



WATER FRONT

Promoted &  
Developed by  
**PRAJAY**

*Concept  
Design*  
**H.Architects**  
(Singapore)  
*Architects*  
Akshaya Infra

*Landscape*  
Dhruva

**PRAJAY**



Prajay Gulmohar Project



Prajay Enclave Project

# PRAJAY ENGINEERS SYNDICATE LIMITED

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## BOARD OF DIRECTORS

D. S. Chandramohan Reddy	Chairman & Managing Director
D. Vijaysen Reddy	Whole Time Director (Executive Director)
K. Ravi Kumar	Whole Time Director (Technical)
Sumit Sen	Whole Time Director (Sales and Marketing)
N. Ravinder Reddy	Whole Time Director (Operations) & CFO
D. Chakradhar Reddy	Non-Executive Director
Vijay Kishore Mishra	Non-Executive Director
N. Nageshwara Rao	Non-Executive Director
Rudresh Veerabhadrapa	Non-Executive Director
M. Raja Gopala Reddy	Non-Executive Director

## HEAD - CORPORATE FINANCE

Santosh Kumar Rathi

## COMPANY SECRETARY

D. Madhavi Latha

## LISTING

The Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

## AUDITOR

S.V. Rangan  
Chartered Accountant

## REGISTERED OFFICE:

8-2-293/82/A, Plot No.1091,  
Road No.41, Near Peddamma Temple,  
Jubilee Hills, Hyderabad - 500 033.

## WEB SITE:

[www.prajayengineers.com](http://www.prajayengineers.com)

## BANKERS

Indian Overseas Bank, Alwal Branch, Secunderabad  
State Bank of India, Industrial Finance Branch, Somajiguda, Hyderabad  
Punjab National Bank, Large Corp Branch, Banjara Hills, Hyderabad  
State Bank of Bikaner and Jaipur, Secunderabad  
State Bank of Mysore, Secunderabad  
Tamilnad Mercantile Bank Limited, Secunderabad.  
The Hongkong and Shanghai Banking Corporation Limited (HSBC), Somajiguda, Hyderabad

## REGISTRAR AND SHARE TRANSFER AGENTS

Sathguru Management Consultants Private Limited  
Plot No. 15, Hindi Nagar, B/H Sai Baba Temple,  
Punjagutta, Hyderabad - 500 034  
Tel: 91-040-30160333; Fax: 91-040-40040554  
Email: [info@sathguru.com](mailto:info@sathguru.com)

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## PROFILE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT TEAM

### EXECUTIVE DIRECTORS

#### **D. S. Chandramohan Reddy**, (Chairman & Managing Director)

Mr. Reddy is a commerce graduate and began his career as a civil sub contractor. He is the mentor and guiding force behind the company and led the company from its humble beginnings to its present stature. His vision and Mission leads the company to newer heights.

Alert to every opportunity and ready to accept all the challenges, he has been able to diversify the Company's activities into various fields, branding each with his dynamism.

#### **D. Vijaysen Reddy**, (Executive Director)

A Chartered Accountant (Inter) and has got more than two decades of rich and varied experience in the construction industry. Mr. Reddy's rich experience drives the successful completion of projects at Prajay. He is also involved with the expansion strategy of the Company and is entrusted with the responsibility of identifying new ventures. He oversees the entire construction activities while his specialized training and broad vision helps energise the Prajay Team.

#### **K. Ravi Kumar**, (Director - Technical)

Mr. Ravi Kumar is a Master of Technology and a Civil Engineer, He brings a repository of technical expertise in construction and guides the adoption of progressive building practices to Prajay, steering innovation and quality in the Company.

#### **Sumit Sen**, (Director - Marketing & Sales)

A Post Graduate in Commerce and a Diploma Holder in Marketing and Personnel Management, he has served the Indian Air Force for 15 years and secured a diploma in Mechanical Engineering while in service. He is responsible for creating the sales strategy, identifying consumer trends and creating projects around these. He is also oversees the administrative functions. His expertise lies in appropriate pricing and financial structuring.

#### **N. Ravinder Reddy**, (Director - Operations & Chief Financial Officer)

A Post Graduate Diploma Holder of Management, he is responsible for the overall operations and also steers the hospitality division of the Company and has got more than a decade experience in the relevant industry. His knowledge of contemporary management practices and financial systems is of immense help to the Company. He is driving the new initiatives of the Company in identifying and executing hotel projects.

### NON-EXECUTIVE DIRECTORS

#### **Vijay Kishore Mishra**

A qualified Chartered Accountant with more than 23 years of professional experience in the fields of finance and taxation, Mr. Mishra guides the Company in the matters of accounting and taxation harnessing his vast experience in these areas.

#### **N. Nageshwara Rao**

A B.Sc. graduate and a renowned figure in the hospitality business, Mr. Rao helps the Company in shaping its strategy for the hotel division. The company benefits from his rich experience and insight into the hospitality industry in the country.

#### **Rudresh Veerabhadrapa**

An Architect, who has executed many widely-acclaimed projects in Bangalore, Mr. Rudresh's presence on the Board enables Prajay to strengthen its design capabilities and explore newer markets in and around Bangalore.

#### **D. Chakradhar Reddy**

Arts graduate with more than 17 years' experience in Government Contract works and civil works, including road construction, Mr. Reddy's presence enables the Company to strengthen its compliance functions.

# PRAJAY ENGINEERS SYNDICATE LIMITED

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## **M. Raja Gopala Reddy**

Mr. Gopala Reddy is a science graduate with more than 30 years of experience in construction industry and completed many road projects. His rich experience in construction industry and infrastructure sectors helps the company in formulating its new policies in the relevant areas and further enables the company to strengthen its compliance functions.

## **SENIOR MANAGEMENT**

### **Santosh Kumar Rathi, Head-Corporate Finance**

A Post Graduate in Commerce and a CAIIB, Mr. Rathi has rich banking experience at senior levels in various nationalised and private banks. He oversees the corporate finance functions of the Company and steers resource mobilisation. He is additionally responsible for maintaining investor relations.

### **C.N. Rao, Deputy General Manager - Finance & Accounts**

An Honours graduate in Commerce and a Member of ICAI, Mr. Rao has wide industrial and banking experience of more than 22 years. He is heading the Accounts Department and also responsible for liaising with banks, institutions and overall co-ordination in the finance and accounts department.

### **Madhavi Latha, Company Secretary**

A commerce graduate and a qualified member of Institute of Company Secretaries of India (ICSI) with more than six years of working experience in software and construction industry. Ms. Latha's experience of handling various issues under Companies Act, SEBI and Listing Agreement helps the company to have good compliance of corporate governance and other statutes.

# PRAJAY ENGINEERS SYNDICATE LIMITED

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## NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Prajay Engineers Syndicate Limited will be held on Friday, the 30th day of September, 2011 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad- 500016 to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended on that date together with schedules annexed thereto and the reports of the Directors' and Auditors thereon.
2. To appoint a Director in the place of Sri K. Ravi Kumar, Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Sri N. Ravinder Reddy, Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri Sumit Sen, Director, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and appoint Mr. S.V. Rangan, Chartered Accountant, as Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix his remuneration.

By Order of the Board

Place : Hyderabad  
Date : 30.08.2011

**D. S. Chandra Mohan Reddy**  
Chairman & Managing Director

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself or herself. A proxy need not be a Member of the Company.
2. Instruments of Proxy in order to be effective must be received by the Company, not less than 48 hours before the commencement of the meeting. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person if he or she wishes. A form of proxy is given at the end of the Annual Report.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2011 to 30.09.2011 ( both days inclusive )
4. Members are requested to send all communication relating to transfer, transmission, dividend, Demat etc., of shares (Physical and Electronic) to the Company's Registrar and Share Transfer agents at the following address:  
  
M/s. Sathguru Management Consultants Pvt. Ltd.  
Plot No.15, Hindi Nagar,  
Panjagutta, Hyderabad - 500 034.  
Tel: 91-040-30160333  
Fax: 91-040-40040554  
Email: info@sathguru.com
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS, mandates, nominations, power of attorney, change of address / name etc. to their Depository Participant only and not to the Company's Registrar and Transfer Agents.

## PRAJAY ENGINEERS SYNDICATE LIMITED

6. Pursuant to Sec. 205A(5) of the Companies Act, 1956, the unpaid/unclaimed dividends that are due for transfer to the Investor Education and Protection Fund are as follows:

Sl.No.	Date of Declaration	For the year ended	Due for transfer on
1.	25th August, 2005	31st March 2005	30th September ,2012
2.	29th September, 2006	31st March 2006	4th November,2013
3.	26th September, 2007	31st March 2007	1st November, 2014
4.	29th September, 2008	31st March 2008	4th November, 2015

Members who have not encashed their dividend pertaining to the aforesaid years may approach the company / its registrar for obtaining payments thereof atleast 30 days before they are due for transfer to the said fund.

7. Investor grievance Redressal - the company has designated an exclusive email id [investorrelations@prajayengineers.com](mailto:investorrelations@prajayengineers.com) to enable the investors to register their grievances, if any.
8. Members / proxies are requested to bring duly filled in attendance slips sent herewith for attending the meeting.

### IMPORTANT COMMUNICATION TO THE SHAREHOLDERS

The Ministry of Corporate Affairs has taken a Green Initiative in Corporate Governance [MCA circular No. 17 & 18 dated 21st April, 2011 and 29th April, 2011] allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. It is a welcome move by the Ministry as it will benefit the society at large through reduction in paper consumption and also ensure prompt receipt of communication and void loss in transit.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send all documents like General Meeting Notices, Audited Financial Statements, Directors' Report, Auditors' Report etc. and other documents to be sent under Sec. 53 to the shareholders in electronic form to the email addresses provide by them and made available to us by the depositories.

- i) Members holding shares in Demat form are requested to update their email address with their DPs and any changes therein from time to time.
- ii) Members holding shares in physical form are requested to register their email address with our Registrar's online portal [www.pustap.com](http://www.pustap.com) \emailenrollment directly.

Kindly note that these documents will also be available on the company's website [www.prajayengineers.com](http://www.prajayengineers.com). The physical copies of the Annual Report will also be available at our Registered Office at Jubilee Hills for inspection during office hours. In case you desire to receive the above mentioned documents in physical form, you are requested to send an email to [investorrelations@prajayengineers.com](mailto:investorrelations@prajayengineers.com) and the same will be provided to you at no extra cost.

# PRAJAY ENGINEERS SYNDICATE LIMITED

## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the 17th Annual Report on the business and operations of the Company together with the audited results for the financial year ended 31st March, 2011.

### FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	Year ended 31st March 2011		Year ended 31st March 2010	
	Standalone	Consolidated	Standalone	Consolidated
Gross Turnover	8830.87	8645.55	8410.52	7153.09
Profit before interest and Depreciation	1707.31	1511.75	2019.79	1432.94
Depreciation	432.02	437.04	410.31	454.66
Profit before Tax	466.07	264.88	307.66	(323.55)
Provision for taxation	451.75	451.75	104.44	104.48
Profit after tax	14.31	(193.99)	203.22	(428.03)
Transfer to General Reserve	–	–	–	–
Dividend	–	–	–	–
EPS				
Basic	0.02	(0.28)	0.51	(1.07)
Diluted	0.02	(0.28)	0.29	(0.60)

Despite several odds viz. recession, political unrest, tight borrowing norms and general slow down in the economy and especially in the real estate sector, your company could report a gross turnover of Rs. 8830.87 lacs as against Rs. 8410.52 lacs for the previous year.

In the challenging environment, your Company continued its focus on consolidation, stable growth and risk management. Despite tight liquidity conditions during the second- half of last fiscal, your Company met all its stakeholder commitments in time during the year, including its commitments towards lending institutions.

For a detailed analysis of the performance of the company for the year under review, please refer Management's Discussion and Analysis section of the Annual Report.

### DIVIDEND

Your company currently has many projects under implementation. In order to fund these projects in their development, expansion and implementation stages, conservation of funds is of vital importance. Therefore, your directors have not recommended any dividend for the financial year 2010-11.

### DEPOSITS

During the year under review, the company has passed a resolution at the board meeting held on 15.10.2010 and released an advertisement on 20.10.2010 under the provisions of Sec. 58A of the Companies Act, 1956 and as per the Companies (Acceptance of Deposits) Rules, 1975 inviting deposits from shareholders, employees and general public and collected about 56.53 lacs till 31st March. As on 31st March, 2011 no amounts were due for repayment and interest is being served regularly as per the terms of the deposit scheme.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri K. Ravi Kumar, Sri N. Ravinder Reddy and Sri Sumit Sen, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment and therefore the board recommends their re-appointment at the ensuing Annual General Meeting.

Details of directors appointed / re-appointed are furnished in the Corporate Governance section.



# PRAJAY ENGINEERS SYNDICATE LIMITED

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## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- (i) in the preparation of Annual Accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed and there has been no material departure;
- (ii) the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company on that date;
- (iii) proper and sufficient care has been taken 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;
- (iv) the annual accounts have been prepared on a going concern basis;

## **PARTICULARS OF SUBSIDIARY COMPANIES - SEC. 212 OF THE COMPANIES ACT, 1956**

Pursuant to the provisions of Sec. 212 of the Companies Act, 1956, documents in respect of subsidiaries viz. Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report are required to be attached to the balance Sheet of the holding company.

In the context of globalization of Indian economy and increased number of subsidiaries and the introduction of accounting standards on consolidated financial statements, Ministry of Corporate Affairs has vide its circular no.2/2011 dated 8th February, 2011 granted general exemption to holding companies from the provisions of Sec. 212 of the Companies Act, 1956 subject to fulfillment of certain conditions mentioned therein.

The Annual Accounts of the subsidiaries and related detailed information will be made available free of cost to any member of the Company/ its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/ its subsidiaries at the head office of the holding company and of the subsidiary companies concerned.

The financial data of the subsidiaries has been furnished along with the Statement pursuant to Sec. 212(1)(e) of the Companies Act, 1956 forming part of Annual Report.

## **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard AS-21 on consolidated financial statements, the audited consolidated financial statements are attached to this Annual Report.

## **AUDITORS**

The Statutory Auditor Mr. S.V. Rangan, Chartered Accountant holds office until the conclusion of the ensuing Annual General Meeting and being eligible, is recommended for re-appointment. A certificate from the Auditor has been received to the effect that the re-appointment, if made, would be within the limits as specified under Sec. 224(1B) of the Companies Act, 1956.

## **REPORT ON CORPORATE GOVERNANCE**

Your company continuously works to improve its governing practices and processes and always strives to ensure that best practices are identified, adopted and followed. A detailed report on Corporate Governance practices followed by your Company, in terms of Clause 49 (VI) of the Listing Agreement with Stock Exchange is separately provided in this Annual Report. The compliance certificate issued by Sri P. Konda Reddy, Practicing Company Secretary in line with clause 49 of the Listing Agreement is also provided elsewhere and forms part of this Report.

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

Pursuant to clause 49 of the Listing Agreement, a report on Management Discussion and Analysis (MDA) for the year under review is given in a separate section in this Annual Report.

## **CEO's DECLARATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**

Declaration as required under Clause 49(1)(D)(ii) of the Listing Agreement with regard to compliance of Code of Conduct of the company is annexed to this Report.

# PRAJAY ENGINEERS SYNDICATE LIMITED

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## **PARTICULARS OF EMPLOYEES:**

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, are provided in annexure forming part of this report.

## **EMPLOYEE RELATIONS**

Employee relations were cordial during the year and the Board would like to place on record its appreciation to all the employees of the Company for their continued support and services.

## **CLARIFICATIONS TO THE OBSERVATIONS MADE IN AUDITORS' REPORT:**

### **Point No.4 (a) and (b):**

- a. As a result of economic slowdown and recession in realty sector the realizations from customers are slow.
- b. Due to long term involvement in such projects, no provision has been considered necessary.

### **Point no. vii of Annexure to Auditors Report:**

The Audit Committee had elaborate discussions on the said point. The company will take all steps to see that the scope and coverage of internal audit is increased to commensurate with the nature and size of the business of the company.

### **Point No. 3(c) of Auditors' Report on Consolidated Balance sheet:**

Interest on debentures is not provided for the detailed explanation given for C.15 of Schedule 18 of Consolidated Financial Statement.

## **DISCLOSURE OF PARTICULARS:**

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are furnished below:

### **Conservation of Energy & Technology Absorption:**

Since your company does not own any manufacturing facility, the requirements pertaining to disclosure of particulars relating to conservation of energy, research & development and technology absorption, as prescribed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable. However, adequate measures have been taken to conserve and reduce energy consumption.

Foreign Exchange Earnings and Outgo:

Foreign Exchange Earnings: Rs. 6.29 lacs

Foreign Exchange Outgo: Rs. 345.96 lacs

## **ACKNOWLEDGEMENTS**

Your directors take this opportunity to thank the financial Institutions, Banks, Central and State Governments, regulatory authorities, stock exchanges and the stakeholders for their continued co-operation and support to the company.

Your Directors also wish to record their appreciation for the continued co-operation and support received from the customers, vendors, joint venture partners / associates.

For and on behalf of the Board

Place : Hyderabad  
Date : 30.08.2011

**D.S.Chandra Mohan Reddy**  
Chairman & Managing Director

# PRAJAY ENGINEERS SYNDICATE LIMITED

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## Annexure to Directors' Report

Statement Pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules 1975, forming part of the Directors' Report for the year ended 31-03-2011

Name	Designation & Nature of Duties	Remuneration (in lacs)	Qualification	Age (Years)	Experience (Years)	Date of Joining	Particulars of previous Employment
D. S. Chandra Mohan Reddy	Chairman & M.D.	24.00	B.Com.	57	36	April 1994	Not Applicable
D Vijay Sen Reddy	Exe. Director	24.00	C.A. Inter	54	28	April 1994	Not Applicable

### Notes:

1. Remuneration includes salary, allowances, commission payable, taxable Value of perquisites, wherever applicable.
2. The above directors at Sl. 1-2 are related to each other.
3. The nature of employment of above directors is contractual.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry structure and developments:

Real Estate plays a crucial role in the Indian Economy. It is the second largest employer after Agriculture and is slated to grow at 30% over the next decade. The Indian real estate market size is expected to touch \$180 billion by 2020.

After one and half years of gradual consolidation, real estate in India has fathomed its own comfortable ground, and is poised at the right threshold to take a giant leap in the years to come. The experience thus gained in this slowdown is invaluable and will serve real estate strategists for years to come. And, if we have taken our lessons right, 'caution' and 'diligence' would be the key words for the Industry in the medium term. The emerging opportunities should be targeted with an unmatched fervor of potential and pragmatism.

The real estate market has managed to withstand the pressures of economic downturn and witnessed a revival in late 2009 and consolidation in 2010. Following a gradual recovery of Indian (and global) economic activity, the real estate market witnessed significant investment interest and transaction activity in 2010. Economic expansion, leading to head count increases, paved way for substantial spatial expansion by corporates across all the major cities. Economic recovery also resulted into residential investment and increase in retail sales.

The construction sector in 2010-11 stood at Rs. 591,864 crores at constant prices by economic activity over previous years Rs. 570,706 crores. However, the over all contribution to the GDP decreased marginally to 8.1% compares to 8.2% last year.

#### **Residential Real Estate:**

##### *Demand drivers:*

The residential segment accounts for approx 75-80% of the total real estate sector in the country. The growth has been largely driven by rising disposable income levels, increase in the number of nuclear families / households, tax savings on home mortgage products as well as real estate being considered a "necessary" investment. The emergence of the integrated township format is another demand driver.

##### *Market Structure:*

With the global economic recovery during the year 2010-11 and a robust investment climate, fears of job uncertainty subsided and expansion plans for companies fructified. Attractive interest rates coupled with ample liquidity, consumer confidence returned leading to an upsurge in residential demand. The housing sector alone contributes to 5-6% of the country's GDP.

##### *Outlook:*

Given the housing shortage, the long term demand outlook remains unchanged and sustainable. In the short term the governments' ability to maintain inflation and growth will determine the demand trends. Keeping inflation trends and affordability in mind, pricing discipline, product attributes, developer credibility, approvals visibility etc. are expected to drive demand in the short term.

The pan India cumulative residential demand is estimated to stand at approximately 4.25 million units and as per Cushman & Wakefield research a CAGR of 15% is expected by 2014. About 60% of estimated demand is expected to be spread across the top 7 cities of NCR, Mumbai, Pune, Bengaluru, Chennai, Hyderabad and Kolkata.

Launch of premium products to continue, albeit at a slower pace - launch of ultralow cost housing by private developers - housing for all - large number of launches would continue to be in the range of INR 2000-3000 per sq ft at the leapfrogged suburban locations.

## **Commercial Real Estate:**

### *Demand Drivers:*

The Indian commercial office sector has continuously been evolving in response to a number of changes in the business environment and dominated by the - IT/ITeS segment, which has been the driving force for commercial real estate growth in India. Post the downturn, there was a renewed impetus on spatial expansion by the IT/ITeS occupiers, as well as those belonging to the new economy sectors such as Telecom, Pharmaceuticals, Biotech and Manufacturing. Demand for office space continued to revive from the early 2010 and continued to increase.

### *Structure:*

The ability to provide necessary human base with required skill sets, competitive business environment operating cost advantages and urban infrastructure offered, are the key to the growth of certain destinations viz. Bangalore, Gurgaon, Hyderabad, Chennai, Kolkata and Pune in the last 5 years.

### *Outlook:*

Indian office market will continue to be governed by economic growth and corporate expansion plans. Corporate expansion plans will continue to offer opportunities for prime city office stock.

The pan India cumulative office space demand over the next 5 years (2010-2014) is estimated to be approximately 241 million sq. ft. as per Cushman & Wakefield research. Office rents started appreciating after mid 2011 -IT / ITES and BFSI would continue to account for 60-70% of office demand.

With a stable business environment and an improving investment sentiment, supported by able policy measures, demand is expected to be buoyant in the long term. However, in the short term, demand may stabilize or witness a marginal correction, depending on the overall global and Indian economic outlook and related government actions.

## **Retail Real Estate:**

### *Demand Drivers:*

The increase in disposable incomes, demographic changes, the rising number of nuclear families and higher income levels within the urban population, the change in the perception of branded products, the growth in retail malls, the entry of international players and the availability of cheap finance (like credit cards) will drive the growth in organized retail India.

### *Structure:*

India has one of largest number of retail outlets in the world. Of the 12 Mn retail outlets present in the country, nearly 5 Mn sell food and related products. The organized retail market in India accounts for approximately 8% of the overall India retail market size reflecting the potential for future growth. According to industry estimates, Indian retail market, the fifth largest globally, is estimated to grow from US\$ 427 bn in 2010 by US\$ 637 bn by 2015.

### *Outlook:*

Rising income levels and a changing outlook towards branded goods is expected to translate into higher demand for shopping mall space. The organized retail industry expected to grow at around 30% annually. The share of organized retail is expected to reach 12% in terms of sales by 2012, over 375 mn square feet of new retail space would be required to fulfill expected anticipated demand.

## **Hospitality:**

The increase of disposable income in the hands of an upwardly mobile Indian middle class coupled with the changing lifestyle of the population, has created demand for quality hotels across India. In addition, India is

also emerging as a major destination for global tourism and business travel which in turn is increasing the demand for hotels.

As per the World Travel and Tourism Council (WTTC) India's travel and tourism Industry was expected to grow at 8% per annum. WTTC also recognized India as one of the emerging tourism markets having the potential to earn US\$ 24 bn in annual foreign exchange through tourism by 2015.

## 2. Opportunities and threats

Hyderabad, being a cynosure amongst other capitals in the country, has pioneered in overall business growth and in the growth of the entire state with the support of the Government policies. IT Industry has shown phenomenal growth over last decade and is expected to grow further. IT Corridor is spreading from west to north and south to east in the city and soon entire corridor from Uppal to Madhapur, Gachibowli to APPA Junction shall be dominated by IT sector's presence, creating ample opportunities in housing, office space, commercial real estate sectors.

In 2010-11, the topline growth was subdued for most construction companies in Hyderabad due to after effects of Global melting down. The increase in competitive pressure has taken a toll in operating margins while a rising cost of debt is likely to further dent the earnings.

Though prospects are promising, due to wide demand supply gap in the housing sector, any change in the global, domestic, social and political situations is likely to adversely affect the performance of this sector.

### Government Initiatives & Budget Impact:

In union budget 2011-12, the government increased urban development allocation from Rs. 30.6 bn to Rs. 54 bn, allocation to housing and urban poverty alleviation was raised from Rs. 8.5 bn to Rs. 10 bn.

The existing scheme of interest subvention of 1% on housing loans has been liberalized by extending it to housing loan upto Rs. 15 lakh where the cost of the house does not exceed Rs.25 lakh from the present limit of Rs. 10 lakh and Rs. 20 lakh respectively.

The Union Finance Minister Sri. Pranab Mukherjee while presenting this year's budget has also proposed the creation of a Mortgage Risk Guarantee Fund under Rajiv Awas Yojana. This would guarantee housing loans taken by Economically Weaker Sections and Low Income Group households and enhance their credit worthiness

Surcharge on domestic companies has been reduced to 5 per cent from the present 7.5 per cent.

## 3. Segment wise or product wise performance

Innovation, Dynamism and Capability of converting dreams into realities at the helm, have been the core strength of the company. The team of committed first generation entrepreneurs has proven its business credentials having built various prestigious projects. An emphasis on quality and meeting time schedules has always been the priority of the company.

### Details of ongoing Projects

**Prajay Waterfront City** - Water front presents an alluring lifestyle near Genome Valley, upcoming Biotechnology City at Shamirpet Mandal, Hyderabad and spread across 72 acres of premium property overlooking a large natural lake. This property is well developed HMDA approved, gated community and nearest to Alexandria the multi crore Biotechnology SEZ. The project has already seen 70% development and has attracted booking to the extent of around 65% of the project.

**Prajay Virgin County (SPV Project)** - Prajay Virgin County is one of the largest gated community on the southern part of the city near International Air Port and FAB City. The project has got foreign investment and now is all set to see large development exceeding 40 lacs sft comprising of apartments, individual houses, villas, School, hospital, shopping areas and other requirements of a gated community. World Class architects have already been engaged in the project to convert this dream into reality.

**Prajay Megapolis (SPV Project)** - This project is the most prestigious project in the history of the company spread over 21.23 acres of land accommodating 3000 plus flats with 36,62,874 sq.ft built up area with all residential gated community facilities. This project has attracted funding from Foreign Investor during the year under review and the site is under the process of development and basement excavation work.

**Prajay Windsor Park** - This Project is proposed to be set up on a land of about 11 acres with 834 apartments close to the Hyderabad-Warangal highway. Windsor park shares the neighborhood with premier institutions like Raheja Mind Space, Sanskrit Township and Infosys campus.

**Prajay Gulmohar** - Gulmohar is a gated community with independent villas set on 21 acres. Bhoomi pooja has been performed during the year and completed model houses at the site. The company could close 70% of the project bookings in the record period of 5 months time.

**Prajay Homes - Extension** - Prajay Homes township extension works are being carried out at Shamirpet on 4.5 acres area. This township is close to Celebrity Club, emerging Biotech Hubs and top notch multinational corporations like Zenotech, SP Biotech, ICICI Knowledge Park, Alexandria and many prestigious schools, colleges and hospitals.

**Prajay Princeton Towers** - Prajay Princeton Towers project is one of its kind business opportunity in the heart of Saroonagar, LB Nagar with 13 floors - 5 floors meant for business purposes and the rest 8 floors meant for Hotel with three star status. The project has been funded by a consortium lead by State Bank of India and is ready to start commercial operations soon.

**Prajay Blue Hope** (Under Joint Development) - Prajay Blue Hope is a commercial cum residential project with 8 floors on 4032 sq. yards and situated at the heart of the city at Abids. Ground and First floors are meant for retail purpose, 2-4 floors earmarked for offices space and the rest 5-8 floors are meant for residential purpose.

**Prajay Le Chalet** (Under Joint Development) - This purely residential project is situated at Chikoti gardens, Begumpet, Hyderabad amidst of friendly inhabitants with lush greenery all around. The project is expected to complete by the end of financial year 2011-12.

#### 4. Outlook

Affordable housing will be a key factor in driving the sector. Financial year 2011-12 is expected to be a positive year for the construction and development sector in Hyderabad. The revival is expected to be driven by infrastructure growth, which in turn, can accelerate real estate activities both in residential as well as commercial spaces.

The change in demographics with rapid urbanization and the rise in the levels of income may keep up the demand for quality real estate space. As such the outlook for the real estate industry in the long term remains positive.

The travel and tourism industry of which hotels is a major backbone holds out great opportunity for growth as the capacity addition has not kept pace with the growth in travel and tourism.

#### 5. Risks and concerns

The company's operations and its ability for future development has to be viewed in the light of certain factors such as the availability of real estate financing, uncertainty on monetary and fiscal policy actions, changes in government regulations, foreign direct investments, approval processes, environmental laws, actions of government land authorities and legal proceedings. Other business risks could be financial stability of commercial and retail tenants, replenishment of land reserves, lack of ability in identifying consumer requirements in a timely manner.

Most of the Company's land reserves and properties under development are situated in Hyderabad and surrounding regions. As a result, the Company's business depends, to a large extent, on the performance of the property, political scenario and market conditions in Hyderabad. The increase in cost of materials

such as cement, steels etc. and increase in the fuel prices and fluctuations in the market conditions are inherent to this industry and have their impact on the financial results.

Some of the concerns for the hospitality industry are the increase in the crude oil prices and consequent increase in the ATF which is likely to impact the growth rate in travelling and tourism and the occupancy level at hotels. Besides, higher inflation is likely to induce corporate to initiate cost cutting measures which may affect the business of travel industry and consequently the hotel occupancy levels nationwide.

## **6. Internal control systems and their adequacy**

The company has internal control systems to ensure protection of assets against loss from unauthorized use and all the transactions are authorized, recorded, and reported correctly. The control systems are also supplemented by internal audit conducted by a team of experts.

The internal audit reports are reviewed by the Audit Committee of the board and the Audit Committee reviews the internal controls at periodic intervals in close coordination with management.

## **7. Discussion on financial performance with respect to operational performance**

In spite of recent economic crises, worldwide uncertainty, inflation, higher interest rates, generally tough business environment resulting in slow-down of business in general, we have resolved to continue with our tasks and tone up every aspect of our performance.

**Earning Per Share:** Though the profit before tax is increased by 51.49% when compared to previous year, the earning per share has reduced to 0.02 due to higher interest costs, expanded base of paid up share capital of the company.

**Profits and Ratios:** Despite several odds your company posted an operating profit of Rs. 376.88 lacs in the current financial year when compared to the last years' Rs. 232.66 lacs. The company's current ratio stood at 4.49.

**Share Capital and Net Worth:** The paid up share capital of the company has been improved to Rs. 6993.58 lacs from Rs. 4833.09 lacs and thus the net worth of the company improved to Rs.66963.01 lacs. The funded debt to equity ratio of the company remained at a comfortable level of 0.63 when compared to the acceptable level of 2:1.

**Loans:** The company continues to get support from its bankers and financial institutions and the total secured loan portfolio stood at Rs. 23,100.40 lacs as at the end of the year as against RS. 21,000.85 lacs.

## **8. Material developments in Human Resources/Industrial Relations front, including number of people employed.**

The company has adequate human resources to man its various activities as of now. The company reviews its manpower requirements from time to time vis-à-vis current volume of activities and inducts suitable personnel as per requirement.

The company follows sound man management practices and it recognizes that employees are the assets and partners in its endeavour to achieve excellence in its business operations.

### **Cautionary statement:**

The above Management Discussion and Analysis contain certain forward looking statements within the meaning of applicable security laws and regulations. These pertain to the Company's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition, economic growth in India, ability to attract and retain highly skilled professionals, time and cost overruns on contracts, government policies and actions with respect to investments, fiscal deficits, regulations etc.



## REPORT ON CORPORATE GOVERNANCE

Your directors present the company's report on corporate governance in compliance with clause 49 of the Listing Agreement.

### 1. Company's philosophy on Code of Governance:

Your company firmly believes that good governance is a pre-requisite for establishing a relationship of trust between the company and its stakeholders. Your company also believes that the quest for excellence in performance vests on unflinching adherence to the core values of honesty, transparency and accountability in all business transactions. Your Company is committed to the principles of good governance.

### 2. Board of Directors:

The board, an apex body, formed by the shareholders, provides and evaluates the strategic directions of the company, formulates and reviews management policies, serves and protects the overall interests of shareholders to ensure long-term value creation for stakeholders. As on 31.3.2011 the board comprises a Chairman & Managing Director, 4 Executive Directors and 5 Non-Executive Directors. The composition of the board is in conformity with the clause 49 of the listing.

The board of directors has complete access to the information within the company which includes the following:

- Quarterly results of the company and its operating divisions or business segments
- Minutes of meetings of Audit Committee and other Committees of the Board
- The information on recruitment and remuneration of senior officers including appointment or removal of Chief Financial Officer and Company Secretary
- Any material default in financial obligations to and by the company, or substantial non payment for goods sold by the company
- Details of any joint venture or collaboration agreement
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business
- Compliance or non-compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend, delay in share transfers etc.

### Composition:

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(I)(C)(ii)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies.

**Table 1:**

Name of the Director	Category	Relationship between directors inter-se	Other Director ships*	Committee Member ships*	Chairman ships in Committees*
D.S.Chandra Mohan Reddy	Chairman & Managing Director	Brother - D. Vijay Sen Reddy	14	Nil	Nil
D.Vijay Sen Reddy	Executive Director	Brother - D.S.Chandra Mohan Reddy	18	1	Nil
K.Ravi Kumar	Executive Director	NIL	NIL	Nil	Nil
N.Ravinder Reddy	Executive Director	NIL	16	1	Nil
Sumit Sen	Executive Director	NIL	2	Nil	Nil
D.Chakradhar Reddy	Non-Executive-Independent	NIL	NIL	1	1
Vijay Kishore Mishra	Non-Executive-Independent	NIL	3	Nil	1
N.Nageshwara Rao	Non-Executive-Independent	NIL	1	1	Nil
Rudresh Veerabhadrapa	Non-Executive-Independent	NIL	NIL	Nil	Nil
M. Raja Gopala Reddy	Non-Executive-Independent	NIL	3	Nil	Nil

\*Note: Includes Directorships in Private Limited Companies. Only Audit Committee and Shareholders'/Investors' Grievance Committee have been considered for the committee positions.

# PRAJAY ENGINEERS SYNDICATE LIMITED

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## Code of Conduct

The Company has laid down a code of conduct for its board of directors and senior management personnel. The code of conduct is available on the website of the company at [www.prajayengineers.com](http://www.prajayengineers.com).

Further, all the Board members and senior management personnel (as per Clause 49 of the Listing Agreement) have affirmed compliance with the respective Code of Conduct. A declaration to this effect signed by the Managing Director (CEO) forms part of this report.

## Meetings

As per the Listing Agreement, the Board of Directors shall meet at least four times a year with a maximum time gap of four months between any two meetings.

The meetings of the board are generally held either at registered or corporate office of the company. During the financial year 2010-11, the Board has met 7 (seven) times on the following dates: 29th April, 2010; 15th May, 2010; 14th August, 2010; 15th October, 2010; 15th November, 2010; 14th February, 2011 and 5th March, 2011.

The company is in compliance with the provisions of the Listing Agreement in terms of gap between two Board Meetings. The following composition of the board is as on 31.3.2011. Their attendance at the board meetings during the year and at the last annual general meetings are as follows:

**Table 2: Directors Attendance at Board Meetings & last AGM:**

Name of the Director	No. of Board Meetings Attended	Attendance at the last AGM held on 30.9.2010
D.S.Chandra Mohan Reddy	07	Yes
D.Vijay Sen Reddy	07	Yes
K.Ravi Kumar	07	Yes
N.Ravinder Reddy	07	Yes
Sumit Sen	07	Yes
D.Chakradhar Reddy	06	Yes
Vijay Kishore Mishra	07	Yes
N.Nageshwara Rao	04	No
M. Raja Gopal Reddy	03	No
Rudresh Veerabhadrapa	03	No

Details of the Directors seeking appointment/re-appointment at the Annual General Meeting, pursuant to Clause 49 of the Listing Agreement, are given below:

### **Sri K. Ravi Kumar**

Mr. Ravi Kumar is a Master of Technology and a Civil Engineer, He brings a repository of technical expertise in construction and guides the adoption of progressive building practices to Prajay, steering innovation and quality in the Company.

### **Sri Sumit Sen**

A Post Graduate in Commerce and a Diploma Holder in Marketing and Personnel Management and Diploma holder in Mechanical Engineering. He is responsible for creating the sales strategy, identifying consumer trends and creating projects around these. He is also oversees the administrative functions. His expertise lies in appropriate pricing and financial structuring.

### **Sri N. Ravinder Reddy,**

A Post Graduate Diploma Holder of Management, he is responsible for the overall operations and also steers the hospitality division of the Company and has got more than a decade experience in the relevant industry. His knowledge of contemporary management practices and financial systems is of immense help to the Company. He is driving the new initiatives of the Company in identifying and executing hotel projects.

# PRAJAY ENGINEERS SYNDICATE LIMITED

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## 3. Board Committees:

The board can delegate its certain powers to one or more committees to have proper control of the affairs of the company. These committees shall have such number of members as may be required by the Companies Act, 1956/Listing Agreement and discharge such duties within their terms of reference.

**The board currently has 4 committees:**

### A. Audit committee:

#### Terms of Reference:

The role of the Audit Committee includes the following:

- Overseeing the company's financial reporting process and disclosure of its financial information.
- Recommending the appointment of statutory Auditors and fixation of their remuneration.
- Reviewing with the management, the annual financial statements before submission the board for approval, with particular reference to:
  - a. Changes, if any, in accounting policies and practices with reasons therefor
  - b. Major accounting entries involving estimates based on the exercise of judgment by management
  - c. Compliance with listing and other legal requirements
  - d. Disclosure of any related party transactions
  - e. Qualifications in the draft audit report, if any
- Reviewing and discussing with the statutory auditors and internal auditors about the internal audit system.
- Reviewing the adequacy and independence of the internal audit function, and observations of the internal auditor.
- Reviewing the risk management mechanisms of the company.
- Reviewing the quarterly and half yearly financial results and the annual financial statements before they are submitted to the board of directors.
- Reviewing major accounting policies and practices and adoption of applicable accounting standards.

The Audit Committee of the Board consists of 3 (three) Non executive Directors and all of them are Independent.

The committee has met 4 (four) times during the year under review on 15th May, 2010, 14th August, 2010, 15th November, 2010 and 14th February, 2011. The attendance of the members at the meetings was as follows:

Name	Status	No. of meetings held during the year	No. of meetings attended
Sri Vijay Kishore Mishra	Chairman	4	4
Sri N. Nageswara Rao	Member	4	4
Sri D. Chakradhar Reddy	Member	4	4

The composition of the Committee is in conformity with Clause 49 (II) (A) of the Listing Agreement. All members of the Committee are financially literate. Company Secretary acts as the Secretary to the Committee.

### B. Remuneration Committee:

#### Terms of reference:

To review, recommend and assess the remuneration package of Executive Directors keeping in view the provisions of Companies Act, 1956.

# PRAJAY ENGINEERS SYNDICATE LIMITED

## Composition & Attendance:

The Remuneration Committee consists of 3 Non-Executive Directors, namely, Sri Vijay Kishore Mishra, Sri N. Nageswara Rao and Sri D. Chakradhar Reddy, all of whom are independent directors.

During the financial year 2010-11 Remuneration Committee has met once on 13th August, 2010.

## Remuneration Policy:

The remuneration of the board members is based on the company's size, its economic and financial position, industrial trends, etc. compensation reflects each board members' responsibility and performance.

### a. Executive Directors:

The Company pays remuneration to its Executive Directors by way of salary, perquisites and allowances (a fixed component) and commission (a variable component) based on the nomination and recommendation of the remuneration committee, board and shareholders. Salary is paid subject to the overall ceilings stipulated under the provisions of the Companies Act, 1956.

Details of remuneration paid/payable to the Executive Directors for the year ended March 31, 2011 are as follows:

	Salary Rs.	Commission Rs.	Perquisites Rs.	Total Rs.
D.S.Chandra Mohan Reddy	24,00,000	NIL	–	24,00,000
D.Vijay Sen Reddy	24,00,000	NIL	–	24,00,000
K.Ravi Kumar	18,00,000	–	–	18,00,000
N.Ravinder Reddy	18,00,000	NIL	NIL	18,00,000
Sumit Sen	9,03,000	–	–	9,03,000

### b. Non-Executive Directors:

The company does not pay any remuneration to its non-executive directors.

The following are the details of the shares held by Non-Executive Directors as on 31st March 2011:

Sl. No.	Name of the Director	No. of shares held
1.	Vijay Kishore Mishra	36,500
2.	M. Raja Gopala Reddy	Nil
3.	D. Chakradhar Reddy	Nil
4.	N. Nageswara Rao	500
5.	Rudresh Veerabhadrapa	Nil

### C. Shareholders'/Investors' Grievance Committee

The committee attends to the shareholders'/investors' grievances/correspondence expeditiously.

#### Terms of reference:

- Redressal of shareholders'/investors' complaints,
- Transfer/transmission of shares, issue of duplicate or fresh share certificates on split/consolidation/renewal etc.

#### Composition and meetings:

The Share Transfer and Investors' Grievance Committee presently comprises 2 Executive Directors namely Sri D.Vijay Sen Reddy, Sri. N.Ravinder Reddy and a Non-Executive Director Sri.D.Chakradhar Reddy. The Committee is headed by Sri.D.Chakradhar Reddy, Non-Executive Director. Sri N.Ravinder Reddy is the Compliance Officer of the company.

The Committee approves share transfers in physical form, if any, once in fortnight. During the year under review the company has resolved investors grievances expeditiously.

# PRAJAY ENGINEERS SYNDICATE LIMITED

Status of Investor Complaints as on March 31, 2011 and reported under Clause 41 of the Listing Agreement are as under:

Complaints as on April 1, 2010: Nil

Received during the year: 04

Resolved during the year: 04

Pending as on March 31, 2011: Nil

## D. Share Allotment Committee:

Composition & Meetings:

This Committee has been constituted to issue/allot shares, to authorise the members to make applications to the Stock Exchanges for getting listing and trading approvals for the shares issued and matters related thereto.

This Committee consists of 2 non-executive and 2 executive directors viz. Mr. D.Vijay Sen Reddy (Chairman), Mr. D.S. Chandra Mohan Reddy (Member), Mr. N. Ravinder Reddy (Member) and Mr. Vijay Kishore Mishra (Member). The Company Secretary acts as Secretary to the committee meetings.

The committee has met two times during the year on 11.10.2010 and 11.01.2011.

## 4. General Body Meetings:

The following are the details of the last 3 Annual General Meetings:

Financial

Year	Venue	Date & Time	Special Resolutions Passed
2009-10	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad - 500 016.	30.9.2010 at 3.00 P.M.	<ol style="list-style-type: none"> <li>1. Appointment of Mr. M. Raja Gopal Reddy as director of the company, liable to retire by rotation.</li> <li>2. Re-appointment of Mr. D.S. Chandra Mohan Reddy as chairman &amp; managing director of the company for a further period of 5 years and to revise his remuneration.</li> <li>3. Re-appointment of Mr. D. Vijay Sen Reddy as executive director of the company for a further period of 5 years and to revise his remuneration.</li> </ol>
2008-09	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad - 500 016.	29.09.2009 at 3.00 P.M.	NIL
2007-08	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad - 500 016.	29.09.2008 at 3.00 P.M.	<ol style="list-style-type: none"> <li>1. To revise the remuneration of Sri D.S. Chandra Mohan Reddy, Chairman and Managing Director.</li> <li>2. To revise the remuneration of Sri D. Vijay Sen Reddy, Executive Director</li> <li>3. To revise the remuneration of Sri N. Ravinder Reddy, Director -Operations</li> <li>4. To revise the remuneration of Sri Sumit Sen, Director -Marketing</li> <li>5. To revise the remuneration of Sri K. Ravi Kumar, Director -Technical</li> </ol>

No special resolution was passed through postal ballot during the year ended 31st March 2011 and no special resolution is proposed to be passed by postal ballot at the ensuing Annual General Meeting.

# PRAJAY ENGINEERS SYNDICATE LIMITED

## 5. Disclosures:

- a. During the year, there were no transactions of material significance with related parties that had potential conflict with the interests of the company. Details of related party transactions form part of the accounts and given in the Notes to Accounts in the financial statement as at 31.3.2011.
- b. There were no instances of non-compliance on any matter related to capital markets and no penalties or strictures were imposed on the company by Stock Exchanges/SEBI/ and Statutory Authorities during the year under review.
- c. The company has laid down well defined procedures to appraise the board of directors about the risk assessment and minimization procedures and the same are reviewed periodically.
- d. CEO/CFO Certification

The Managing Director (CEO) and the Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended March 31, 2011.

## 6. Means of Communication:

Quarterly & Annual Results	Quarterly and Annual Financial Results are usually published in two daily news papers viz. the Financial Express and Andhra Prabha. The results are also posted on the company's website : <a href="http://www.prajayengineers.com">www.prajayengineers.com</a> .  The company's corporate website provides comprehensive information about its portfolio of business. The entire Annual Report and accounts of the company are available in downloadable format.
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## 7. General Shareholder Information:

### i) Annual General Meetings:

Day, Date	Time	Venue
Friday 30th September 2011	3.00 P.M.	Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad - 500016.

### ii) Financial Calendar:

\*Tentative calendar of events for the year 2011-12 (financial year) is as under:

Event	period
Financial year	1st April 2011 to 31st March 2012
First Quarter details	2nd week of August, 2011*
Second quarter details	2nd week of November, 2011*
Third quarter details	2nd Week of February, 2012*
Last quarter details	2nd Week of May, 2012*

iii) **Date of Book Closure:** 21st September - 30th September 2011 (both days inclusive)

### iv) Listing of equity shares on Stock Exchanges:

The equity shares of the company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has paid listing fee to both the exchanges for the year 2011-12 and custodial fee to both the depositories on the basis of no. of folios maintained by them as on 31st March 2011.

### v) Stock Code / Symbol:

Bombay Stock Exchange (BSE)	:	531746
National Stock Exchange (NSE)	:	PRAENG
ISIN for equity shares	:	INE505C01016
Depository connectivity	:	NSDL and CDSL

# PRAJAY ENGINEERS SYNDICATE LIMITED

## vi) Stock Market data for the Year 2010-11:

Monthly high and low quotations and volume of shares traded on the Bombay Stock Exchange Limited:

Month	PRAJAY BSE PRICE Rs.			BSE SENSEX	
	High (Rs.)	Low (Rs.)	Volume traded in month	High	Low
2010-11					
April, 2010	33.80	27.25	3711869	18047.86	17276.80
May, 2010	32.50	26.20	2234829	17536.86	15960.15
June, 2010	30.90	27.65	1861051	17919.62	16318.39
July, 2010	33.20	28.00	4436583	18237.56	17395.58
August,2010	35.40	27.50	3977170	18475.27	17819.99
September, 2010	30.40	27.80	2029895	20267.98	18027.12
October, 2010	30.45	26.60	2475323	20854.55	19768.96
November, 2010	29.70	18.00	3220325	21108.64	18954.82
December, 2010	21.50	15.00	1973534	20552.03	19074.57
January, 2011	20.25	13.20	928704	20664.80	18038.48
February,2011	15.90	11.90	1332637	18690.97	17295.62
March, 2011	13.93	11.90	1172079	19575.16	17792.17

Monthly high and low quotations and volume of shares traded on the National Stock Exchange of India Limited

Month	PRAJAY NSE PRICE Rs.			NIFTY	
	High (Rs.)	Low (Rs.)	Volume traded in month	High	Low
2010-11					
April, 2010	33.75	27.30	3705971	5399.65	5160.90
May, 2010	32.90	25.35	2500299	5278.70	4786.45
June, 2010	31.00	27.50	1762270	5366.75	4961.05
July, 2010	32.95	28.05	3662683	5477.50	5225.60
August,2010	35.50	27.50	3920768	5549.80	5348.90
September, 2010	30.25	27.60	2115916	6073.50	5403.05
October, 2010	30.40	26.70	2664560	6284.10	5937.10
November, 2010	29.85	17.25	2688937	6338.50	5690.35
December, 2010	21.35	15.15	2138431	6147.30	5721.15
January, 2011	20.80	12.75	1321716	6181.05	5416.65
February,2011	15.85	12.00	1415917	5599.25	5177.70
March, 2011	13.90	12.00	1557764	5872.00	5348.20

## PRAJAY ENGINEERS SYNDICATE LIMITED

### vii) RTA and Share Transfer System:

The share transfer activities under physical mode are carried out by Registrar and Share Transfer Agent M/s. Sathguru Management Consultants Pvt. Ltd. within the stipulated time.

A Committee of Directors has been constituted to approve the transfer, transmission, issue of duplicate share certificates, certificates on split and related matters. The Share Transfer Agents have adequate infrastructure to process the above matters

### viii) Distribution of Shareholding as on March 31, 2011:

Category	No. of shareholders		No. of shares		% of total shareholding	
	Physical (A)	Demat (B)	Physical (A)	Demat (B)	Physical (A)	Demat (B)
1-5000	323	16280	73678	3005210	0.11	4.30
5001-10000	95	2729	84200	2324014	0.12	3.32
10001-20000	10	1394	13800	2190034	0.02	3.13
20001-30000	13	498	31100	1297994	0.04	1.86
30001-40000	2	244	7500	875748	0.01	1.25
40001-50000	3	198	13700	948105	0.02	1.36
50001-100000	3	248	23100	1886108	0.03	2.69
100001-above	2	258	299700	56861800	0.43	81.31
<b>Sub-Total</b>	<b>451</b>	<b>21849</b>	<b>546778</b>	<b>69389013</b>	<b>0.78</b>	<b>99.22</b>
<b>Grand Total (A+B)</b>	<b>22300</b>		<b>69935791</b>		<b>100.00</b>	

### ix) Dematerialization of Shares and liquidity:

Details of Shares Dematerialized as on March 31, 2011:

Particulars	No. of Shares	% of Paidup Share Capital
NSDL	45090054	64.48
CDSL	24298959	34.74
Physical	546778	0.78
<b>TOTAL</b>	<b>69935791</b>	<b>100.00</b>

As on 31st March, 2011 - 69389013 equity shares were dematerialised representing 99.22% of the total paidup equity share capital of the Company.



## PRAJAY ENGINEERS SYNDICATE LIMITED

x) Distribution of shareholding as on March 31, 2011:

Category	No. of Shares held	Percentage of Shareholding
<b>A. Promoter's holding</b>		
1. Promoters		
Indian Promoters	18368033	26.26
Foreign Promoters	Nil	Nil
2. Persons acting in Concert	Nil	Nil
<b>Sub-total</b>	<b>18368033</b>	<b>26.26</b>
<b>B. Non Promoter's Holding</b>		
3. Institutional Investors		
a. Mutual Funds and UTI	Nil	Nil
b. Banks, Financial Institutions, Insurance Companies (Central/ State Gov.Institutions/Non-Govt. Institutions)	Nil	Nil
c. FIs	10882049	15.56
<b>Sub-Total</b>	<b>10882049</b>	<b>15.56</b>
4. Non-Institutions		
a. Private Corporate Bodies	12500200	17.87
b. Indian Public	15742484	22.52
c. NRIs/OCBs	793846	1.14
d. Any other (Directors & Relatives)	11582013	16.56
e. Any other (Clearing Members)	65666	0.09
f. Any other (Trusts)	1500	Nil
<b>Sub-Total</b>	<b>40685709</b>	<b>58.18</b>
<b>Grand Total</b>	<b>69935791</b>	<b>100.00</b>

**PRACTICING COMPANY SECRETARY'S CERTIFICATE ON COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE**

To the members of Prajay Engineers Syndicate Limited

I have examined the compliance of the conditions of corporate governance by Prajay Engineers Syndicate Limited, for the year ended 31st March, 2011, as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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

**P. Konda Reddy**

Place : Hyderabad  
Date : 30.08.2011

Company Secretary in Practice  
Membership No.: 4384

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**DECLARATION**

This is to confirm that the company has adopted a Code of Conduct for its Board of Directors and Senior Management Personnel. The code is available on the company's website.

I confirm that pursuant to the provisions of Clause 49(I)(D)(ii) of the Listing Agreement, all the board members and senior management personnel have affirmed compliance with the Code of Conduct and ethics for the financial year ended 31st March, 2011.

Place : Hyderabad  
Date : 30.08.2011

**D.S. Chandra Mohan Reddy**  
Managing Director

# PRAJAY ENGINEERS SYNDICATE LIMITED

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## **CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

We, D. S. Chandra Mohan Reddy, Chief Executive Officer and N. Ravinder Reddy, Chief Financial Officer, of M/s. Prajay Engineers Syndicate Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2011 and to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. 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.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and there were no deficiencies in the design or operation of such internal controls.
4. We have indicated to the auditors and the Audit Committee
  - a) That there were no significant changes in internal control during the year
  - b) There were no significant changes in accounting policies during the year
  - c) There were no instances of significant fraud during the year

**D. S. Chandra Mohan Reddy**  
Chief Executive Officer

**N. Ravinder Reddy**  
Chief Financial Officer

Place: Hyderabad  
Date : 30.08.2011

## AUDITORS' REPORT

### To the Members of Prajay Engineers Syndicate Limited

1. I have audited the attached Balance Sheet of Prajay Engineers Syndicate Limited, as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, I enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Attention is drawn to the following:
  - a. *Note B.18(a) of Schedule 18, in respect of Sundry Debtors, unsecured considered good outstanding for a period of more than six months amounting to Rs.26421.37 lacs. For the reasons stated therein, I am unable to comment on the realizations of the aforesaid debtors.*
  - b. *Note B.18(b) of Schedule 18, in respect of advances amounting to Rs.8514.32 lacs given towards purchase of land/development and Rs.1671.20 Lacs given to suppliers, etc outstanding from earlier years in respect of which no provision has been made for the reasons stated therein.*
5. Subject to paragraph 4(a) and further to my comments in the annexure referred to in paragraph (3) above, I report that:
  - a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit;
  - b) in my opinion, proper books of account as required by law have been kept by the company so far as it appears from my examination of those books;
  - c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) in my opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) for recognizing profit on construction project under an agreement to sell, stage of completion is determined as a proportion that contract costs incurred for the work performed bear to the estimated total costs. Similarly contract revenue is recognized under the percentage of completion method measured by survey of work performed. Further, expected loss on contracts is recognized when it is probable that the total contract costs will exceed the total contract revenue. This practice is being consistently followed by the Company. For this purpose, total project/contract costs incurred, and cost to completion of projects/contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies, etc, which being technical matters have been relied upon by me.

## PRAJAY ENGINEERS SYNDICATE LIMITED

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- f) in my opinion and to the best of my information and according to the explanations given to me, the said accounts, read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
  - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of written representations received from the directors as on March 31, 2011, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**S V RANGAN**  
Chartered Accountant  
Membership No. 022037

Place: Secunderabad  
Date: August 30, 2011

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Prajay Engineers Syndicate Limited)

The nature of the Company's business/ activities during the year is such that clauses (xii), (xiii), (xiv), (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (CARO) are not applicable to the Company.

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to me, all the fixed assets are physically verified by the management in a phased periodical manner, which in my opinion is reasonable, having regard to the size of the Company and the nature of its assets. According to the information and explanations given to me, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in my opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in my opinion, not affected the going concern status of the Company.
- (ii)
  - (a) The inventories in respect of hotels and resorts have been physically verified by the management at the year end. In my opinion the frequency of verification is reasonable.
  - (b) In my opinion and according to the information and explanations given to me, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) On the basis of my examination of the records of inventory, in my opinion, the Company is maintaining proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and book records were not material in relation to the operations of the Company.
- (iii)
  - (a) According to the information and explanations given to me, the Company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly clauses iii (b) to iii (d) of paragraph 4 of CARO are not applicable.
  - (b) According to the information and explanations given to me, the Company has taken secured/unsecured loan from two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount of loan outstanding during the year was Rs.3277.50 lacs and the balance as at the year end is Rs. 3277.50 lacs.
  - (c) In my opinion and according to the information and explanations given to me, the terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company. There is no interest payable on the loans.
  - (d) In respect of the loans taken, the principal amounts have not fallen due for payment.
- (iv) In my opinion and according to the information and explanations given to me, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of my audit, I have not observed any continuing failure to correct major weaknesses in internal control system.
- (v)
  - (a) In my opinion, and according to the information and explanations given to me, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.

## PRAJAY ENGINEERS SYNDICATE LIMITED

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- (b) In my opinion and according to the information and explanations given to me, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has accepted deposits from the public during the year and has complied with the provisions of sections 58A, 58AA and the rules framed there under.
- (vii) *The Company has an internal audit system, the scope and coverage of which needs to be increased to make it commensurate with its size and nature of the business of the Company.*
- (viii) I am informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) According to records of the Company, the Company is generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it. There are no arrears of the aforesaid dues as at 31st March, 2011 outstanding for a period of more than six months from the date they became payable. There are no dues towards investor education and protection fund.
- (b) As at 31st March, 2011 according to the records of the Company and the information and explanations given to me, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, and cess matters that have not been deposited on account of any dispute.
- (x) The Company does not have accumulated losses as at 31st March, 2011 and has not incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
- (xi) In my opinion and according to the information and explanations given to me, the company, during the year, has not defaulted in repayment of dues to financial institutions and banks. There are no debentures as on the balance sheet date.
- (xii) According to the information and explanations given to me, the company has given guarantee, for loans taken by Prajay Properties Private Limited from banks or financial institutions, the terms and conditions whereof are not prejudicial to the interest of the company.
- (xiii) In my opinion and according to the information and explanations given to me, the term loans were applied for the purposes for which they were obtained.
- (xiv) According to the information and explanations given to me, and on an overall examination of the balance sheet of the Company, there are no funds raised on short term basis which have been used for long term investment.
- (xv) During the year, the Company has made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act. The price at which shares have been issued is not prejudicial to the interest of the Company.
- (xvi) The Company has not raised any money through a public issue during the year.
- (xvii) To the best of my knowledge and belief and according to the information and explanations given to me, no fraud on or by the Company was noticed or reported during the year.

**S V RANGAN**  
Chartered Accountant  
Membership No. 022037

Place: Secunderabad  
Date: August 30, 2011

# PRAJAY ENGINEERS SYNDICATE LIMITED

## BALANCE SHEET AS ON MARCH 31, 2011

Rs. in lacs

Schedules	As on March 31, 2011	As on March 31, 2010	
<b>I. SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	6,993.58	4,833.09
Share Warrants		—	1,629.35
Reserves and Surplus	2	59,969.43	57,426.85
<b>Loan Funds</b>			
Secured Loans	3	23,100.40	21,000.85
Unsecured Loans	4	166.88	4,942.49
Deferred Tax Liability (Net) (Refer Note B.11 in Schedule 18)		486.79	328.91
<b>TOTAL</b>		<b>90,717.08</b>	<b>90,161.54</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	6,670.38	6,498.87
Less: Depreciation		2,020.45	1,594.62
Net Block		4,649.93	4,904.25
Capital Work in Progress (including Capital Advances)		3,344.29	2,828.92
		<b>7,994.22</b>	<b>7,733.17</b>
<b>Investments</b>	6	14,147.16	11,133.88
<b>Current Assets, Loans and Advances</b>			
Inventories	7	45,716.90	37,928.42
Sundry Debtors	8	30,364.07	29,758.92
Cash and Bank Balances	9	138.41	1,494.64
Loans and Advances	10	11,154.54	15,875.19
		<b>87,373.92</b>	<b>85,057.17</b>
<b>Less: Current Liabilities and Provisions</b>	11		
Current Liabilities		18,381.96	13,551.94
Provisions		416.26	210.74
		<b>18,798.22</b>	<b>13,762.68</b>
<b>Net Current Assets</b>		68,575.70	71,294.49
<b>TOTAL</b>		<b>90,717.08</b>	<b>90,161.54</b>
Significant Accounting Policies and Notes to the Accounts	18		

Schedules 1 to 18 annexed hereto form an integral part of the accounts

Per my report attached

**S. V. Rangan**  
Chartered Accountant

For and on behalf of the Board

**D.S. Chandra Mohan Reddy**  
Chairman and Managing Director

**D.Madhavi Latha**  
Company Secretary

**D.Vijay Sen Reddy**  
Executive Director

Place: Hyderabad  
Date: 30.08.2011



# PRAJAY ENGINEERS SYNDICATE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Rs. in lacs

	Schedules	Year ended March 31, 2011	Year ended March 31, 2010
<b>I. INCOME</b>			
Sales and Services	12	8,741.68	8,335.52
Other Income	13	89.19	75.00
		<b>8,830.87</b>	<b>8,410.52</b>
<b>II. EXPENDITURE</b>			
Cost of Land, Plots and Constructed Properties and contracts	14	4,597.36	4,196.96
Direct Cost Hotels & Resorts		518.03	414.41
Employee Cost	15	616.92	590.15
Establishment and Other Expenses	16	1,391.25	1,189.21
Interest and Finance Charges	17	809.22	1,301.82
Depreciation and Amortisation		432.03	410.31
		<b>8,364.81</b>	<b>8,102.86</b>
<b>III. Profit before Tax</b>		466.06	307.66
Provision for Tax			
- Current Tax		149.10	80.35
- Prior period Tax		144.77	-
- Deferred Tax		157.88	24.09
		<b>451.75</b>	<b>104.44</b>
<b>IV. Profit after Tax</b>		<b>14.31</b>	<b>203.22</b>
Balance brought forward from previous year		<b>16,718.08</b>	<b>16,514.86</b>
<b>Amount available for appropriation</b>		<b>16,732.39</b>	<b>16,718.08</b>
<b>Balance Carried to Balance Sheet</b>		<b>16,732.39</b>	<b>16,718.08</b>
<b>Earnings per share (Face value Rs. 10/-)</b>			
Basic		0.02	0.51
Diluted		0.02	0.29
<b>Significant Accounting Policies and Notes to the Accounts</b>	18		

Schedules 1 to 18 annexed hereto form an integral part of the accounts

Per my report attached

**S. V. Rangan**  
Chartered Accountant

For and on behalf of the Board

**D.S. Chandra Mohan Reddy**  
Chairman and Managing Director

**D.Madhavi Latha**  
Company Secretary

**D.Vijay Sen Reddy**  
Executive Director

Place: Hyderabad  
Date: 30.08.2011

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule-1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
250,000,000 Equity Shares of Rs. 10 each	25,000.00	25,000.00
<b>Issued, Subscribed</b>		
70,267,291 (31.03.2010: 48,662,360) Equity Shares of Rs.10 each.	7,026.72	4,866.24
	<b>7,026.72</b>	<b>4,866.24</b>
<b>Paid up</b>		
69,935,791 (31.03.2010 : 48,330,860) Equity Shares of Rs. 10 each	6,993.58	4,833.09
	<b>6,993.58</b>	<b>4,833.09</b>
of the above :		
2,972,787 shares have been allotted pursuant to a contract without payments being received in cash		
<b>Schedule-2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Share Premium</b>		
Balance as per last Balance Sheet	38,709.69	37,889.36
Add: Amount received during the year*	2,052.47	820.33
	<b>40,762.16</b>	<b>38,709.69</b>
<b>Capital Reserve</b>	475.80	-
(refer Note B - 21 in Schedule 18.)		
<b>General Reserve</b>	1,999.08	1,999.08
Balance in Profit & Loss Account	16,732.39	16,718.08
	<b>59,969.43</b>	<b>57,426.85</b>
*on conversion of share warrants.		

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule-3 SECURED LOANS</b>		
<b>Cash Credit from Banks</b>	666.58	1,037.33
Secured by way of first charge on the specific projects' assets of the Company which includes land and other civil structures of the respective projects.		
<b>Term Loans From:</b>		
- <b>Indian Overseas Bank</b>	3,536.03	6,244.95
- <b>Interest Accrued and Due</b>	47.65	60.62
Secured by way of first charge on project assets of the Company which includes land and other assets relating to specified projects and current assets of the Hospitality Division.		
- <b>HSBC</b>	2,217.51	4,167.36
Secured by way of equitable mortgage of the plotted land with common areas at Muraharipally villiage in the project Water Front City & exclusive charge over recoverables of Water Front City and exclusive charge over agricultural land situated at Anthiapally Villiage.		
- <b>State Bank of India Consortium :</b>		
- State Bank of India	3,994.77	3,145.12
- State Bank of Mysore	1,884.05	1,179.00
- State Bank of India (SBS)	1,247.12	706.92
- State Bank of Bikaner and Jaipur	1,884.93	1,179.49
- The Tamilnad Mercantile Bank Limited	1,387.93	868.94
- Punjab National Bank	2,336.87	1,543.98
- Interest Accrued and Due	145.20	84.51
Secured by way of first joint mortgage/charge on the entire project assets of Princeton Towers, second charge on the current assets of the Princeton Towers project and personal guarantees of some of the directors		
- <b>Tata Capital Limited</b>	–	400.00
- <b>Life Insurance Corporation</b>		
- Term Loan against Policy	50.46	26.74
- Interest Accrued and Due	10.86	8.16
Secured against the Keyman Insurance Policy.		
<b>Other Loans:</b>		
<b>Hire Purchase</b>	490.43	347.73
(Secured by hypothecation of vehicles and equipments acquired out of the said loan.)		
<b>Prajay Properties Pvt Ltd</b> (Refer Note B - 20 in Schedule - 18) (secured by Mortgage of 49,869 Sft of Office premises at Begumpet, Land admeasuring 11Ac 33 Gts in Sy.No. 1222 at Shamirpet and Land admeasuring 5168 Sq.Yds in Sy.Nos 1211 to 1217 and 1226 at Shamirpet Village along with the personal guarantee of some of the Directors.)	3,200.00	–
	<b>23,100.40</b>	<b>21,000.85</b>

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule-4</b>		
<b>UNSECURED LOANS</b>		
<b>Prajay Properties Pvt Ltd</b> (Refer Note B-20 in Schedule-18)	–	3,200.00
<b>Short Term:</b>		
- From Director	–	198.61
- Hyderabad Steel Traders	–	1328.57
- H.S.T. Steels (P) Ltd	–	100.00
- H.B.C. Finance & Leasing Ltd.,	32.30	–
- Overdraft from Bank	–	12.81
<b>Other than Short Term:</b>		
Prajay Financial Services Limited	77.50	77.50
Others	–	25.00
Fixed Deposits	57.08	–
	<b>166.88</b>	<b>4,942.49</b>

### Schedule-5 FIXED ASSETS

Rs. in lacs

Particulars	Cost				Depreciation and Amortisation				Net Block	
	As on 31.03.2010	Additions	Deductions	As on 31.03.11	As on 31.03.2010	For the Year	on Deduction	As on 31.03.11	As on 31.03.11	As on 31.03.2010
Land-free Hold	430.85	–	–	430.85	–	–	–	–	430.85	430.85
Buildings	2,343.38	–	–	2,343.38	296.36	48.09	–	344.45	1,998.93	2,096.83
Lease Hold Improvements	429.32	–	–	429.32	247.50	114.63	–	362.13	67.20	296.45
Plant & Machinery	2,326.27	110.73	8.44	2,428.56	692.99	184.97	1.72	876.24	1,552.32	1,567.60
Furniture & Fixtures	343.63	3.08	–	346.71	112.02	19.99	–	132.01	214.69	251.49
Computers	87.43	10.08	–	97.51	55.65	11.14	–	66.79	30.73	38.51
Vehicles	537.99	68.60	12.54	594.06	190.10	53.21	4.47	238.84	355.21	379.30
<b>TOTAL</b>	<b>6,498.87</b>	<b>192.49</b>	<b>20.98</b>	<b>6,670.39</b>	<b>1,594.62</b>	<b>432.03</b>	<b>6.19</b>	<b>2,020.45</b>	<b>4,649.93</b>	
As At March 31,2010	6,245.6	254.87	1.59	6,498.88	1,184.57	410.31	0.27	1,594.61		5,061.03

**Note:** Plant & Machinery Costing Rs.699.60 Lacs (31.03.2010 : Rs.599.12 Lacs) And Vehicles Costing Rs.285.10 Lacs (31.03.2010 : Rs.224.74 Lacs) Have Been Acquired On Hire Purchase, The Legal Ownership Of Which Will Be Transferred To The Company After The Final Payment.

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule-6</b>		
<b>INVESTMENTS</b>		
<b>I. Long Term (at cost)</b>		
<b>A. Non Trade - Quoted</b>		
<b>Indian Overseas Bank</b>		
9,500 Equity Shares of Rs.10 each, fully paid	2.28	2.28
<b>B. Trade - Unquoted</b>		
<b>Prajay Urban Private Limited</b>		
1,000 Equity Shares of Rs.10 each, fully paid	–	0.10
<b>Prajay Properties Private Limited</b>		
64,597 Equity Shares of Rs.10 each, fully paid	6.46	5.00
<b>Prajay Properties Private Limited</b>		
40,130 Preferential Shares of Rs.10,000 each, fully paid	4,013.00	–
<b>C. In Subsidiary Company - Unquoted</b>		
<b>Prajay Retail Properties Pvt Limited</b> (formerly Dillu Cine Enterprises Pvt. Ltd)		
5,000 Equity Shares of Rs.1,000 each, fully paid	1,100.00	1,100.00
<b>Prajay Holdings Private Limited</b>		
9,99,900 Equity Shares of Rs.10 each, fully paid	99.99	99.99
<b>Prajay Realty Pvt Ltd</b>		
10,000 Equity Shares of Rs.10 each, fully paid	1.00	1.00
<b>Prajay Holdings Private Limited</b>		
6,44,38,944 Preferential Shares of Rs.10 each, fully paid	6,443.89	6,443.89
<b>D. Investments in Capital of Partnership Firm</b>		
<b>Prajay Binjusaria Estates</b>		
	2,280.50	2,280.50
<b>Total of Long Term Investments</b>	<b>13,947.12</b>	<b>9,932.76</b>
<b>II. Current Investments (at lower of cost and fair value)</b>		
<b>Quoted</b>		
<b>Investments in Mutual Funds</b>		
19,93,924 units of State Bank India, Institutional Plan of a face value of Rs.10/- each, fully paid. (31.03.10: 120,03,973 Units)	200.04	1,201.12
<b>Total of Current Investments</b>	<b>200.04</b>	<b>1,201.12</b>
<b>Total of Investments</b>	<b>14,147.16</b>	<b>11,133.88</b>
<b>Notes:</b>		
(i) Aggregate of Quoted Investments		
Cost	202.32	1,203.40
Market Value	213.68	1,209.86
(ii) Aggregate of Unquoted Investments (Cost)	11,664.34	7,649.98

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule-7</b>		
<b>INVENTORIES</b>		
Land at Cost	14,980.24	14,980.24
Constructed Properties		
- Land and construction work in progress - at cost	30,706.49	22,923.05
Hotel & Resorts		
- Food and Beverages - at cost	30.17	25.13
	<b>45,716.90</b>	<b>37,928.42</b>
<b>Schedule-8</b>		
<b>DEBTORS</b>		
<b>Unsecured , Considered good</b>		
Outstanding for more than six months	26,421.37	27,148.39
Other Debts*	3,942.70	2,610.53
	<b>30,364.07</b>	<b>29,758.92</b>
* includes Rs. Nil Due by Subsidiary/Step Down Subsidiary Companies (31.03.2010 Rs. 525.92 Lacs)		
<b>Schedule-9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	86.08	25.08
Balance with Scheduled Banks		
On Current Account	52.33	1,271.45
On Escrow Account	–	173.40
On Deposit Account	–	24.71
	<b>138.41</b>	<b>1,494.64</b>
<b>Schedule-10</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured considered good unless otherwise specified)		
Advances to Subsidiaries	–	2,410.89
Advances recoverable in cash or in kind or for value to be received <sup>@</sup>	2,279.53	3,276.05
Advance for purchase of land/ development &	8,594.69	9,997.52
Advance Tax (including tax deducted at source)	280.33	190.73
	<b>11,154.54</b>	<b>15,875.19</b>
Maximum amount outstanding during the year from subsidiaries: Rs.Nil (31.03.2010: Rs.Nil)		
<sup>@</sup> 1. Includes Deposit/Advances to directors Rs.505.00 Lacs (31.03.2010 Rs.522.86 Lacs)		
2. Includes advances to private co's in which any Director is a Director Rs.52.89 Lacs (31.03.10 Rs. 98.86 Lacs)		
<sup>&amp;</sup> 1. Includes Advance to Partnership firms in which the Company is a partner Rs.85.82 Lacs (31.03.2010 Rs.74.10 Lacs)		
2. Includes Advance to Step down Subsidiary and Private Company in which any Director is a Director Rs.1630.04 Lacs (31.3.10 Rs.3267.98 Lacs)		

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule-11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
<b>Sundry Creditors</b>		
(i) Due to micro, small and medium enterprises	–	–
(ii) Due to other creditors *	15,772.45	11,448.74
Due to Subsidiaries **	2,060.03	1,436.73
Advance from Customers	529.79	646.74
Unclaimed Dividend @	19.69	19.73
	<b>18,381.96</b>	<b>13,551.94</b>
<b>Provisions</b>		
Taxation	389.64	192.13
Fringe Benefit Tax	–	0.98
Gratuity	26.63	17.63
	<b>416.26</b>	<b>210.74</b>
<b>Notes:</b>		
* includes due to Directors Rs.5.30 Lacs (31.03.10 Rs. 5.30 Lacs)		
** includes dues to Prajay Retail Properties Pvt Ltd Rs.763.12 Lacs (31.03.10 Rs. 96.36Lacs) Prajay Holdings Pvt Ltd Rs.1296.91 Lacs (31.03.2010 Rs. 1340.37 Lacs)		
@ there is no amount due and outstanding to be credited to Investor Education and Protection Fund		

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Rs. in lacs

	Year ended March 31, 2011	Year ended March 31, 2010
<b>SCHEDULE-12</b>		
<b>SALES &amp; SERVICES</b>		
Sale of Constructed Properties	5,018.11	5,089.23
Revenue from Construction Contracts	2,327.53	1,689.94
Sale of Land	38.35	300.62
<b>Revenue from Hospitality Sector</b>		
(a) Sale of Rooms	205.68	191.20
(b) Food and Beverages	952.88	832.80
(c) Others	146.75	167.61
Membership Fees	52.37	64.12
	<b>8,741.68</b>	<b>8,335.52</b>
<b>Schedule-13</b>		
<b>OTHER INCOME</b>		
Rental Income	41.53	34.19
Interest Income [includes tax deducted at source Rs.0.37 lacs (31.03.2010 - Rs.0.11 lacs)]	6.15	2.13
Dividend from Long Term Investments	–	0.43
Dividend from Current Investments	1.56	1.12
Profit from Sale of Assets	–	0.26
Miscellaneous	39.95	36.87
	<b>89.19</b>	<b>75.00</b>
<b>Schedule-14</b>		
<b>COST OF LAND, PLOTS AND CONSTRUCTED PROPERTIES</b>		
Opening Stock:		
- Land	14,980.24	15,105.87
- Constructed Properties	22,923.05	16,360.92
Add: Purchases/Development and construction costs including civil, electrical, contracting etc., incurred during the year	12,380.80	9,680.20
Less: Closing Stock		
- Land	14,980.24	14,980.24
- Constructed Properties	30,706.49	22,923.05
	<b>3,157.39</b>	<b>3,243.70</b>
Cost of Construction Contracts	1,439.97	953.26
	<b>4,597.36</b>	<b>4,196.96</b>
<b>Schedule-15</b>		
<b>EMPLOYEE COST</b>		
Salaries, Wages and Bonus	770.83	739.62
Contribution to Provident Fund/ Pension Fund and Gratuity	24.68	28.33
Staff Welfare	6.06	21.38
	801.56	789.33
Less: Allocated to Projects	184.65	199.18
	<b>616.92</b>	<b>590.15</b>



# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Rs. in lacs

	Year ended March 31, 2011	Year ended March 31, 2010
<b>Schedule-16</b>		
<b>ESTABLISHMENT AND OTHER EXPENSES</b>		
Rent*	491.11	461.74
Rates and Taxes	350.87	231.78
Insurance	20.86	25.87
Power and Fuel	269.77	213.51
Repairs and Maintenance		
- Building	90.51	72.60
- Plant & Machinery	31.28	50.85
- Others	39.74	41.46
Travelling Expenses	24.37	25.88
Printing and Stationery	23.40	23.83
Postage, Telegrams and Telephones	28.29	32.89
Professional Charges	120.74	182.69
Advertisement	137.94	179.35
Commission on Sales	10.43	31.59
Loss on Sale of Assets (Net)	11.22	–
Miscellaneous Expenses	112.33	86.66
	<u>1,762.86</u>	<u>1,660.70</u>
Less Allocated to Projects	371.61	471.49
	<u><b>1,391.25</b></u>	<u><b>1,189.21</b></u>
* includes Rent paid to Directors Rs.366.68 Lacs (31.03.10 Rs. 343.20 Lacs)		
<b>Schedule-17</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
On Fixed Loans	2,526.11	1,953.94
Others	168.20	417.02
Bank Charges	29.62	75.35
Interest on Delayed payment of Income Tax	–	396.38
	<u>2,723.93</u>	<u>2,842.69</u>
Less: Allocated to Projects	1,914.71	1,540.87
	<u><b>809.22</b></u>	<u><b>1,301.82</b></u>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

### SCHEDULE-18

#### Significant Accounting Policies and Notes to the Accounts for the year ended March 31, 2011.

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Method of Accounting

The financial statements are prepared under the historical cost convention in conformity with the accounting principles, generally accepted in India and in accordance with accounting standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government in terms of Section 211 (3C) of the Companies Act, 1956.

##### 2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the result of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates.

##### 3. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and amortisation. Direct costs inclusive of inward freight, duties and taxes, incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalized until fixed assets are ready for use. Capital Work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use at the reporting date of the financial statements.

##### 4. Depreciation and Amortisation

- (i) Depreciation on fixed assets is provided on straight-line method as per rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) Leasehold Improvement is amortised over the period of the lease.
- (iii) Assets costing less than Rs.5000 are fully depreciated in the year of purchase.

##### 5. Investments

Long term investments are carried at cost, less provision for diminution other than temporary if any, in the value of such investments. Current Investments are carried at lower of cost and fair value.

##### 6. Inventories

Inventories are valued as under:

- (i) Land earmarked for property development is valued at cost. Cost includes land acquisition cost, registration charges and stamp duty.
- (ii) Constructed properties includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the company.
- (iii) Stock of food and beverages are carried at cost and net realizable value, whichever is lower. Cost is determined on the "weighted average" method.

##### 7. Revenue Recognition

- (i) Sale of Land and Plots is recognised in the financial year in which the agreement to sell is executed.
- (ii) Revenue from constructed properties (excluding service tax) is recognized on the "percentage of completion method". Total sale consideration as per the agreements to sell constructed properties entered into is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognised immediately.

Service tax does not form part of gross revenue.

- (iii) Contract revenue from the construction contracts are recognized on "percentage of completion method measured by survey of work performed" depending on the nature of the contract. The revenue on construction contract is recognized only when the stage of completion is 20 percent or more when the outcome of the contract can be estimated reliably. When it is probable that the total costs exceeds the total contract revenue, the expected loss is recognized immediately.
- (iv) Income from sale of Rooms, Food and Beverages and allied services relating to hotel operations is recognized upon rendering of the service. Income stated is exclusive of amount received towards sales tax/service tax etc.
- (v) In respect of membership (club) sales, revenue is recognized as under:
  - Life membership, Permanent membership and Time-share membership over a period of 15 years.
  - Long-term membership over a period of 3 years.
  - Health club membership fully in the year of receipt.

## **8. Cost of Construction**

Cost of constructed properties includes cost of land (including land under agreements to purchase), estimated internal development costs, external development charges, constructions costs and development/construction materials, which is charged to the profit and loss account based on the percentage of revenue recognized as per accounting policy (7) above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

Cost of Construction Contracts includes estimated construction costs and construction material, which is charged to the profit and loss account based on percentage of revenue recognized measured by survey of work performed as per accounting policy (7) above, depending on the nature of the contract, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

Overhead expenses comprising costs other than those directly charged to the jobs are distributed over the various projects on a pro-rata basis having regard to the activity and nature of such projects.

## **9. Foreign Exchange Transactions**

Transactions in foreign currency and non monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transaction are dealt with in the profit and loss account.

## **10. Income Tax**

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## **11. Borrowing Cost**

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time i.e., more than twelve months to get ready for its intended use. All other borrowing costs are charged to the profit and loss account as incurred.

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

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

# PRAJAY ENGINEERS SYNDICATE LIMITED

## 13. Employee Benefits

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

### (i) Defined Contribution Plan:

Company's contributions paid / payable during the year towards Provident Fund are charged to the Profit and Loss Account.

### (ii) Defined Benefit Plan:

The gratuity liability is provided on the basis of actuarial valuation on the Balance Sheet date and the same is funded with Life Insurance Corporation as per their advice.

## B. NOTES TO THE ACCOUNTS

1. As stated in note A (7) (ii) for recognizing profit on projects, stage of completion is determined as a proportion that project costs incurred for the work performed bear to the estimated total costs. Further, as stated in that note expected loss on projects is recognised when it is probable that the total project costs will exceed the total project revenue. For this purpose total project costs are ascertained on the basis of project costs incurred and costs to completion of projects on progress, which is arrived at by the Management, based on current technical data, forecasts and estimate of net expenditure to be incurred in future including for contingencies etc., which being technical matters have been relied on by auditors. Further, in respect of certain properties where sale agreement has been entered with parties even though money has not been received as per stipulation in the contract, the Company has recognised revenue and debtors as management is confident that it shall be able to realize the sale proceeds.
2. As stated in note A(7)(iii) the method used to recognize the contract revenue is percentage of completion method measured by survey of work performed. Further, as stated in the note expected loss on contracts is recognised when it is probable that the total contract cost will exceed the total contract revenue. For this purpose total contract cost is ascertained on the basis of contract cost incurred and cost to completion of contract on progress, which is arrived at by the management, based on current technical data, forecasts and estimate of net expenditure to be incurred in future including for contingencies etc., which being technical matters have been relied on by auditors.

An amount of Rs. 2327.53 lacs (31.03.2010 Rs.1689.94 lacs) is recognized as contract revenue by the company during the current financial year. The cost incurred in respect of the above is Rs.1439.97 lacs (31.03.2010 Rs.953.26 lacs). The amount of advances received against these contracts is Rs. Nil. (31.03.2010 Rs. Nil).

## 3. Sundry Creditors - Dues to Micro and small enterprises

Sundry Creditors (Schedule 11, Current Liabilities and Provisions) include Rs. Nil (31.03.2010 Rs. Nil) due to micro enterprises and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the MSMED Act, 2006) claiming their status as micro or small or medium enterprises.

4. (a) As the Company is not a manufacturing/trading Company, additional information as required under Part II of Schedule VI to Companies Act, 1956 relating to capacities, production, sales, consumption of materials etc., is not applicable to it.
- (b) The Company has applied for exemption from giving the quantity wise details of turnover in respect of supply of Accommodation, Food & Beverage and Liquor & Wines, for which approval is awaited.

## 5. Value of Import of CIF Basis

(Rs. in lacs)

	2010-11	2009-10
Construction related equipment and material	303.23	7.61

# PRAJAY ENGINEERS SYNDICATE LIMITED

## 6. Expenditure in Foreign Currency

(Rs. in lacs)

	2010-11	2009-10
Foreign Travel	21.06	–
Others	21.67	–

## 7. Earnings in Foreign Currency

(Rs. in lacs)

	2010-11	2009-10
Sale of Constructed Properties	6.29	31.39

## 8. Auditors' Remuneration

(Rs. in lacs)

	2010-11	2009-10
Audit Fees	6.00	6.00
Other Matters	6.46	11.51*

\*Includes Rs 8.71 Lacs paid to previous auditors

## 9. Contingent Liabilities (not provided for)

(Rs. in lacs)

	2010-11	2009-10
(a) Guarantees given to Banks on behalf of Prajay Properties Pvt Ltd	12130.00	–

10. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs. 2632.27 lacs (31.03.2010: Rs.2436.14 lacs).

## 11. Deferred Tax Liability (Net) comprise of :

(Rs. in lacs)

	March 31, 2011	March 31, 2010
<b>Deferred Tax Liability :</b>		
Arising on account of timing difference - Depreciation	486.79	328.91
<b>Net Deferred Tax Liability</b>	<b>486.79</b>	<b>328.91</b>

## 12. Earnings Per Share (EPS):

	2010-11	2009-10
a) Weighted average number of equity shares of Rs.10 each		
i) Number of equity shares at the beginning of the year	4,83,30,860	3,96,95,776
ii) Number of equity shares at the end of the year	6,99,35,791	4,83,30,860
iii) Weighted average outstanding during the year	6,87,21,330	3,99,32,354
b) Net Profit/(Loss) available for equity share holders (Rs. in lacs)	14.31	203.22
c) Earnings per share (Rs.)		
i) Basic	0.02	0.51
ii) Diluted	0.02	0.29

# PRAJAY ENGINEERS SYNDICATE LIMITED

## 13. Managerial Remuneration

(Rs. in lacs)

	2010-11	2009-10
Salaries	93.30	93.02
Perquisites	0.00	0.00
	<b>93.30</b>	<b>93.02</b>

## Computation of Net Profit under Section 309 (5) of the Companies Act, 1956:

(Rs. in lacs)

	2010-11	2009-10
Profit before Taxation as per Profit and Loss Account	<b>466.07</b>	<b>307.66</b>
Add:		
(a) Directors remuneration	93.30	93.02
(a) Depreciation charged in the books	432.02	410.31
(c) Loss on sale of assets	11.22	—
	<b>1002.61</b>	<b>810.99</b>
Less: Depreciation under Section 350 of the Companies Act, 1956	432.02	410.31
Net Profit as per Section 309(5) of the Companies Act, 1956	<b>570.59</b>	<b>400.68</b>

14. Segment Information as per Accounting Standard 17 on Segment Reporting notified by the Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2011.

Business Segment	(Rs. in Lacs)								
	2010-11			2009-10					
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total	
Segment Revenue External	7,383.99	1,357.68	89.19	8,830.87	7,079.79	1,255.73	75.00	8,410.52	
<b>Total Revenue</b>	7,383.99	1,357.68	89.19	8,830.87	7,079.79	1,255.73	75.00	8,410.52	
Segment Result	1,744.67	(354.99)	-	1,389.69	1,979.51	(257.34)	-	1,722.17	
Unallocated Corporate expenses net of unallocated income	-	-	-	122.10	-	-	-	116.37	
Operating Profit	-	-	-	1,267.59	-	-	-	1,605.80	
Interest Expense	-	-	-	809.23	-	-	-	1,301.82	
Interest Income	-	-	-	6.15	-	-	-	2.13	
Dividend Income	-	-	-	1.56	-	-	-	1.55	
Profit before Taxation	-	-	-	466.07	-	-	-	307.66	
Income Tax	-	-	-	293.88	-	-	-	80.35	
Deferred Tax	-	-	-	157.88	-	-	-	24.09	
<b>Net Profit</b>	-	-	-	14.31	-	-	-	203.22	
<b>Other Information</b>	2010-11			2009-10			Total		
Segment Assets	92,018.80	5,296.64	12,199.86	109,515.30	87,109.52	5,450.67	11,364.06	103,924.25	
Total Assets	92,018.80	5,296.64	12,199.86	109,515.30	87,109.52	5,450.67	11,364.06	103,924.25	
Segment Liabilities	41,695.27	338.14	518.88	42,552.29	39,014.55	385.12	635.27	40,034.94	
Total Liabilities	41,695.27	338.14	518.88	42,552.29	39,014.55	385.12	635.27	40,034.94	
Capital Expenditure	132.45	60.04	-	192.49	245.10	9.77	-	254.87	
Depreciation	204.22	227.81	-	432.02	178.14	232.17	-	410.31	
Net Cash expense other than depreciation	-	-	-	-	-	-	-	-	

**Notes:**

- Segments have been identified in accordance with Accounting Standard 17 on Segment Reporting, concerning the returns/risk profiles of the business. The company has identified business segments as mentioned below as primary segments for disclosure.
  - Construction and Development of Property.
  - Hospitality - Hotels & Resorts.
- As the operations of the company are only in India, there is no reportable geographical segment.
- Unallocated corporate expenditure includes common service expenses.

# PRAJAY ENGINEERS SYNDICATE LIMITED

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## 15. Related Party Disclosures:

Information relating to Related Party Transactions as per Accounting Standard 18 notified by the Companies (Accounting Standards) Rules, 2006.

### A. List of Related Parties

<b>Party</b>	<b>Relationship</b>	
(a) Prajay Holdings Private Limited	Subsidiary	
Prajay Developers Private Limited	Step down - Subsidiary	
Prajay Realty Private Limited	Subsidiary	
Prajay Retail Properties Private Ltd	Subsidiary	
Prajay Binjusaria Estates	Associate	
Prajay Properties Pvt Ltd	Associate	
(b) <b>Key Management Personnel</b>	<b>Designation</b>	<b>Relatives (Relation)*</b>
Mr. Chandra Mohan Reddy	Managing Director	Mrs. Hymavathi Reddy (Wife)
Mr. Vijay Sen Reddy	Executive Director	Mrs. Sharmila Reddy (Wife)
Mr. Ravinder Reddy	Director Operations	Mr. Hanumanth Reddy (Father)
Mr. K. Ravi Kumar	Whole time Director	–
Mr. Sumit Sen	Whole time Director	Mrs. Rina Sen (Wife)

\*Relatives of key management personnel with whom there were transactions during the year

### (c) Other entities under the control of key management personnel and their relatives

Prajay Financial Services Limited	Prajay Township Private Limited
Prajay Estates Private Limited	Prajay Techpark Private Limited
Prajay Hotels Limited	Prajay Chit Funds Private Limited
Prajay Arnav Shelter Private Limited	Prajay ARRF Estates Private Limited
Prajay Velocity Developers Private Limited	Money Tree Investments & Holdings Pvt. Ltd.
	Money Tree Life Style Destinations pvt. Ltd
VijMohan Constructions Private Limited	Prajay Constructions Limited
Prajay Resorts and Amusement Park Limited	Secunderabad Golf and Leisure Resorts Private Ltd.
Money Tree Entertainment Limited	Prajay Land Capital Private Limited
Prajay Resorts and Hotels Limited	Money Tree Media Ventures Private Limited



# PRAJAY ENGINEERS SYNDICATE LIMITED

**15B. The following transactions were carried out with related parties in the ordinary course of business** (Rs. in Lacs)

Description	Name of the Related Party	Subsidiaries / Step Down Subsidiaries		Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives	
		31.3.2011	31.3.2010	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Sale of land, property, material and work done	Prajay Properties Private Limited	-	-	985.71	532.76	-	-
Cancellation of Sale	Prajay Land Capital Private Limited	-	-	1,341.82	725.24	-	-
Purchase of land, material and Services	VijMoham Constructions Private Limited	-	-	-	1,293.59	-	-
Remuneration paid (Refer Note.13 on Schedule 18)	VijMoham Constructions Private Limited	-	-	0.79	21.27	-	-
Rent paid		-	-	-	-	93.30	93.02
Investments made during the year	Prajay Properties Private Limited	-	-	-	-	366.68	343.20
Investments sold during the year	Prajay Land Capital Private Limited	-	-	4,014.46	-	-	-
Advances given	Prajay Developers Private Limited	0.01	0.15	-	5.00	-	-
	Prajay Properties Private Limited	-	-	3,657.77	481.65	-	-
	Prajay Land Capital Private Limited	-	-	1,710.12	451.02	-	-
	VijMoham Constructions Private Limited	-	-	284.53	990.09	-	-
	Secunderabad Golf and Leisure Resorts Private Limited	-	-	5.08	16.84	-	-
	Prajay Velocity Developers Private Limited	-	-	1.19	61.70	-	-
	Prajay Binjuseria Estates	-	-	4.88	18.91	-	-
	Money Tree Media Ventures (P) Ltd	-	-	200.00	-	-	-
	Prajay Realty Pvt Ltd.,	0.04	-	-	-	-	-
Advances Repaid	Key Management Personnel	-	-	-	-	-	19.12
	Prajay Properties Private Limited	-	-	6,015.77	-	-	-
	Prajay Retail Properties Pvt Ltd	121.55	37.83	-	-	-	-
	Vijmohan Constructions Private Limited	-	-	185.79	250.00	-	-
	Prajay Land Capital Private Limited	-	-	3,169.17	-	-	-
	Prajay Holdings Private Limited	43.46	121.43	-	-	-	-
	Key Management Personnel/relatives	-	-	-	-	54.35	208.38
Loans Taken	Prajay Properties Private Limited	-	-	-	1,929.24	-	-
Advance Taken	Prajay Holdings Private Limited	-	406.61	-	-	-	-
	Prajay Retail Properties Private Limited	788.31	90.00	-	-	-	-
Shares Allotted on conversion of share warrants (including Share Premium)		-	-	-	372.45	2,898.88	1,066.67

# PRAJAY ENGINEERS SYNDICATE LIMITED

## 15B. The following transactions were carried out with related parties in the ordinary course of business

Description	Name of the Related Party	(Rs. in Lacs)					
		Subsidiaries / Step Down Subsidiaries		Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives	
		31.3.2011	31.3.2010	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Debtors	Prajay Properties Private Limited	-	-	966.00	522.11	-	-
	Prajay Land Capital Private Limited	-	-	863.28	3.82	-	-
Loans & Advances	Prajay Developers Private Limited	2.94	2.93	-	-	-	-
	Prajay Land Capital Private Limited	-	-	0.00	1,459.05	-	-
	Prajay Properties Private Limited	-	-	52.89	2,410.89	-	-
	VijiMohan Constructions Private Limited	-	-	177.25	78.52	-	-
	Secunderabad Golf and Leisure Resorts Private Limited	-	-	685.13	680.05	-	-
	Prajay Velocity Developers Private Limited	-	-	941.98	940.79	-	-
	Prajay Estate Private Limited	-	-	118.57	118.57	-	-
	Prajay Binjusaria Estates	-	-	78.75	73.87	-	-
	Money Tree Media Ventures (P) Ltd	-	-	200.00	-	-	-
	Prajay Realty Pvt Ltd.,	0.04	-	-	-	-	-
	Prajay Arnava Shelters Private Limited	-	-	0.10	0.10	-	-
	Key Management Personnel	-	-	-	-	572.20	590.08
Creditors/Payables	Prajay Holdings Private Limited	1,296.91	1,340.37	-	-	-	-
	Dillu Cine Enterprises Private Limited/	-	-	-	-	-	-
	Prajay Retail Properties Private Ltd	763.12	96.36	-	-	-	-
	VijiMohan Constructions Private Limited	-	-	0.79	-	-	-
	Key Management Personnel	-	-	-	-	221.17	341.42
Loan Outstanding	Prajay Properties Private Limited	-	-	3200.00	3,200.00	-	-
	Prajay Financial Services Limited	-	-	77.50	77.50	-	-

# PRAJAY ENGINEERS SYNDICATE LIMITED

## 16. Disclosure as required by Accounting Standard 19 - "Leases" notified by the Companies (Accounting Standards) Rules, 2006.

### (a) Operating Lease:

#### i. Where the Company is a lessee:

The Company's significant leasing arrangements are in respect of operating leases for premises (residences, office, etc.). The leasing arrangements, which are not non-cancellable, range generally between 11 months to 5 years and are usually renewable by mutual consent on agreed terms.

The aggregate lease rents payable are recognized in the Profit and Loss Account for the year and included as Rent (disclosed under Establishment and Other Expenses in Schedule - 16)

The Company has taken a building under a non-cancellable lease.

(Rs. in lacs)

	March 31, 2011				March 31, 2010			
	Total	Payments not later than one year	Payments later than one year but not later than five years	Payments later than five years	Total	Payments not later than one year	Payments later than one year but not later than five years	Payments later than five years
Total of future minimum lease payments at balance sheet date	38.12	38.12	–	–	99.99	61.88	38.12	–

#### ii. Where the Company is a lessor:

Details of assets given on operating lease:

(Rs. in lacs)

	Gross Block		Accumulated Depreciation as on		Depreciation for the year	
	31.3.11	31.3.10	31.3.11	31.3.10	31.3.11	31.3.10
Building	88.58	88.58	17.08	15.64	1.44	1.44

(Rs. in lacs)

	March 31, 2011				March 31, 2010			
	Total	Payments not later than one year	Payments later than one year but not later than five years	Payments later than five years	Total	Payments not later than one year	Payments later than one year but not later than five years	Payments later than five years
Total of future minimum lease payments at balance sheet date	1.86	1.86	–	–	85.41	29.14	56.27	0.00

## PRAJAY ENGINEERS SYNDICATE LIMITED

**(b) Hire Purchase:**

- (i) The Company has taken plant and machinery, motor vehicles under hire purchase arrangements for which the ownership will be transferred to the Company at the end of the hire purchase term.
- (ii) Reconciliation between the total of minimum hire purchase payments at the balance sheet date and the present value:

(Rs. in lacs)

	March 31, 2011			March 31, 2010.		
	Total	Payments not later than one year	Payments later than one year but not later than five years	Total	Payments not later than one year	Payments later than one year but not later than five years
Total of minimum hire purchase payments at the Balance Sheet date	571.89	306.66	265.24	389.00	249.51	139.48
Less: Future Finance Charges	81.46	56.56	24.91	41.26	30.75	10.52
Present Value of minimum hire purchase payments at the Balance Sheet Date	490.43	250.10	240.33	347.73	218.77	128.96

# PRAJAY ENGINEERS SYNDICATE LIMITED

## 17. Employee Benefits:

Disclosure in respect of gratuity as required under Accounting Standard 15 (Revised) notified by the Companies (Accounting Standards) Rules, 2006.

	Gratuity (Funded) (Rs. in lacs)	
	31.03.2011	31.03.2010
<b>I. Expense recognized in the Statement of Profit and Loss Account for the year ended March 31, 2011</b>		
1. Current Service Cost	3.35	5.84
2. Interest	3.30	1.96
3. Expected return on plan assets	(2.05)	(1.73)
4. Actuarial (Gain)/ Loss	4.38	9.07
5. Past Service Cost	–	(2.11)
6. Total Expense	8.98	13.03
<b>II. Net Asset/(Liability) recognized in the Balance Sheet as on March 31, 2011</b>		
1. Present Value of Defined Benefit Obligation as on March 31, 2011.	51.17	41.29
2. Fair Value of plan assets as on March 31, 2011	(24.15)	(23.25)
3. Funded Status [Surplus/(Deficit)]	(27.02)	(18.04)
4. Net Asset/(Liability) as on March 31, 2011	(27.02)	(18.04)
<b>Employee Benefits (Contd.)</b>		
<b>III. Change in Obligation during the year ended March 31, 2011</b>		
1. Present Value of Defined Benefit Obligation at the beginning of the year.	41.29	24.77
2. Current Service Cost	3.35	5.84
3. Interest Cost	3.30	1.96
4. Actuarial (Gain)/Loss	4.38	9.14
5. Benefit Payments	(1.15)	(0.42)
6. Present Value of Defined Benefit Obligation at the end of the year.	51.17	41.29
<b>IV. Change in Fair Value of Assets during the year ended March 31, 2011</b>		
1. Fair Value of plan assets at the beginning of the year	23.25	15.17
2. Expected return on plan assets	2.05	1.73
3. Contributions by employer		6.69
4. Actual benefits paid	(1.15)	(0.42)
5. Actuarial (Gain)/ Loss Plan Assets		0.08
6. Fair Value on plan assets at the end of the year	24.15	23.25
<b>V. The major categories of plan assets as a percentage of total plan</b>		
Funded with LIC	100%	100%
<b>VI. Actuarial Assumptions</b>		
1. Discount Rate	8.00% p.a.	8.00% p.a.
2. Expected Rate of Return on Plan Assets	8.00% p.a.	8.00% p.a.
3. Mortality	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
4. Turnover Rate	4.00 % p.a.	4.00 % p.a.

## PRAJAY ENGINEERS SYNDICATE LIMITED

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18. (a) Sundry Debtors - Schedule 8, unsecured, considered good, includes **Rs. 26421.37** lacs, outstanding for more than six months. As a result of economic slowdown and recession in realty sector the realisations from customers are slow.
- (b) Loans and Advances - Schedule 10 include advances given to Landlords/developers towards certain projects amounting to Rs. 8514.32 lacs and to suppliers, etc. amounting to Rs. 1671.20 lacs outstanding from earlier years. Due to long term involvement in such projects, no provision has been considered necessary.
19. Details as required under Schedule VI - Part I of the Companies Act, 1956 relating to investment in partnership firm.
- (a) Name of the Partnership Firm - Prajay Binjusaria Estates
- (b) Total Capital of the said Firm is Rs.2685.50 lacs
- (c) As at March 31, 2011 the partnership firm has not commenced any activities
- (d) Share of each partner in the Profit or Loss

Srl. No.	Name of the Partners	Share (%)
1.	Prajay Engineers Syndicate Limited	50
2.	Binjusaria Developers Private Limited	17
3.	Mr. Arun Kumar Kedia	17
4.	Ms. Seema Kedia	16

20. The company has entered into Rupee Facility Agreement with Prajay Properties Private Limited (PPPL) on 22nd August 2008 and taken a Loan of Rs.3200 Lacs in terms of a Facility Agreement dated 17.06.2008 between the PPPL and Lehman Brothers Capital Private Limited. In terms of the revised Rupee Facility Agreement dated 6th October 2009 with PPPL on account of settlement reached by PPPL with the lender Lehman brothers capital Private limited, no Interest is payable on the loan taken from PPPL. However during the year additional security cover has been provided for the loan taken thereby changing the category of the loan to a secured loan and hence depicted accordingly.
21. During the year 97,59,985 Share Warrants were forfeited as the warrant holders did not opt to convert them into equity shares . Consequently the amount of Rs.475.80 Lacs received against these Share warrants have been transferred to Capital Reserve.
22. Previous year figures have been regrouped/reclassified wherever necessary to conform to current year classification.

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Per my report attached

**S. V. Rangan**  
Chartered Accountant

Place: Hyderabad  
Date: 30.08.2011

**D.Madhavi Latha**  
Company Secretary

For and on behalf of the Board  
**D.S. Chandra Mohan Reddy**  
Chairman and Managing Director

**D.Vijay Sen Reddy**  
Executive Director

# PRAJAY ENGINEERS SYNDICATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Rs. in lacs

	For the year ended March 31, 2011		For the year ended March 31, 2010	
<b>A. Cash Flow from Operating Activities:</b>				
Net Profit before Taxation		466.07		307.66
Adjustments for:				
Depreciation	432.02		410.31	
(Profit) / Loss on sale of Fixed Assets	11.22		(0.26)	
Income from non trade investments	(1.56)		(1.55)	
Interest Income	(6.15)		(2.13)	
Interest and Finance Charges	809.23	1,244.76	1,301.82	1,708.19
<b>Operating Profit before working capital changes</b>		1,710.83		2,015.85
Adjustments for:				
(Increase)/Decrease in Inventories	(7,788.48)		(6,435.15)	
(Increase)/Decrease in Debtors	(605.14)		2,210.12	
(Increase)/Decrease in Loans and Advance	2,309.76		(2,711.64)	
Increase/(Decrease) in Trade and Other Payables	5,035.53	(1,048.33)	(543.93)	(7,480.60)
<b>Cash from Operations</b>		662.50		(5,464.75)
Direct Taxes paid (including Fringe Benefit Tax)		(293.87)		(1,151.75)
<b>Net Cash Flows from Operating Activities</b>		368.63		(6,616.50)
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(707.86)		(816.02)	
Sale of Fixed Assets	3.56		1.58	
Purchase of Investments	(4,014.46)		(1,201.12)	
Sale of Investments	1,001.18			
Sale of Investments in Subsidiaries	—		5.00	
Loans and Advance to Subsidiaries	2,410.89		(2,124.28)	
Income from non trade investments (dividend)	1.56		1.55	
Interest income received	6.15		2.13	
<b>Net Cash used in Investing Activities</b>		(1,298.98)		(4,131.16)
<b>C. Cash Flow from Financing Activities</b>				
Issue of Equity Capital/Share Warrants/ Share Premium	3,059.41		3,313.18	
Proceeds from long term borrowings	2,099.55		13,162.49	
Repayment of long term borrowings	(4,775.61)		(3,639.92)	
Interest Paid	(809.23)		(1,301.82)	
Dividend Paid (including Tax on Dividend)	—		(164.26)	
<b>Net Cash from Financing Activities</b>		(425.88)		11,369.67
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		(1,356.23)		622.01
<b>Cash and Cash Equivalents at the beginning of the year</b>		1,494.64		872.63
<b>Cash and Cash Equivalents at the end of the year</b>		138.41		1,494.64

Notes: Cash and Cash Equivalents as on March 31, 2011 includes Rs. NIL lacs (31.03.2010 :Rs.173.40 lacs) in Escrow Account.

Schedules 1 to 18 annexed hereto form an integral part of the accounts

Per my report attached

**S. V. Rangan**

Chartered Accountant

For and on behalf of the Board

**D.S. Chandra Mohan Reddy**

Chairman and Managing Director

Place: Hyderabad

Date: 30.08.2011

**D.Madhavi Latha**

Company Secretary

**D.Vijay Sen Reddy**

Executive Director

# PRAJAY ENGINEERS SYNDICATE LIMITED

## Statement Pursuant to part IV of Schedule VI to the companies Act , 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No.:   -       State Code:

Balance Sheet Date:          
Date Month Year

### II. CAPITAL RAISED DURING THE YEAR (Amt in Rs. Thousands)

Public Issue:       .   Rights Issue:       .

Bonus Issue:       .   Private Placement:\*        .

### III. POSTION OF MOBILISATION AND DISPOSITION OF FUNDS (Amt in Rs.Thousands)

Total Liabilities:        .   Total Assets:        .

#### SOURCES OF FUNDS

Paid - up Capital:        .   Reserves and Surplus:        .

Secured Loans:        .   Unsecured Loans:        .

Def.Tax Liability        .

#### APPLICATION OF FUNDS

Net Fixed Assets:        .   Investments:        .

Net Current Assets:        .   Miscellaneous Exp.:       .

Accumulated Losses       .

### IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover:        .   Total Expenditure:        .

Profit/(Loss) Before Tax:       .   Profit/(Loss) After Tax:       .

Earning Per Share in Rs.      .   Dividend Rate %      .

### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No.    
(ITC Code)

Service Description:

Service Description:

\*issue of shares upon Conversion of Share Warrants

For and on behalf of the Board

**D.S. Chandra Mohan Reddy**  
Chairman and Managing Director

Place: Hyderabad  
Date: 30.08.2011

**D.Madhavi Latha**  
Company Secretary

**D.Vijay Sen Reddy**  
Executive Director



**Statement under Section 212 of the Companies Act 1956**

Rs.in Lakhs

Name of Subsidiary	Financial Year Ending of the Subsidiary	Number of Equity Shares	Extent of Holding	For the Financial Years ended 31.03.2011		For the Previous Financial Year ended 31.03.2010	
				Profit/(Losses) not dealt within the books of accounts of the parent company	Profit/(Losses) dealt within the books of accounts of parent company	Profit/(Losses) not dealt within the books of accounts of the parent company	Profit/(Losses) dealt within the books of accounts of the parent company
1	2	3	4	5	6	7	8
Prajay Holdings Pvt. Ltd.	31.03.2011	999,900	99.99%	(7.27)	Nil	(11.57)	Nil
Prajay Developers Private Limited Note: Subsidiary of Subsidiary i.e Prajay Holdings Pvt. Ltd	31.03.2011	-	-	Nil	Nil	Nil	Nil
Prajay Retail Properties Pvt Ltd	31.03.2011	5000	100%	(7.83)	Nil	(0.55)	Nil
Prajay Realty Pvt.Ltd.	31.03.2011	10000	100%	(0.04)	Nil	Nil	Nil

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SUMMARY OF INFORMATION OF SUBSIDIARY COMPANIES for the Financial Year ended 31st March'2011

Rs.in Lakhs

Particulars	Prajay Holdings Private Limited	Prajay Developers Private Limited	Prajay Retail Properties Private Limited	Prajay Realty Private Limited
1. Issued and Subscribed Equity Share Capital	100.00	2,182.32	50.00	1.00
2. Reserves & Surplus	(133.70)	(11.99)	2,713.20	(0.21)
3. Total Assets (Net)	14,076.31	2,182.32	2,763.20	0.79
4. Total Liabilities (Outside)	7,532.42	–	–	–
5. Details of Investments (Except in case of investments in the subsidiaries)	–	–	–	–
6. Turnover	–	–	–	–
7. Profit before Taxation	(7.27)	–	(7.83)	–
8. Provision for taxation	–	–	–	–
9. Profit after taxation	(7.27)	–	(7.83)	–
10. Proposed Dividend	Nil	Nil	Nil	Nil

## AUDITORS' REPORT

To  
The Board of Directors of  
Prajay Engineers Syndicate Limited

1. I have audited the attached consolidated Balance Sheet of Prajay Engineers Syndicate Limited and its subsidiaries and associates (the Group) as at March 31, 2011 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of Prajay Engineers Syndicate Limited's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.
3. Attention is drawn to the following:
  - a. Note C.12 (a) of Schedule 18, in respect of Sundry Debtors, unsecured considered good outstanding for a period of more than six months amounting to Rs.26421.37 lacs. For the reasons stated therein I am unable to comment on the realizations of the aforesaid debtors.
  - b. Note C.12 (b) of Schedule 18, in respect of advances amounting to Rs.8514.32 lacs given towards purchase of land/development and Rs.1671.20 lacs given to suppliers, etc outstanding from earlier years in respect of which no provision has been made for the reasons stated therein.
  - c. Note C.15 of Schedule 18 in respect of non provision of interest on debentures for the year amounting to Rs.752.08 lacs, for the reasons stated therein.
4. For recognizing profit on construction project under an agreement to sell, stage of completion is determined as a proportion that contract costs incurred for the work performed bear to the estimated total costs. Similarly contract revenue is recognized under the percentage of completion method measured by survey of work performed. Further, expected loss on contracts is recognized when it is probable that the total contract costs will exceed the total contract revenue. This practice is being consistently followed by the Company. For this purpose, total project/contract costs incurred, and cost to completion of projects/contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies, etc, which being technical matters have been relied upon by me.
5. I did not audit the financial statements of two subsidiaries and one associate, whose financial statements reflect the Group's share of total assets Rs.9061.33 lacs as at March 31, 2011, total revenues of Rs.5.94 lacs for the year ended on that date and net cash flows of Rs.438.75 lacs for the year ended on that date as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to me, and my opinion, in so far as it relates to the amounts included in respect of these subsidiaries and associate, is based solely on the reports of the other auditors.
6. I report that the consolidated financial statements have been prepared by Prajay Engineers Syndicate Limited's management in accordance with the requirements of the Accounting Standards 21-Consolidated Financial Statements; Accounting Standard 23-Accounting for Investments in Associates in Consolidated Financial Statements, notified by the Companies (Accounting Standards) Rules 2006.
7. Based on my audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in my opinion and according to the explanations given to me, the Consolidated Financial Statements, subject to my comments in paragraph 3(a) above, 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, 2011;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Place: Secunderabad  
Date: 30.08.2011

S V RANGAN  
Chartered Accountant  
Membership No. 022037

# PRAJAY ENGINEERS SYNDICATE LIMITED

## CONSOLIDATED BALANCE SHEET AS ON MARCH 31, 2011

Rs. in lacs

	Schedules	As on March 31, 2011	As on March 31, 2010
<b>I. SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	6,993.58	4,833.09
Share Warrants		—	1,629.35
Reserves and Surplus	2	60,264.19	56,274.86
Compulsorily Convertible Debentures	2A	7,532.42	7,532.42
<b>Loan Funds:</b>			
Secured Loans	3	23,100.39	28,550.85
Unsecured Loans	4	166.88	1,742.49
<b>Deferred Tax Liability (Net)</b> (Refer Note C.6 on Schedule 18)		486.79	328.91
<b>TOTAL</b>		<b>98,544.25</b>	<b>1,00,891.97</b>
<b>II APPLICATION OF FUNDS:</b>			
Goodwill on Consolidation		1,075.70	1,075.70
<b>Fixed Assets</b>	5		
Gross Block		6,769.85	6,604.68
Less: Depreciation		2,038.56	1,607.10
Net Block		4,731.28	4,997.58
Capital Work in Progress (including Capital Advances)		3,344.29	2,912.26
		<b>8,075.57</b>	<b>7,909.84</b>
<b>Investments</b>	6	7,081.39	3,484.00
<b>Current Assets, Loans and Advances</b>			
Inventories	7	57,766.60	57,362.59
Sundry Debtors	8	30,364.07	29,233.00
Cash and Bank Balances	9	332.98	1,696.15
Loans and Advances	10	11,787.64	12,874.04
		<b>1,00,251.29</b>	<b>1,01,165.78</b>
<b>Less: Current Liabilities and Provisions</b>	11		
Current Liabilities		17,523.43	12,530.37
Provisions		416.27	213.49
		<b>17,939.70</b>	<b>12,743.86</b>
<b>Net Current Assets</b>		82,311.59	88,421.93
Miscellaneous expenditure to the extent not written off		—	0.50
<b>TOTAL</b>		<b>98,544.25</b>	<b>1,00,891.97</b>
Significant Accounting Policies and Notes to the Accounts	18		

Schedules 1 to 18 annexed hereto form an integral part of the accounts

Per my report attached

**S. V. Rangan**

Chartered Accountant

For and on behalf of the Board

**D.S. Chandra Mohan Reddy**

Chairman and Managing Director

**D. Madhavi Latha**  
Company Secretary

**D. Vijay Sen Reddy**  
Executive Director

Place: Hyderabad

Date: 30.08.2011

# PRAJAY ENGINEERS SYNDICATE LIMITED

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Rs. in lacs

	Schedules	Year ended March 31, 2011	Year ended March 31, 2010
<b>I. Income</b>			
Sales and Services	12	8,555.62	7,077.52
Other Income	13	89.93	75.57
		<b>8,645.55</b>	<b>7,153.09</b>
<b>II. Expenditure</b>			
Cost of Land, Plots and Constructed Properties	14	4,597.36	3,519.85
Direct Cost Hotels & Resorts		518.03	414.41
Employee Cost	15	620.85	590.15
Establishment and Other Expenses	16	1,397.56	1,195.74
Interest and Finance Charges	17	809.23	1,301.83
Depreciation		437.64	454.66
		<b>8,380.67</b>	<b>7,476.64</b>
<b>III. Profit/(Loss) before Taxation &amp; Minority Interest</b>		264.88	(323.55)
Provision for taxation:			
- Current Tax		149.10	80.35
- Deferred Tax		157.88	24.09
- Fringe Benefit Tax		-	0.04
- Prior period Tax		144.77	-
		<b>451.75</b>	<b>104.48</b>
<b>IV. Profit/(Loss) after Tax and before Minority Interest</b>		<b>(186.87)</b>	<b>(428.03)</b>
<b>Minority interest</b>		-	-
Share in Net Profit/(Loss) of associate		(7.12)	-
<b>V. Profit/(Loss) after Taxation and Minority Interest</b>		(193.99)	(428.03)
Balance brought forward from previous year (Refer Note C. 16 on Schedule - 18)		16,448.86	15,994.12
<b>Amount available for appropriation</b>		<b>16,254.87</b>	<b>15,566.09</b>
<b>Balance Carried to Balance Sheet</b>		<b>16,254.87</b>	<b>15,566.09</b>
<b>Earnings per share (in Rs.)</b> (Face Value Rs. 10)		-	-
Basic		(0.28)	(1.07)
Diluted		(0.28)	(0.60)
Significant Accounting Policies and Notes to the Accounts	18		

Schedules 1 to 18 annexed hereto form an integral part of the accounts

Per my report attached

**S. V. Rangan**

Chartered Accountant

For and on behalf of the Board

**D.S. Chandra Mohan Reddy**

Chairman and Managing Director

**D. Madhavi Latha**

Company Secretary

**D. Vijay Sen Reddy**

Executive Director

Place: Hyderabad

Date: 30.08.2011

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule-1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
250,000,000 (31.03.2010:250,000,000)		
Equity Shares of Rs. 10 each	25,000.00	25,000.00
<b>Issued and Subscribed</b>		
70,267,291(31.03.2010: 48,662,360)		
Equity Shares of Rs. 10 each.	7,026.72	4,866.24
<b>Paid up</b>		
69,935,791 (31.03.2010: 48,330,860)		
Equity Shares of Rs. 10 each	6,993.58	4,833.09
	<b>6,993.58</b>	<b>4,833.09</b>
of the above :		
2,972,787 shares have been allotted pursuant to a contract without payments being received in cash.		
<b>Schedule-2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Share Premium</b>		
As per last Balance Sheet	38,709.69	37,889.36
Add: Amount received during the year*	2,241.67	820.33
	<b>40,951.36</b>	<b>38,709.69</b>
<b>Capital Reserve</b> (refer Note C.14 in Schedule 18.)	1,058.88	-
<b>General Reserve</b>	1,999.08	1,999.08
Balance in Profit & Loss Account	16,254.87	15,566.09
	<b>60,264.19</b>	<b>56,274.86</b>
*on conversion of share warrants .		
<b>SCHEDULE-2 A</b>		
<b>COMPULSORILY CONVERTIBLE DEBENTURES</b>	7,162.65	7,162.65
Interest Accrued and Due (Refer note C.15 on Schedule 18)	369.77	369.77
	<b>7,532.42</b>	<b>7,532.42</b>
(Compulsorily Convertible Debentures of face value Rs 1,000 each carry interest rate of 10% p.a issued on 24th October, 2007 and 28th February, 2008 with an option to convert in whole or in part within 8 years from the date of issue of such Debentures into such number of fully paid- up equity shares of the Subsidiary Company i.e. Prajay Holdings Private Limited which is equal to the conversion price mutually agreed as per applicable laws. If at anytime within 8 years from the date of issue, the subscribers to such debentures do not exercise the right to conversion, the Company shall compulsorily convert such debentures into fully paid up equity shares of the Company at the expiry of 8 years.These Compulsorily Convertible Debentures have been issued under Foreign Direct Investment guidelines as issued by Government of India/RBI from time to time latest vide RBI Circular A.P.(DIR series) Circular No.20 dated December 14,2007 which classifies Compulsorily Convertible Debentures as equity instrument)		

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule-3</b>		
<b>SECURED LOANS</b>		
<b>Cash Credit from Banks</b>	666.58	1,037.33
Secured by way of first charge on the project assets of the Company which includes land and other assets relating to specified projects.		
<b>Term Loans From:</b>		
- <b>Indian Overseas Bank</b>	3,536.03	6,244.95
- <b>Interest Accrued and Due</b>	47.65	60.62
Secured by way of first charge on project assets of the Company which includes land and other assets relating to specified projects and current assets of the Hospitality Division.		
- <b>HSBC</b>	2,217.51	4,167.36
Secured by way of equitable mortgage of the plotted land with common areas at Muraharipally villiage in the project Water Front City & exclusive charge over recoverables of Water Front City and exclusive charge over agricultural land situated at Anthiapally Villiage.		
- <b>State Bank of India Consortium :</b>		
- State Bank of India	3,994.77	3,145.12
- State Bank of Mysore	1,884.05	1,179.00
- State Bank of India (SBS)	1,247.12	706.92
- State Bank of Bikaner and Jaipur	1,884.93	1,179.49
-The Tamilnad Mercantile Bank Limited	1,387.93	868.94
- Punjab National Bank	2,336.87	1,543.98
- Interest Accrued and Due	145.20	84.51
Secured by way of first joint mortgage/charge on the entire project assets of Princeton Towers and second charge on the current assets of the Project Princeton Towers under a Consortium arrangement and personal guarantees of some of the directors		
- <b>Tata Capital Limited</b>	–	400.00
Secured by way of equitable mortgage of the immovable property situated at Kukatpally Village.		
<b>Lehman Brothers Capital Private Limited</b>	–	7,550.00
Secured by way of equitable mortgage of the project land, pledge of shares, hypothecation of receivables and personal guarantees of the directors.		
- <b>Life Insurance Corporation</b>	50.46	26.74
- <b>Interest Accrued and Due</b>	10.86	8.16
Secured against the Keyman Insurance Policy.		
<b>Other Loans:</b>		
<b>Hire Purchase</b>	490.43	347.73
(Secured by hypothecation of vehicles and equipments in respect of which the loan is taken)		
<b>Prajay Properties Pvt Ltd</b>	3,200.00	–
(Secured by mortgage of 49,869sft of office premises at Begumpet, Land admeasuring 11 Ac. 33 Gts, in SY.No.1222 at Shamirpet and Land admeasuring 5168 Sq.Yds in Sy.Nos. 1211 to 1217 and 1226 at Shamirpet village along with the personal Guarantees of some of the Directors.)		
	<b>23,100.39</b>	<b>28,550.85</b>

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule - 4</b>		
<b>UNSECURED LOANS</b>		
<b>Short Term</b>		
From Director	–	198.61
Hyderabad Steel Traders	–	1,328.57
HST Steels Pvt Ltd	–	100.00
Overdraft from Bank	–	12.81
HBC Finance & Leasing Ltd.	32.30	–
<b>Other than Short Term</b>		
Prajay Financial Services Limited	77.50	77.50
Others	–	25.00
Fixed deposits	57.08	–
	<b>166.88</b>	<b>1,742.49</b>

### Schedule-5 FIXED ASSETS

Rs. in lacs

Particulars	Cost				Depreciation				Net Block	
	As on 31.03.2010	Additions	Deductions	As on 31.03.11	As on 31.03.2010	For the Year	on Deduction	As on 31.03.11	As on 31.03.11	As on 31.03.2010
Land-free Hold	437.20	–	6.35	430.85	–	–	–	–	430.85	437.20
Buildings	2,343.37	–	–	2,343.37	296.37	48.09	–	344.46	1,998.91	2,047.00
Lease Hold Improvements	429.32	–	–	429.32	247.49	114.62	–	362.11	67.21	181.83
Plant & Machinery	2,404.85	110.73	8.44	2,507.14	700.92	189.84	1.72	889.04	1,618.10	1,703.93
Furniture & Fixtures	357.67	3.08	–	360.75	114.98	20.02	–	135.00	225.75	242.69
Computers	88.56	10.08	–	98.64	55.98	11.32	–	67.30	31.34	32.58
Vehicles	543.71	68.60	12.53	599.78	191.36	53.76	4.47	240.65	359.13	352.35
<b>TOTAL</b>	<b>6,604.68</b>	<b>192.49</b>	<b>27.32</b>	<b>6,769.85</b>	<b>1,607.10</b>	<b>437.65</b>	<b>6.19</b>	<b>2,038.56</b>	<b>4,731.29</b>	<b>4,997.58</b>
As At March 31,2010	6,389.40	261.22	45.94	6,604.68	1,190.71	454.66	38.27	1,607.10		4,997.58

**Note:** Plant & machinery costing rs.699.60 lacs (31.03.2010 : Rs.599.12 lacs) and vehicles costing rs.285.10 lacs (31.03.2010 : Rs.224.74 lacs) have been acquired on hire purchase, the legal ownership of which will be transferred to the company after the final payment.



# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule-6</b>		
<b>INVESTMENTS</b>		
<b>I. Long Term (at cost)</b>		
<b>A. Non Trade - Quoted</b>		
<b>Indian Overseas Bank</b>		
9,500 Equity Shares of Rs.10 each, fully paid	2.28	2.28
<b>B. Trade - Unquoted</b>		
Prajay Urban Private Limited		
1,000 Equity Shares of Rs.10 each, fully paid	–	0.10
<b>Investment in Associate Companies</b>		
Prajay Properties Private Limited	585.56	–
[Cost of acquisition (net of capital reserve Rs.2.50 Lakhs) Rs.6.46 Lakhs+share of investee's change in net assets: Rs.579.10 Lakhs]		
Prajay Properties Private Limited	4,013.00	–
4,01,300 Preferential Shares of Rs.10,000 each, fully paid		
<b>C. Investment in Capital of Partnership Firm</b>		
Prajay Binjusaria Estates	2,280.50	2,280.50
<b>Total of long term Investments</b>	<b>6,881.34</b>	<b>2,282.88</b>
<b>II. Investments in Mutual Funds</b>	200.04	1,201.12
19,93,924 units of State Bank India, Institutional Plan of a face value of Rs.10/- each, fully paid. (31.03.10: 120,03,973 Units)		
<b>Total of Current Investments</b>	<b>200.04</b>	<b>1,201.12</b>
<b>Total Investment</b>	<b>7,081.38</b>	<b>3,484.00</b>
Notes:		
(i) Aggregate of Quoted Investments		
Cost	202.32	1,203.40
Market Value	213.68	1,209.86
(ii) Aggregate of Unquoted Investments (Cost)	4,019.46	0.10
<b>Schedule-7</b>		
<b>INVENTORIES</b>		
Land at Cost	17,201.20	17,194.85
Constructed Properties		
- Land and construction work in progress	40,548.95	40,142.61
Hotel & Resorts		
- Food and Beverages	30.17	25.13
	<b>57,766.60</b>	<b>57,362.59</b>

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

Rs. in lacs

	As on March 31, 2011	As on March 31, 2010
<b>Schedule-8</b>		
<b>DEBTORS</b>		
Unsecured, Considered good		
Outstanding for more than six months	26,421.37	27,148.39
Other Debts	3,942.70	2,084.61
	<b>30,364.07</b>	<b>29,233.00</b>
<b>Schedule-9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	95.33	36.94
Balance with Scheduled Banks		
On Current Account	60.07	1,283.52
On Escrow Account	177.59	350.99
On Deposit Account	–	24.71
	<b>332.99</b>	<b>1,696.16</b>
<b>Schedule-10</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured considered good unless otherwise specified)		
Advances recoverable in cash or in kind or for value to be received*	2,877.10	4,021.66
Advance for purchase of land/ development	8,597.39	8541.17
Advance Tax (including tax deducted at source)	313.15	311.21
	<b>11,787.64</b>	<b>12,874.04</b>
*Includes deposit/advances to Directors Rs.505 lakhs (31.03.2010 Rs 522.86 Lakhs)		
<b>Schedule-11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
<b>Sundry Creditors</b>		
(i) Due to micro, small and medium enterprises	–	–
(ii) Due to other creditors*	16,973.95	11,863.90
Advance from Customers	529.79	646.74
Unclaimed Dividend @	19.69	19.73
	<b>17,523.43</b>	<b>12,530.37</b>
<b>Provisions</b>		
Taxation	389.64	194.88
Fringe Benefit Tax	–	0.98
Gratuity	26.63	17.63
	<b>416.27</b>	<b>213.49</b>

Notes: \* Includes due to directors- Rs.167.46 Lakhs (31.03.2010Rs.5.30 Lakhs)

@ There is no amount due and outstanding to be credited to investor education and protection fund.

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

Rs. in lacs

	Year ended March 31, 2011	Year ended March 31, 2010
<b>SCHEDULE-12</b>		
<b>SALES &amp; SERVICES</b>		
Sale of Constructed Properties	5,018.11	5,089.23
Revenue from Construction Contracts	2,141.48	431.94
Sale of Land	38.35	300.62
Revenue from Hospitality Sector		
(a) Sale of Rooms	205.68	191.20
(b) Food and Beverages	952.88	832.80
(c) Others	146.75	167.61
Membership Fees	52.37	64.12
	<b>8,555.62</b>	<b>7,077.52</b>
<b>Schedule-13</b>		
<b>OTHER INCOME</b>		
Rental Income	41.53	34.19
Interest Income (includes tax deducted at source Rs. 0.37 Lakhs (31.03.2010 Rs.0.16 Lakhs))	6.88	2.69
Dividend from Long term investments	–	0.43
Dividend from Current Investments	1.56	1.12
Profit from Sale of Assets	–	0.26
Miscellaneous	39.96	36.88
	<b>89.93</b>	<b>75.57</b>
<b>Schedule-14</b>		
<b>COST OF LAND, PLOTS AND CONSTRUCTED PROPERTIES</b>		
Opening Stock:		
- Land	17,194.85	17,320.48
- Constructed Properties	32,664.84	32,728.41
Add: Purchases/Development and construction costs including civil, electrical, contracting, etc. incurred during the year	15,351.47	9,855.16
	65,211.16	59,904.05
Less: Closing Stock		
- Land	20,064.85	17,194.85
- Constructed Properties	40,548.95	40,142.61
	3,157.39	2,566.59
Cost of Construction Contracts	<b>1,439.97</b>	<b>953.26</b>
	<b>4,597.36</b>	<b>3,519.85</b>
<b>Schedule-15</b>		
<b>EMPLOYEE COST</b>		
Salaries, Wages and Bonus	782.74	748.75
Contribution to Provident Fund/ Pension Fund and Gratuity	24.68	28.33
Staff Welfare	6.24	21.50
	<b>813.66</b>	<b>798.58</b>
Less: Allocated to Projects	192.81	208.43
	<b>620.85</b>	<b>590.15</b>

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

Rs. in lacs

	Year ended March 31, 2011	Year ended March 31, 2010
<b>Schedule-16</b>		
<b>ESTABLISHMENT AND OTHER EXPENSES</b>		
Rent*	491.11	461.74
Rates and Taxes	351.44	232.81
Insurance	21.08	25.94
Power and Fuel	273.31	220.48
Repairs and Maintenance		
- Building	90.53	72.60
- Plant & Machinery	31.50	50.89
- Others	40.08	41.59
Travelling Expenses	24.72	25.95
Printing and Stationery	23.40	23.92
Postage, Telegrams and Telephones	28.29	32.98
Professional Charges	126.00	187.89
Advertisement	137.94	179.35
Commission on Sales	10.43	31.59
Miscellaneous Expenses	113.04	88.02
Loss on Sale of Assets (Net)	11.22	–
	<b>1,774.09</b>	<b>1,675.75</b>
Less: Allocated to Projects	376.53	480.01
	<b>1,397.56</b>	<b>1,195.74</b>
*Includes rent paid to Directors Rs. 366.68 Lakhs (Previous Year:Rs 343.20 Lakhs)		
<b>SCHEDULE-17</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
On Fixed Loans	2,526.11	1,953.94
Others	168.20	417.02
Bank Charges	29.63	75.36
Interest on Delayed payment of Income Tax	–	396.38
	<b>2,723.94</b>	<b>2,842.70</b>
Less: Allocated to Projects	1,914.71	1540.87
	<b>809.23</b>	<b>1,301.83</b>

# PRAJAY ENGINEERS SYNDICATE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

### SCHEDULE-18

#### Significant Accounting Policies and Notes to the Accounts for the year ended March 31, 2011

- A. (a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the companies (Accounting Standards) Rules, 2006.
- (b) The Companies (which along with Prajay Engineers Syndicate Limited, the parent, constitute the Group) considered in the preparation of these consolidated financial statements are:

Name	Relationship	Country of Incorporation	Percentage of ownership interests as at March 31, 2011	Percentage of ownership interests as at March 31, 2010
Prajay Holdings Private Limited (PHPL)	Subsidiary	India	99.99	99.99
Prajay Developers Private Limited (Formerly MVL Trading Company Private Limited)	Subsidiary of PHPL	India	100.00	100.00
Prajay Retail Properties Private Limited	Subsidiary	India	100.00	100.00
Prajay Realty Private Limited	Subsidiary	India	100.00	100.00
Prajay Properties Private Limited	Associate	India	49.50	100.00

#### B. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Method of Accounting

The financial statements are prepared under the historical cost convention in conformity with the accounting principles, generally accepted in India and in accordance with accounting standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government in terms of Section 211 (3C) of the Companies Act, 1956.

##### 2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the result of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates.

##### 3. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and amortisation. Direct costs inclusive of inward freight, duties and taxes, incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalized when fixed assets are ready for use. Capital Work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use at the reporting date of the financial statements.

##### 4. Depreciation and Amortisation

- (i) Depreciation on fixed assets is provided on straight-line method as per rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

- (ii) Leasehold Improvement is amortised over the period of the lease.
- (iii) Assets costing less than Rs.5000 are fully depreciated in the year of purchase.

## 5. Investments

Long term investments are carried at cost, less provision for diminution other than temporary if any, in the value of such investments. Current Investments are carried at lower of cost and fair value.

## 6. Inventories

Inventories are valued as under:

- (i) Land earmarked for property development is valued at cost. Cost includes land acquisition cost, registration charges and stamp duty.
- (ii) Constructed properties includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the company.
- (iii) Stock of food and beverages are carried at cost and net realizable value, whichever is lower. Cost is determined on the "weighted average" method.

## 7. Revenue Recognition

- (i) Sale of Land and Plots is recognised in the financial year in which the agreement to sell is executed.
- (ii) Revenue from constructed properties (excluding service tax) is recognized on the "percentage of completion method". Total sale consideration as per the agreements to sell constructed properties entered into is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognised immediately.

Service tax does not form part of gross revenue.

- (iii) Contract revenue from the construction contracts are recognized on "percentage of completion method measured by survey of work performed" depending on the nature of the contract. The revenue on construction contract is recognized only when the stage of completion is 20 percent or more when the outcome of the contract can be estimated reliably. When it is probable that the total costs exceeds the total contract revenue, the expected loss is recognized immediately.
- (iv) Income from sale of Rooms, Food and Beverages and allied services relating to hotel operations is recognized upon rendering of the service. Income stated is exclusive of amount received towards sales tax/ service tax etc.,
- (v) In respect of membership (club) sales, revenue is recognized as under:
  - Life membership, Permanent membership and Time-share membership over a period of 15 years.
  - Long-term membership over a period of 3 years.
  - Health club membership fully in the year of receipt.

## 8. Cost of Construction

Cost of constructed properties includes cost of land (including land under agreements to purchase), estimated internal development costs, external development charges, constructions costs and development/ construction materials, which is charged to the profit and loss account based on the percentage of revenue recognized as per accounting policy (7) above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

Cost of Construction Contracts includes estimated construction costs and construction materials, which is charged to the profit and loss account based on percentage of revenue recognized measured by survey of work performed as per accounting policy (7) above, depending on the nature of the contract, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

Overhead expenses comprising costs other than those directly charged to the jobs, are distributed over the various projects on a pro-rata basis having regard to the activity and nature of such projects.

## 9. Foreign Exchange Transactions

Transactions in foreign currency and non monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transaction are dealt with in the profit and loss account.

## 10. Income Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## 11. Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time i.e., more than twelve months to get ready for its intended use. All other borrowing costs are charged to the profit and loss account as and when incurred.

## 12. Earnings per share (EPS)

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

## 13. Employee Benefits

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

(i) Defined Contribution Plan:

Company's contributions paid / payable during the year towards Provident Fund are charged to the Profit and Loss Account.

(ii) Defined Benefit Plan:

The gratuity liability is provided on the basis of actuarial valuation on the Balance Sheet date and the same is funded with Life Insurance Corporation as per their advice.

## C. NOTES TO THE ACCOUNTS

1. As stated in note B (7) (ii) for recognizing profit on projects, stage of completion is determined as a proportion that project costs incurred for the work performed bear to the estimated total costs. Further, as stated in that note expected loss on projects is recognised when it is probable that the total project costs will exceed the total project revenue. For this purpose total project costs are ascertained on the basis of project costs incurred and costs to completion of projects on progress, which is arrived at by the Management, based on current technical data, forecasts and estimate of net expenditure to be incurred in future including for contingencies etc., which being technical matters have been relied on by auditors. Further, in respect of certain properties where sale agreement has been entered with parties even though money has not been received as per stipulation in the contract, the Company has recognised revenue and debtors as management is confident that it shall be able to realize the sale proceeds.
2. As stated in note B (7) (iii) the method used to recognize the contract revenue is percentage of completion method measured by survey of work performed. Further, as stated in that note expected loss on contracts is recognised when it is probable that the total contract cost will exceed the total contract revenue. For this purpose total contract cost is ascertained on the basis of contract cost incurred and cost to completion of contract on progress, which is arrived at by the Management, based on current technical data, forecasts

## PRAJAY ENGINEERS SYNDICATE LIMITED

and estimate of net expenditure to be incurred in future including for contingencies etc., which being technical matters have been relied on by auditors.

An amount of Rs.2141.48 lacs (31.03.2010: Rs.431.94 lacs) is recognized as contract revenue by the group during the current financial year. The cost incurred in respect of the above is Rs.1439.97 (31.03.2010: Rs.276.15 lacs).The amount of advances received against these contracts is Rs.nil (31.03.2010: nil).

3. Inventories of constructed properties, include land admeasuring 59 acres 21 guntas at Maheshwaram, Hyderabad, Andhra Pradesh for which the company has received approval vide letter no15903/HADA/GH/2007 dated 08.10.2008 for development of Group Housing layout, subject to certain conditions which include mortgage/charge on certain dwelling units to Hyderabad Metropolitan Development Authority (HMDA).

#### 4. Contingent Liabilities (not provided for)

(Rs. in lacs)

	2010-11	2009-10
(a) Guarantees given by parent company, to Banks on behalf of Prajay Properties Pvt Ltd	12130.00	—

5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs. 2632.27 lacs (31.03.2010: Rs. 2436.14 lacs).

#### 6. Deferred Tax Asset/(Liability) (Net) comprise of:

(Rs. in lacs)

	March 31, 2011	March 31, 2010
<b>Deferred Tax Liability (A) :</b>		
Arising on account of timing difference - Depreciation	486.79	328.91
Net Deferred Tax Liability	<b>486.79</b>	<b>328.91</b>

#### 7. Earnings Per Share (EPS):

	2010-11	2009-10
a) Weighted average number of equity shares of Rs.10 each		
i) Number of equity shares at the beginning of the year	48,330,860	39,695,776
ii) Number of equity shares at the end of the year	69,935,791	48,330,860
iii) Weighted average number of equity shares outstanding during the year	68,721,330	39,932,354
b) Net Profit/(Loss) available for equity share holders (Rs. in lacs)	(193.99)	(428.03)
c) Earnings per share (Rs.)		
i) Basic	(0.28)	( 1.07)
ii) Diluted	(0.28)	(0.60)

#### 8. Managerial Remuneration

(Rs. in lacs)

	2010-11	2009-10
Salaries	93.30	93.02
Perquisites	—	—
	<b>93.30</b>	<b>93.02</b>



# PRAJAY ENGINEERS SYNDICATE LIMITED

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## 9. Related Party Disclosures:

Information relating to Related Party Transactions as per Accounting Standard 18 notified by the Companies (Accounting Standards) Rules, 2006.

### A. List of Related Parties

(a) Key Management Personnel	Designation	Relatives (Relation)*
Mr. Chandra Mohan Reddy	Managing Director	Mrs. Hymavathi Reddy (Wife)
Mr. Vijay Sen Reddy	Executive Director	Mrs. Sharmila Reddy (Wife)
Mr. Ravinder Reddy	Director Operations	Mr. Hanumanth Reddy (Father)
Mr. K. Ravi Kumar	Whole time Director	–
Mr. Sumit Sen	Whole time Director	Mrs. Rina Sen (Wife)

\* Relatives of key management personnel with whom there were transactions during the year

### (b) Other entities under the control of key management personnel and their relatives

Prajay Estates Private Limited	Prajay Township Private Limited
Prajay Hotels Private Limited	Prajay Techpark Private Limited
Prajay Arnav Shelter Private Limited	Prajay Financial Services Limited
Prajay Velocity Developers Private Limited	Prajay Chit Funds Private Limited
VijMohan Constructions Private Limited	Prajay ARRF Estates Private Limited
Prajay Resorts and Amusement Park Limited	Prajay Binjusaria Estates
Prajay Resorts and Hotels Ltd	Prajay Constructions Limited
Money Tree Media Ventures Private Limited	Secunderabad Golf and Leisure Resorts Pvt. Ltd.
Money Tree Investment & Holdings Private Limited	Money Tree Entertainment Limited
	Money Tree Lifestyle Destinations Private Limited

# PRAJAY ENGINEERS SYNDICATE LIMITED

## 9B. The following transactions were carried out with related parties in the ordinary course of business

Description	Name of the Related Party	(Rs. in Lacs)			
		Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives	
		31.3.2011	31.3.2010	31.3.2011	31.3.2010
Sale of land, property, material and work done	Prajay Properties Private Limited	985.71	532.76	-	-
	Prajay Land Capital Private Limited	1,341.82	725.24	-	-
Cancellation of Sale	VijMohans Constructions Private Limited	-	1,293.59	-	-
Purchase of land, material and Services	VijMohans Constructions Private Limited	0.79	21.27	-	-
Remuneration paid (Refer Note.13 on Schedule 18)		-	-	93.30	93.02
Rent paid		-	-	366.68	343.20
Investments made during the year	Prajay Properties Private Limited	4,014.46	-	-	-
Investments sold during the year	Prajay Land Capital Private Limited	-	5.00	-	-
Advances given	Prajay Properties Private Limited	3,657.77	481.65	-	-
	Prajay Land Capital Private Limited	1,710.12	451.02	-	-
	VijMohans Constructions Private Limited	284.53	990.09	-	-
	Secunderabad Golf and Leisure Private Limited	5.08	16.84	-	-
	Prajay Velocity Developers Private Limited	1.19	61.70	-	-
	Prajay Binjuria Estates	4.88	18.91	-	-
	Money Tree Media Ventures (P) Ltd	200.00	-	-	-
	Key Management Personnel/relatives	-	-	-	19.12
Advances Repaid	Prajay Properties Private Limited	6,015.77	-	-	-
	VijMohans Constructions Private Limited	185.79	250.00	-	-
	Prajay Land Capital Private Limited	3,169.17	-	-	-
	Key Management Personnel/relatives	-	-	54.35	208.38
Loans Taken	Prajay Properties Private Limited	-	1,929.24	-	-
Shares Allotted on conversion of share warrants (including Share Premium)		-	372.45	2,898.88	1,066.67

(Contd.)

**9B. The following transactions were carried out with related parties in the ordinary course of business**

Description	Name of the Related Party	(Rs. in Lacs)			
		Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives	31.3.2010
		31.3.2011	31.3.2010		
Debtors					
	Prajay Properties Private Limited	966.00	522.11	-	-
	Prajay Land Capital Private Limited	863.28	3.82	-	-
Loans & Advances					
	Prajay Land Capital Private Limited	0.00	1,459.05	-	-
	Prajay Properties Private Limited	52.89	2,410.89	-	-
	VijMoham Constructions Private Limited	177.25	78.52	-	-
	Secunderabad Golf and Leisure Resorts Private Limited	685.13	680.05	-	-
	Prajay Velocity Developers Private Limited	941.98	940.79	-	-
	Prajay Estates Private Limited	118.57	118.57	-	-
	Prajay Binjuseria Estates	78.75	73.87	-	-
	Money Tree Media Ventures (P) Ltd	200.00	-	-	-
	Prajay Arnav Shelters Private Limited	0.10	0.10	-	-
	Key Management Personnel	-	-	572.20	590.08
Creditors/ Payables					
	VijMoham Constructions Private Limited	0.79	-	-	-
	Key Management Personnel/relatives	-	-	221.17	341.42
Loan Outstanding					
	Prajay Properties Private Limited	3200.00	3,200.00	-	-
	Prajay Financial Services Limited	77.50	77.50	-	-

**10. Consolidated Segment Information as per Accounting Standard 17 on Segment Reporting notified by the Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2011.**

(Rs. in Lacs)

Business Segment	2010-11			2009-10			Total
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	
Segment Revenue							
External	7,197.94	1,357.68	89.93	5,821.79	1,255.73	75.57	7,153.09
Total Revenue	7,197.94	1,357.68	89.93	5,821.79	1,255.73	75.57	7,153.09
Segment Result	1,542.76	(354.99)	-	1,353.53	(257.34)	-	1,096.20
Unallocated Corporate expenses net of unallocated income	-	-	-	-	-	-	122.16
Operating Profit	-	-	-	-	-	-	974.04
Interest Expense	-	-	-	-	-	-	1,301.83
Interest Income	-	-	-	-	-	-	2.69
Dividend Income	-	-	-	-	-	-	1.55
Profit before Taxation	-	-	-	-	-	-	(323.55)
Income Tax	-	-	-	-	-	-	80.35
Deferred Tax	-	-	-	-	-	-	24.09
Fringe Benefit Tax	-	-	-	-	-	-	0.04
Net Profit	-	-	-	-	-	-	(428.03)
<b>Other Information</b>							
	2010-11			2009-10			Total
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	
Segment Assets	97,911.75	5,296.64	13,275.56	103,225.59	5,450.67	4,997.57	113,673.83
Total Assets	97,911.75	5,296.64	13,275.56	103,225.59	5,450.67	4,997.57	113,673.83
Segment Liabilities	48,369.16	338.14	518.88	48,095.49	385.12	2,417.92	50,898.53
Total Liabilities	48,369.16	338.14	518.88	48,095.49	385.12	2,417.92	50,898.53
Capital Expenditure	132.45	60.04	-	251.45	9.77	-	261.22
Depreciation	209.83	227.81	-	222.49	232.17	-	454.66
Net Cash expense other than depreciation							

**Notes:**

1. Segments have been identified in accordance with Accounting Standard 17 on Segment Reporting, concerning the returns/risk profiles of the business. The company has identified business segments as mentioned below as primary segments for disclosure.

- (a) Construction and Development of Property.
  - (b) Hospitality - Hotels & Resorts.
2. As the operations of the company are only in India, there is no reportable geographical segment.
3. Unallocated corporate expenditure includes common service expenses.

# PRAJAY ENGINEERS SYNDICATE LIMITED

## 11. Disclosure as required by Accounting Standard 19 - "Leases" notified by the Companies (Accounting Standards) Rules, 2006.

### (a) Operating Lease:

#### i. Where the Parent Company is a lessee:

- The Parent Company's significant leasing arrangements are in respect of operating leases for premises (residences, office, etc.). The leasing arrangements, which are not non-cancellable, range generally between 11 months to 5 years and are usually renewable by mutual consent on agreed terms. The aggregate lease rents payable are recognized in the Profit and Loss Account for the year and included as Rent (disclosed under Establishment and Other Expenses in Schedule - 16)
- The Parent Company has taken a building under a non-cancellable lease.

(Rs. in lacs)

	March 31, 2011				March 31, 2010			
	Total	Payments not later than one year	Payments later than one year but not later than five years	Payments later than five years	Total	Payments not later than one year	Payments later than one year but not later than five years	Payments later than five years
Total of future minimum lease payments at balance sheet date	38.12	38.12	–	–	99.99	61.88	38.12	–

#### ii. Where the Parent Company is a lessor:

Details of assets given on operating lease:

(Rs. in lacs)

	Gross Block		Accumulated Depreciation as on		Depreciation for the year	
	31.3.11	31.3.10	31.3.11	31.3.10	31.3.11	31.3.10
Building	88.58	88.58	17.08	15.64	1.44	1.44

(Rs. in lacs)

	March 31, 2011				March 31, 2010			
	Total	Payments not later than one year	Payments later than one year but not later than five years	Payments later than five years	Total	Payments not later than one year	Payments later than one year but not later than five years	Payments later than five years
Total of future minimum lease payments at balance sheet date	1.86	1.86	–	–	85.41	29.14	56.27	–

## PRAJAY ENGINEERS SYNDICATE LIMITED

### (b) Hire Purchase:

- (i) The Parent Company has taken plant and machinery, motor vehicles under hire purchase arrangements for which the ownership will be transferred to the Company at the end of the hire purchase term.
- (ii) Reconciliation between the total of minimum hire purchase payments at the balance sheet date and the present value:

(Rs. in lacs)

	March 31, 2011			March 31, 2010.		
	Total	Payments not later than one year	Payments later than one year but not later than five years	Total	Payments not later than one year	Payments later than one year but not later than five years
Total of minimum hire purchase payments at the Balance Sheet date	571.89	306.66	265.24	389.00	249.51	139.48
Less: Future Finance Charges	81.46	56.56	24.91	41.26	30.75	10.52
Present Value of minimum hire purchase payments at the Balance Sheet Date	490.43	250.10	240.33	347.73	218.77	128.96

12. (a) Sundry Debtors - Schedule 8, unsecured, considered good, includes Rs. 26421.37 lacs, outstanding for more than six months. As a result of economic slowdown and recession in realty sector the realisations from customers are slow.
- (b) Loans and Advances - Schedule 10 include advances given to Landlords/ developers towards certain projects amounting to Rs. 8514.32 lacs and to suppliers, etc amounting to Rs. 1671.20 lacs outstanding from earlier years. Due to long term involvement in such projects, no provision has been considered necessary.
13. Details as required under Schedule VI - Part I of the Companies Act, 1956 relating to investment in partnership firm.
  - (a) Name of the Partnership Firm - Prajay Binjusaria Estates
  - (b) Total Capital of the said Firm is Rs. 2685.50 lacs as at March 31, 2011
  - (c) As at March 31, 2011 the partnership firm has not commenced any activities
  - (d) Share of each partner in the Profit or Loss

Srl. No.	Name of the Partners	Share (%)
1.	Prajay Engineers Syndicate Limited	50
2.	Binjusaria Developers Private Limited	17
3.	Mr. Arun Kumar Kedia	17
4.	Ms. Seema Kedia	16

## PRAJAY ENGINEERS SYNDICATE LIMITED

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14. During the year 97,59,985 Share Warrants of the parent company were forfeited as the warrant holders did not opt to convert them into equity shares . Consequently the amount of Rs.475.80 Lacs received against these Share warrants have been transferred to Capital Reserve. Further, Rs.583.08 lacs is on account of group's share of capital reserve of associate company Prajay Properties Pvt Ltd.
15. In terms of the provisional agreement entered by Prajay Holdings Private Limited with a foreign strategic investor and the parent company M/s Prajay Engineers Syndicate Limited, it is proposed to settle the liability towards the Compulsorily Convertible Debentures held by M/s LB Hyderabad Investments I LLC. In terms of the provisional agreement, the liability will be settled at a discounted price to the current carrying value, of Compulsorily Convertible Debentures (CCD's) of Rs.7,16,265 thousands and interest accrued there on.  
  
In view of the above understanding between the parties, there would be no interest payable on the CCD's. Consequently, interest for the current financial year, which would have worked out to Rs.75,208 thousands, has not been provided in the accounts of the subsidiary, Prajay Holdings Private Limited.
16. Prajay Properties Private Limited became an associate company in the current year (Subsidiary in previous year). Consequently there is an adjustment of Rs. 888.77 lakhs to the balance in Profit and Loss Account as on 01.04.2010.
17. Previous year figures have been regrouped/ reclassified wherever necessary to conform to current year classification.

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Per my report attached

**S. V. Rangan**  
Chartered Accountant

Place: Hyderabad  
Date: August 30, 2011

For and on behalf of the Board

**D.S. Chandra Mohan Reddy**  
Chairman and Managing Director

**D.Madhavi Latha**  
Company Secretary

**D.Vijay Sen Reddy**  
Executive Director

# PRAJAY ENGINEERS SYNDICATE LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Rs. in lacs

	For the year ended March 31, 2011		For the year ended March 31, 2010	
<b>A. Cash Flow from Operating Activities:</b>				
Net Profit before Taxation		264.88		(323.55)
Adjustments for:				
Depreciation	437.64		454.66	
(Profit)/Loss on sale of Fixed Assets	11.22		(0.26)	
Income from non trade investments (dividend)	(1.56)		(1.38)	
Interest Income	(6.88)		(2.69)	
Interest and Finance Charges	809.23	1,249.65	1,301.83	1,752.16
<b>Operating Profit before working capital changes</b>		1,514.53		1,428.61
Adjustments for:				
(Increase)/Decrease in Inventories	(404.01)		(7,287.38)	
(Increase)/Decrease in Debtors	(1,131.07)		2,736.04	
(Increase)/Decrease in Loans and Advances	1086.40		(1,258.22)	
Increase/(Decrease) in Trade and Other Payables	5,195.84	4,747.16	(691.89)	(6,501.45)
<b>Cash generated/(used) in Operations</b>		6,261.69		(5,072.84)
Direct Taxes paid (including Fringe Benefit Tax)		293.87		(1,152.14)
Pre-operative expenses		–		(0.17)
<b>Net Cash Flows from Operating Activities</b>		5,967.82		(6,225.15)
<b>B Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(624.52)		(853.70)	
Sale of Fixed Assets	3.56		1.58	
Pur of Investments/Investment in Mutual Funds	(4,598.57)		(1,201.12)	
Sale of Mutual Funds	1001.18		–	
Income from non trade investments (dividend)	1.56		1.38	
Interest income received	6.88		2.69	
<b>Net Cash used in Investing Activities</b>		(4,209.91)		(2,049.17)
<b>C. Cash Flow from Financing Activities</b>				
Issue of Equity Capital/Share Warrants/ Share Premium	3894.13		3,213.19	
Proceeds from long term borrowings	9388.52		11,147.69	
Repayment of long term borrowings	(15,594.51)		(4,004.36)	
Interest Paid	(809.23)		(1,301.83)	
Dividend Paid (including Tax on Dividend)	–		(164.26)	
<b>Net Cash from Financing Activities</b>		(3,121.09)		8,890.43
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>		(1,363.18)		616.11
<b>Cash and Cash Equivalents at the beginning of the year</b>		1,696.16		1,080.05
<b>Cash and Cash Equivalents at the end of the year</b>		332.98		1,696.16

Notes: Cash and Cash Equivalents as on March 31, 2011 includes Rs.177.59 lacs (31.03.2010: Rs. 350.99 lacs) in Escrow Account.

Schedules 1 to 18 annexed hereto form an integral part of the accounts

Per my report attached

**S. V. Rangan**

Chartered Accountant

For and on behalf of the Board

**D.S. Chandra Mohan Reddy**

Chairman and Managing Director

Place: Hyderabad

Date: August 30, 2011

**D.Madhavi Latha**

Company Secretary

**D.Vijay Sen Reddy**

Executive Director



# PRAJAY ENGINEERS SYNDICATE LIMITED

## PRAJAY ENGINEERS SYNDICATE LIMITED

Registered Office: 8-2-293/82/A, Plot No. 1091, Road No.41,  
Near Peddamma Temple, Jubilee Hills, Hyderabad - 500 033.

### PROXY FORM

*DP.ID	
*Client ID	

Regd. Folio No.	
No. of Shares(s) held	

I/We \_\_\_\_\_ of  
\_\_\_\_\_ being a  
member/members of Prajay Engineers Syndicate Limited hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the 17th Annual General Meeting to be held on Friday, the 30th September, 2011 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Begumpet, Secunderabad - 500 016 and at any adjournment thereof.

Affix  
Rupee One  
Revenue  
Stamp

Signed this .....day of ..... 2011

Note: (1) The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting. The Proxy need not be a member of the Company.

\*Applicable for investors holding shares in electronic form.

## PRAJAY ENGINEERS SYNDICATE LIMITED

Registered Office: 8-2-293/82/A, Plot No. 1091, Road No.41,  
Near Peddamma Temple, Jubilee Hills, Hyderabad - 500 033.

### ATTENDANCE SLIP

*DP.ID	
*Client ID	

Regd. Folio No.	
No. of Shares(s) held	

I hereby record my presence at the 17TH Annual General Meeting of the Company held on Friday, the 30th September, 2011 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Begumpet, Secunderabad - 500 016.

Name of the Member: \_\_\_\_\_  
(In Block Letters):

Name of the Proxy: \_\_\_\_\_  
(In Block Letters to be filled in if the Proxy attends instead of Member)

Member's/ Proxy Signature: \_\_\_\_\_

Note: Shareholder/Proxy holder wishing to attend the meeting must bring this Attendance slip to the meeting and hand over the same at the entrance duly signed.

\*Applicable for investors holding shares in electronic form





Prajay Water Front Duplex House



Lake View-Prajay Water Front City

PRINTED MATTER  
BOOK - POST

If undelivered, please return to:

**PRAJAY**

Prajay Engineers Syndicate Ltd.

**Registered Office:**

8-2-293/82/A

Plot No. 1091 A, Road No. 41

Peddamma Temple Street, Jubilee Hills

Hyderabad 500 033.

Phone: +91-40-66222999

Fax: +91-40-66222966