		4,672.65
Significant Accounting Policies and Notes on Accounts	18	

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

For and on behalf of the Board

MANI OOMMEN
Partner
Membership No.24046

T. INDIRA REDDY
Chairperson

T.V. SANDEEP KUMAR REDDY
Managing Director

P. SREEDHAR BABU
Chief Finance Officer

K. ANUPAMA
Company Secretary

Place : Hyderabad.
Date : 28th August, 2007

GAYATRI PROJECTS LIMITED**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2007**

PARTICULARS	YEAR ENDED 31st MARCH 2007 Rs.in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES:	
Net Profit before tax and Extra Ordinary items	3,215.98
Adjustments for:	
Depreciation	1,362.29
Profit on sale of fixed assets	(2.71)
Interest	3,070.59
Operating Profit before Working Capital changes	7,646.15
Adjustments for:	
Trade and other receivables	(4,115.96)
Changes in Inventories	(509.15)
Trade payables	58.38
Cash generated from operations	3,079.42
Direct taxes paid	(1,281.56)
Cash flow before prior period adjustments	1,797.86
Prior period adjustments	—
Net cash from operating activities	1,797.86
B. CASH FLOW FROM INVESTING ACTIVITIES:	
Purchases of Fixed Assets	(5,069.09)
Sale of Fixed Assets	10.25
Investments	(3,692.01)
Net Cash used in Investing Activities	(8,750.85)
C. CASH FLOW FROM FINANCING ACTIVITIES:	
Interest paid	(3,070.59)
Proceeds from IPO	2,950.00
IPO Expenses	(241.63)
Proceeds from long term borrowing	2,006.63
Proceeds from short term borrowing	3,681.56
Net Cash used in Financing activities	5,325.97
Net increase in Cash and Cash Equivalents (A+B+C)	(1,627.02)
Cash & Cash Equivalents as at 1st April,2006	4,616.27
Cash & Cash Equivalents as at 31st March,2007	2,989.25

- Note:**
- 1 Cash and Cash Equivalents consist of Cash on hand and balances with Banks that includes Margin Money Deposits for Bank Gurantees of Rs.3012.52 Lacs
 - 2 The Cash flow statement is prepared in accordance with the indirect method stated in Accounting Standard 3 issued by ICAI on Cash flow statements and presents Cash flows by Operating, Investing and Financing activities.
 - 3 Figures in brackets represent cash outflows.
 - 4 Notes on Accounts stated in Schedule 18 form an integral part of the Cash flow statement.

As per our report of even date

For and on behalf of the Board

For C.B. MOULI & ASSOCIATES
Chartered Accountants

MANI OOMMEN
Partner
Membership No.24046

T. INDIRA REDDY
Chairperson

T.V. SANDEEP KUMAR REDDY
Managing Director

Place : Hyderabad.
Date : 28th August, 2007

P. SREEDHAR BABU
Chief Finance Officer

K. ANUPAMA
Company Secretary

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

PARTICULARS	AS AT 31st MARCH 2007 Rs.in Lacs	
SCHEDULE NO : 1 :		
SHARE CAPITAL		
Authorised Share Capital :		
150,00,000 (Prev.Yr. 120,00,000) Equity Shares of Rs 10/- each		1,500.00
		<u>1,500.00</u>
Issued, Subscribed and paid-up capital :		
Equity Shares of Rs. 10/- each, fully paid-up [Number of shares]		1,000.00
Year ended March 31, 2006 - 90,00,000		
Year ended March 31, 2007 - 100,00,000 of the above		
a) 40,00,000 shares of Rs. 10/- each fully paid bonus shares in the ratio of 5:4 were allotted by capitalization of General Reserve		
b) 10,00,000 shares of Rs. 10/- each fully paid shares were allotted to public at a premium of Rs.285/- through Initial Public Offer		
		<u>1,000.00</u>
SCHEDULE NO : 2		
RESERVES & SURPLUS		
Securities Premium Account		
At the Commencement of the Year	1,374.40	
Add : Additions during the year on account of Public Issue	2,850.00	
Less : Share Issue Expenses	241.63	3,982.77
		<u>3,982.77</u>
General Reserve		
At the Commencement of the Year	3,600.00	
Less : Utilised for issue of Bonus shares	—	
Add: Transfer from Debenture Redemption Reserve	675.00	
Add : Transfer from Profit & Loss A/c.	500.00	
		<u>4,775.00</u>
Debenture Redemption Reserve	800.00	—
Less : Transfer to General Reserve (Excess)	(675.00)	125.00
		<u>125.00</u>
Profit & Loss Account		3,938.66
		<u>12,821.43</u>
SCHEDULE NO : 3		
SECURED LOANS		
A] On Working Capital Loan Account		13,138.59
[Secured by way of first charge on pari-passu basis on Stocks, construction materials, book debts and receivables and machinery and vehicles, not specifically charged/encumbered to any banks and further Secured by personal guarantee of Directors/Promoters]		
B] On Term Loan Account		
I] From Banks		5,977.50
[Secured by exclusive charge on the equipment of the Company financed through the loan]		
II] From Others		500.00
12% Unsecured Redeemable Non-Convertible Debentures (E.D.R. 03/07/2007)		
[Secured by way of exclusive specific first charge (hypothecation) on the Construction Equipment and Personal Guarantees of the Promoter Directors and their relatives]		
C] Equipment and Vehicle Loans		1,393.45
[Secured by exclusive charge by way of hypothecation on certain specific equipments of the Company]		
D] Deferred Payment Guarantees (From Banks)		35.10
[Secured by exclusive charge on the equipment of the Company financed through the loan]		
		<u>21,044.64</u>
SCHEDULE NO : 4		
UNSECURED LOANS		
Advances from Contractees & Others		11,347.55
[Includes advances received against Bank Guarantees from Contractees towards Mobilization / Equipment / Material and Work advances etc and others]		
Other (Partners Capital Account)		328.94
		<u>11,676.49</u>

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

SCHEDULE NO : 5

FIXED ASSETS

(Rs.in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01/04/2006	Additions	Deletions	As at 31/03/2007	Up to 31/03/2006	For the year	Depn. On Deletion	Up to 31/03/2007	As on 31/03/2007
Land	11.73	—	—	11.73	—	—	—	—	11.73
Plant & Machinery	10,754.31	2,802.74	—	13,557.06	2,573.19	555.81	—	3,129.00	10,428.05
Vehicles	561.00	281.15	12.00	830.15	339.82	67.83	7.44	400.21	429.94
Earth Moving Machinery	5,945.43	1,913.67	12.43	7,846.67	3,630.71	719.74	9.45	4,341.00	3,505.67
Office Sheds	112.91	53.39	—	166.29	17.31	5.03	—	22.34	143.96
Furniture & Fixtures	210.52	18.13	—	228.65	74.42	13.87	—	88.29	140.36
Capital Work in Progress	—	—	—	—	—	—	—	—	—
TOTAL :	17,595.90	5,069.08	24.43	22,640.55	6,635.45	1,362.28	16.89	7,980.84	14,659.71

PARTICULARS

**AS AT
31st MARCH 2007
Rs.in Lacs**

SCHEDULE NO : 6

INVESTMENTS

Shares in Companies :

Quoted Shares

2931000 Equity Shares of Rs10/- each fully paid in Gayatri Sugars Ltd 293.10
(Market Value as at 31/03/07 - Rs.225.98 Lacs)

1728 Equity Shares of Rs10/- each fully paid in Syndicate Bank Ltd 0.86
(Market Value as at 31/03/07 - Rs 1.11 Lacs)

Long Term - Unquoted Shares

Subsidiary Companies :

3278000 Equity shares of Rs.10/- each, fully paid allotted
at Rs.90/- premium in Western UP Tollway Ltd & Share Application
Money of Rs.434.01 Lacs 3,712.01

(Capital Reserve / (Good Will) on acquisition of shares in Associates - Nil) 4,005.97

SCHEDULE NO : 7

INVENTORIES

- Construction Materials, stocks & spares at cost 1,174.11
- Closing Work-in-progress 1,854.82
(As certified by Management)

3,028.93

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

PARTICULARS	AS AT 31st MARCH 2007 Rs.in Lacs
SCHEDULE NO : 8	
SUNDRY DEBTORS (Un-secured)	
Outstanding for a period	
a) exceeding six months considered good	1,925.68
b) other debts considered good	6,531.94
	8,457.62
SCHEDULE NO : 9	
CASH & BANK BALANCES	
Cash on Hand	164.22
Balances in Scheduled Bank	
- in Current Account	450.37
- in Fixed Deposits	2,374.66
(Deposits/Margin Money are pledged with banks as security for Bank Guarantees, LCs etc.)	
	2,989.25
SCHEDULE NO : 10	
LOANS & ADVANCES	
Unsecured considered good	
Advances receivable in cash or kind or value to be received	9,077.31
Prepaid Expenses	1,262.29
Deposits with Govt. Agencies & Others	560.64
Others	177.26
	11,077.50
SCHEDULE NO : 11	
CURRENT LIABILITIES & PROVISIONS	
CURRENT LIABILITIES	
Sundry Creditors	4,050.82
Other liabilities	1,891.83
PROVISIONS	
For dividend	200.00
For taxation	262.53
	6,405.18

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

PARTICULARS	YEAR ENDED 31st MARCH 2007 Rs.in Lacs
SCHEDULE NO : 12	
OTHER INCOME	
Interest Income	257.58
Commission Income	6.19
Misc.Income	69.41
	333.18

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

PARTICULARS	YEAR ENDED 31st MARCH 2007 Rs.in Lacs
SCHEDULE NO : 13	
WORK EXPENDITURE	
Steel	895.67
Cement	827.83
Bitumen	2,129.66
Metal	830.29
HSD Oils & Lubricants	2,031.13
Other Materials	1,058.22
Departmental Recoveries	1,061.56
Work executed by sub contractors	10,223.67
Earth Work	3,565.22
Concrete Work	2,105.54
Transport Charges	423.42
Hire Charges	572.07
Road work	1,706.29
Repairs & Maintenance	1,348.30
Works Contract Tax / VAT	522.13
Royalty Charges	231.49
Tender Expenses	8.09
Insurance	64.89
Other Work Expenditure	1,358.99
	30964.46
SCHEDULE NO : 14	
INCREASE/DECREASE IN W.I.P.	
Less :Opening Work in Progress	1,905.01
Closing Work in Progress	1,854.82
	50.19
SCHEDULE NO : 15	
STAFF COST	
Salaries	952.23
Employee Benefits	137.51
Directors' Remuneration	15.83
	1,105.57
SCHEDULE NO : 16	
ADMINISTRATIVE EXPENSES	
Printing and Stationery	43.64
Telephones	59.04
Traveling and Conveyance	181.05
Advertisement Expenses	17.52
General Expenses	71.28
Consultancy Fee	279.47
Donations	48.55
Rent	115.63
Electricity Charges	24.80
Auditors Remuneration :	10.29
Other Administration Expenses	207.96
	1,059.23
SCHEDULE NO : 17	
FINANCE CHARGES	
Interest	2,504.67
Bank Charges & Commission	565.92
	3,070.59

Schedules forming part of the Consolidated Accounts

Schedule : 18

Accounting Policies and Notes

I. SIGNIFICANT ACCOUNTING POLICIES

I.1 Principles of Consolidation

The consolidated financial statements comprise the Gayatri Projects Limited ("the Company") and its subsidiaries, jointly controlled entities and associates as at March 31, 2007 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiaries are combined 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 in accordance with Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b) The financial statements of the jointly controlled entities have been consolidated on a line-by-line basis by consolidating the book values of like items of assets, liabilities, income and expenses and intra-group transactions, resulting in unrealized profits or losses, (using the 'proportionate consolidation' method considering the substance over form of ventures interests) as per Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India.
- c) In case of associates where the Company directly or indirectly through subsidiaries holds more than 20% of equity, Investments in associates are accounted for using equity method in accordance with Accounting Standard 23 on "Accounting for investments in associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India.
- d) The financial statements of the subsidiaries, the jointly controlled entities and the associates used in the consolidation are drawn up to the same reporting date as that of the Company, i.e. March 31, 2007.
- e) The excess of cost to the company, of its investment in the subsidiaries and the jointly controlled entities over the Company's portion of equity is recognized in the financial statements as Goodwill.
- f) The excess of the Company's portion of equity of the subsidiaries on the acquisition date over its cost of investment is treated as Capital Reserve.
- g) Minority Interest in the net assets of consolidated subsidiaries consists of:
 - i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - ii) The minorities' share of movements in the equity since the date the parent-subsidiary relationship came into existence.
- h) Minority interest's share of net profit/loss for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
 - i) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

I.2 Other significant accounting policies

These are set out in the notes to accounts in the financial statements of Company and subsidiaries

II. NOTES TO ACCOUNTS

- I. The first accounting period of the Subsidiaries is for the period beginning from 07/07/2006 to 30/09/2007. For the purpose of consolidation the financial statement of the subsidiaries are drawn up to the same reporting date as that of the Company, i.e. March 31, 2007

2. Joint ventures listed below are not considered for consolidation on the grounds explained against the venture:

Name of the Joint Venture	Reasons for exclusion
Jaiprakash-Gayatri Joint Venture IJM-Gayatri Joint Venture RNS-Gayatri Joint Venture	The company's share of commercial interest in the venture is accounted in the books and also by considering the substance over the form of the venture the exclusion of these Joint Ventures from consolidation has no material effect on the fair view of the accounts.
GPL-Brahmaputra Conso. Ltd JV Gayatri – RCC Joint Venture Simplex-Gayatri Consortium	These Joint Ventures are excluded for consolidation as the financial statements as at 31/03/2007 are not available.
Gayatri – GDC Joint Venture	Operations have not yet commenced.

3. Contingent liabilities not provided for

Particulars	2006-07	2005-06
1. Guarantees given by Banks towards performance & contractual commitments		
a) To the company in the normal course of Business.	11,666.60	15,633.06
b) Guarantees given to related parties	23,056.10	23,365.44
c) Letter of Credit	819.60	1,345.68
2. Corporate guarantees given to Group companies	11,895.00	12,909.00
3. Disputed Statutory Liabilities	220.86	416.82

4. Related Party Transactions as per Accounting Standard 18

4.1. Details of Transactions

Rs.in Lacs

No.	Description	Associate Entities	Joint Ventures	KMP
1	Contract Receipts	3565.12	13510.05	Nil
2	Contract payments	77.24	Nil	Nil
3	Office Rent & Maintenance	9.00	Nil	Nil
4	Other Services	12.00	Nil	15.10
5	Donations	48.55	Nil	Nil
6	Contract Advances/ Other Adv.	3590.81	Nil	Nil
7	Financial Guarantees	11895.00	16294.70	Nil
8	Closing balances – Debit	555.93	3337.16	Nil
9	Closing balances – Credit	3494.98	2300.71	Nil

4.2. List of Related Parties

Associated Companies	Associated Concerns	Joint Ventures
Deep Corporation Pvt. Ltd	G.Srinivasulu Reddy & Co	IJM-Gayatri Joint Venture
Indira Constructions Pvt. Ltd	TSR Foundation	Gayatri-Ranjit Joint Venture
Gayatri Tissue & Papers Ltd	Dr.T.S.Reddy (HUF)	Simplex-Gayatri Consortium
Gayatri Sugars Ltd	Key Management Personnel	Jaiprakash-Gayatri JV
Gayatri Starchkem Ltd	Mr. T.V.Sandeep Kumar Reddy	Gayatri-GDC Joint Venture
		RNS-Gayatri Joint Venture
		GPL-Brahmaputra Cons.Ltd JV

5. Earning per Share

Basic Earning per share (EPS) of the Group is Rs.21.88 calculated as per Accounting Standard 20 issued by ICAI. For the purpose of computing, the profit after tax attributable to equity shareholders of Rs.2078.35 Lacs for the year has been used as numerator. The Average Number of Equity Shares as on 31st March 2007 used as denominator i.e. 95 Lacs Shares.

6. Computation of Deferred tax asset and Liabilities

(Rs.in Lacs)

Particulars	2006-07
Deferred Tax Liability as at beginning of the period	1829.93
Deferred Tax Liability at the end of the period	1686.00
Deferred Tax Liability for the Period	(143.93)

7. Disclosure of particulars regarding Subsidiaries, Joint Ventures and Associates.

7.1 Subsidiaries included in the consolidated Financial Statements in terms of AS-21 are as follows:

Name of the Subsidiaries	Country of Incorporation	Basis of Subsidiary	% of holding held by holding company
Gayatri Jhansi Roadways Ltd	India	Shareholding	83
Gayatri Lalitpur Roadways Ltd	India	Shareholding	83

7.2 Joint Ventures of the Company and the Share of interest in Joint Ventures are as follows:

Name of the Joint Venture	Share of Interest
IJM Gayatri Joint Venture	40
Jaiprakash Gayatri Joint Venture	49
Gayatri ECI Joint Venture	75
RNS Gayatri Joint Venture	50
GPL-Brahmaputra Conso. Ltd JV	26
Simplex Gayatri Consortium	30
Gayatri – RCC Joint Venture	60
Gayatri – GDC Joint Venture	70

7.3 The Associates of the Company and the ownership interest in Associates are as follows:

Name of the Entity	% of Holding	Country of Incorporation
Western UP Tollway Ltd	40	India

8. Figures pertaining to the Subsidiary companies, Joint Ventures and Associate have been reclassified wherever necessary to bring them in line with the Companies Financial Statements.

9. Figures have been rounded off to the nearest thousand.

10. Since this is the first year of consolidation previous year figures can not be drawn up.

11. Signatures to Schedules I to 18 forming part of the Financial Statements as on 31st March 2007.

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

For and on behalf of the Board

MANI OOMMEN
 Partner
 Membership No.24046

T. INDIRA REDDY
 Chairperson

T.V. SANDEEP KUMAR REDDY
 Managing Director

Place : Hyderabad.
 Date : 28th August, 2007

P. SREEDHAR BABU
 Chief Finance Officer

K. ANUPAMA
 Company Secretary

GAYATRI PROJECTS LTD

Regd. Off : G-2, Mangal Adesh Society, 4th Road, TPS III, Santacruz (East), MUMBAI – 400 055.
Corp.Off : B-1, 1st Floor, TSR Towers, 6-3-1090, Rajbhavan Road, Somajiguda, Hyderabad-500 082

ATTENDANCE SLIP

I hereby record my presence at the 18TH ANNUAL GENERAL MEETING at Hotel Ritz, Lotus Room, 5th Floor, 5, Jamshedji Tata Road, Behind Eros Cinema, Mumbai - 400 020 on 28th September 2007 at 11.00 AM.

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

.....
Signature

Folio Number/DP ID No. :

No. of Shares Held :

Client ID :

.....
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 LTD

Regd. Off : G-2, Mangal Adesh Society, 4th Road, TPS III, Santacruz (East), MUMBAI – 400 055.
Corp.Off : B-1, 1st Floor, TSR 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 18th Annual General Meeting of the Company to be held on the 28th September 2007 at 11.00 AM at Hotel Ritz, Lotus Room, 5th Floor, 5, Jamshedji Tata Road, Behind Eros Cinema, Mumbai -400 020 and at any adjournment thereof.

Signed this day of 2007

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 G-2, Mangal Adesh Society, 4th Road, TPS III, Santacruz (East), MUMBAI – 400 055, not less than 48 hours before the time for commencement of the meeting. A proxy need not be a Member.

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If undelivered, please return to :

KARVY COMPUTERSHARES PRIVATE LIMITED

Unit : GAYATRI PROJECTS LIMITED

17-24, Vittal Rao Nagar, Madhapur,

Hyderabad - 500 081.

Tel : +91-40-2342 0818/19