



Prajay Princeton Towers-Artistic view



Prajay Virgin County Main Entrance

Top view of Prajay Gulmohar



PRAJAY ENGINEERS SYNDICATE LIMITED

BOARD OF DIRECTORS

D.S. Chandra Mohan Reddy

D. Vijay Sen Reddy

K. Ravi Kumar

Sumit Sen

N. Ravinder Reddy

D. Chakradhar Reddy

Vijay Kishore Mishra

N. Nageshwara Rao

Rudresh Veerabhadrapa

M. Raja Gopala Reddy

Chairman & Managing Director (up to 23.1.2012)

Chairman & Managing Director (w.e.f. 14.2.2012)

Whole Time Director (Technical)

Whole Time Director (Sales and Marketing)

Whole Time Director (Operations)

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Head - Corporate Finance

Santosh Rathi

Chief Financial Officer

P. Bhaskara Rao

Company Secretary & Compliance Officer

D. Madhavi Latha

Registered Office

8-2-293/82/A, Plot No.1091, Road No.41,

Near Peedamma Temple, Jubilee Hills,

Hyderabad-500 033

Website

www.prajayengineers.com

Bankers

Indian Overseas Bank, Alwal Br., Secunderabad

The Hong Kong and Shanghai Banking Corporation Limited (HSBC) Somajiguda, Hyderabad

Punjab National Bank, Mid Corp Branch, Banjara Hills, Hyderabad

State Bank of India

Industrial Finance Branch Somajiguda, Hyderabad

State Bank of Mysore, Secunderabad

Tamilnad Mercantile Bank Limited, Secunderabad

State Bank of Bikaner and Jaipur, Secunderabad

HDFC Bank Limited, Jubilee Hills, Hyderabad

Bank of India, Mid Corp Branch, Hyderabad

The A.P. Mahesh Co-operative Urban Bank Limited, Himayatnagar Branch, Hyderabad

Registrar and Share Transfer Agents

Karvy Computershare Private Limited

Plot No 17-24, Vittal Rao Nagar,

Madhapur, Hyderabad 500081

Andhra Pradesh, India

Tel.: 91 40 2342 0818-28

Fax: 040-23420859

Email: einward.ris@karvy.com

Listing

Bombay Stock Exchange Limited

National Stock Exchange Limited

Auditors

S.V. Rangan

Chartered Accountant

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PROFILE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT TEAM

D. S. Chandra Mohan Reddy (Chairman & Managing Director upto 23.1.2012)

Mr. Chandra Mohan Reddy, Chairman & Managing Director of the company had expired on 24.01.2012. Mr. Chandra Mohan Reddy's death was a bolt from the blue for the company and all the stakeholders. The company pays its respectful homage to the departed soul of Sri Chandra Mohan Reddy, Chairman & Managing Director of the Company and convey's its heartfelt condolences and pays rich tributes to him for his vision, guidance and leadership all through the journey of the company to its present status, with reverence."

D. Vijay Sen Reddy (Chairman and Managing Director w.e.f. 14.02.2012)

Mr. Vijay Sen Reddy, a Chartered Accountant (Inter) 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 energize 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 also oversees the administrative functions. His expertise lies in appropriate pricing and financial structuring.

N. Ravinder Reddy (Director - Operations)

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 24 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 hotels 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.

PRAJAY ENGINEERS SYNDICATE LIMITED

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.

M. Raja Gopala Reddy

Mr. Gopala Reddy is a science graduate with more than 31 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 nationalized and private banks. He oversees the corporate finance functions of the Company and steers resource mobilization.

P. Bhaskara Rao, CFO, GM-Accounts & Finance

A graduate in Law and a Member of ICWAI, Mr. Bhaskara Rao has 27 years of vast experience in various industries. He is in-charge of wide range of finance and accounting responsibilities in addition to serving as a liaison with banks and financial institutions.

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 23 years. He is responsible for liaising with banks, institutions and overall co-ordination in finance and accounts department.

Mr. Jayadeva, Sr. GM - Projects

Mr. Jayadeva is a graduate in Civil Engineering with more than 23 years of experience in building various High Rise Residential Towers, IT Parks, Commercial Buildings & Five Star Hotels in reputed Corporates like Raheja, LODHA, NCCCL, Mindspace - IT Park. His rich experience of building High rise towers will strengthen the technical team of our Company.

Mr. Sameer De, GM - Projects

Mr. Sameer is a Civil Engineering Graduate with specialization in the subject of construction management from North Bengal University. He has experience of more than 18 years in administering EPC contracts of various mini and medium sized power projects.

Anil Haldar, Head-Sales (Construction and Hospitality Divisions)

Mr. Anil is a Graduate of Science and Diploma holder of Hotel Management with 20 years of rich experience in different segments of hospitality sector. Presently he is heading the hospitality division and sales segment of construction division.

Madhavi Latha, Company Secretary and Compliance Officer

A commerce graduate and a qualified member of Institute of Company Secretaries of India (ICSI) with more than seven 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

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Prajay Engineers Syndicate Limited will be held on Saturday, the 29th day of September, 2012 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 2012 and the Profit and Loss Account for the year ended on that date together with schedules annexed thereto and the reports of the Director's and Auditors thereon.
2. To appoint a Director in the place of Sri D. Chakradhar Reddy, Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Sri Rudresh Veerabhadrapa, Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution related to appointment of Statutory Auditor of the Company:

"RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Sri S.V. Rangan, Chartered Accountant, Secunderabad (Registration No. 022037) be and is hereby re-appointed 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 at such remuneration as may be fixed by the Board plus service tax as applicable from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to fix the remuneration of the Statutory Auditor and to reimburse the actual out of pocket expenses as may be incurred in the performance of his duties."

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the members at the Annual General Meeting held on 30th September, 2010 and in accordance with the provisions of Sections 198, 269, 309, 311 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines on managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be required, Sri D. Vijay Sen Reddy be and is hereby appointed as the Managing Director of the Company for a period of 3 years effective from 14.02.2012 and shall be paid a gross remuneration of Rs. 2,00,000/- per month, as approved by the remuneration committee"

"RESOLVED FURTHER THAT the duties of the Managing Director so appointed shall be as set out in the Article 88 & 89 of the Articles of Association of the Company and to perform all other duties that the board may delegate to the Managing Director from time to time"

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary and perquisites and other allowances shall be governed by the limits specified under Section II, Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, as may, for the time being be in force."

"RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper and desirable."

By Order of the Board

Place : Hyderabad
Date : 31.08.2012

D. Vijay Sen Reddy
Chairman

PRAJAY ENGINEERS SYNDICATE LIMITED

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. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to Special Business to be transacted at the meeting (Item No. 5) is annexed herewith.
3. The details of Directors seeking reappointment, in terms of Clause 49 of the Listing Agreement, are annexed hereto and form part of this Notice.
4. 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2012 (Monday) to 29.09.2012 (Saturday) both days inclusive.
6. 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 Karvy Computershare Private limited

Plot No: 17-24, Vittalrao Nagar, Madhapur, Hyderabad-500081, Andhra Pradesh

Tel.: 91 40 2342 0818-28, Fax: 040-23420859 ; **Email: einward.ris@karvy.com**

7. 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 Share Transfer Agent.
8. 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:

Financial Year	Date of Declaration	Last date for claiming unpaid dividend	Due for transfer to the Fund on
2004-05	25th August, 2005	24.08.2012	30.09.2012
2005-06	29th September, 2006	28.08.2013	28.09.2013
2006-07	26th September, 2007	25.08.2014	25.09.2014
2007-08	29th September, 2008	28.08.2015	28.09.2015

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

9. Investor grievance Redressal - the company has designated an exclusive email id investorrelations@prajayengineers.com to enable the investors to register their grievances, if any.
10. Members/ Proxies are requested to bring duly filled in attendance slips sent therewith for attending the meeting.
11. The Ministry of Corporate Affairs (MCA) has introduced 'Green Initiative' whereby the documents are permitted to be served on the Members through electronic mode i.e., e-mail. This initiative is a step towards protection of environment and enabling faster communication with the Members. Accordingly, the Company proposed to serve all the documents to e-mail addresses of the Members. Members are requested to provide / update their e-mail addresses with their respective Depository Participants (DPs) or send an e-mail at investorrelations@prajayengineers.com to get the Annual Report and other documents on such e-mail address. Members holding shares in physical form are also requested to intimate their e-mail address to Karvy either by e-mail at einward.ris@karvy.com or by sending a communication at the address mentioned at Note 6 above.

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

Item no. 5 :

The Board of Directors at its meeting held on 14.2.2012 paid homage to the departed soul of Sri D.S. Chandra Mohan Reddy, ex-Managing Director and appointed Mr. D. Vijay Sen Reddy as new Managing Director of the company for a period of 3 years with immediate effect at remuneration stated in the resolution. The remuneration payable was approved by the board and the remuneration committee at their meetings held on 14.2.2012 subject to the approval of the shareholders.

According to schedule XIII of the Companies Act, 1956, the appointment / re-appointment of Managing Director / Whole Time Director requires the approval of the shareholders. Hence, the appointment of Sri D. Vijay Sen Reddy as Managing Director as per the terms set out in the resolution, is being placed before the members and the board recommends the resolution for approval.

None of the directors of the company, except Sri D. Vijay Sen Reddy himself, is interested in the resolution.

By Order of the Board

Place : Hyderabad
Date : 31.08.2012

D. Vijay Sen Reddy
Chairman

PRAJAY ENGINEERS SYNDICATE LIMITED

DIRECTORS' REPORT

To
The Members,

The Directors have pleasure in presenting their 18th Annual Report on the business and operations of the Company together with the audited results for the financial year ended 31st March, 2012.

FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Standalone	Consolidated	Standalone	Consolidated
Gross Turnover	7919.08	6920.30	8830.87	8645.55
Profit before interest and Depreciation	741.90	413.25	1707.31	1511.75
Depreciation	385.54	391.18	432.03	437.64
Profit before Tax	80.60	(254.03)	466.06	264.88
Provision for taxation	658.26	658.28	451.75	451.75
Profit after tax	(577.66)	(911.69)	14.31	(193.99)
Transfer to General Reserve	--	--	--	--
Dividend	--	--	--	--
EPS				
Basic	(0.83)	(1.31)	0.02	(0.28)
Diluted	(0.83)	(1.31)	0.02	(0.28)

The year was characterized by sustained rise in inflation, as a result of a sharp increase in the prices of commodities. This was further exacerbated by the supply side constraints and increased borrowing costs. Rising interest rates, heavy taxation and soaring costs of raw materials and production cost has brought the real estate sector under pressure in the last financial year. Despite of all these odds, your company could achieve a gross turnover of Rs. 7919.08 lacs as against Rs. 8830.87 lacs during the previous year.

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

DIVIDEND

The Board of Directors has not recommended any dividend for the financial year ended 31st March, 2012.

DEPOSITS

During the year under review, the company has accepted fresh deposits to the tune of Rs. 6.65 lacs and repaid matured deposits to the tune of Rs. 19.60 lacs. The amount outstanding at the end of the year at 31.3.2012 is Rs. 43.58 lacs (including fresh & renewed deposits). As on 31st March, 2012 an amount of Rs. 0.50 lacs were matured but not claimed by the depositors. Interest is served regularly as per the terms of the deposit scheme.

DIRECTORS

Mr. D.S. Chandra Mohan Reddy, Chairman & Managing Director had expired on 24.1.2012 and Mr. D. Vijay Sen Reddy is appointed as new Chairman & Managing Director of the company for 3 years at the board meeting held on 14.2.2012.

Sri D. Chakradhar Reddy, and Sri Rudresh Veerabhadrapa, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommend their reappointment at the ensuing Annual General Meeting.

Brief resume of the directors proposed to be appointed and re-appointed, nature of their experience in specific functional areas are provided in the Corporate Governance report.

PRAJAY ENGINEERS SYNDICATE LIMITED

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 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, 2012 and of the loss 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

As on 31.3.2012 your company has 4 subsidiaries viz. Prajay Holdings Private Limited, Prajay Developers Private Limited (step-down subsidiary), Prajay Retail Properties Private Limited and Prajay Realty Private Limited.

Your company has decided to close the non-operative subsidiary company namely Prajay Realty Private Limited. Accordingly, company has submitted the necessary application as per Sec. 560 of the Companies Act, 1956 under Fast Track Exit Mode for striking off the name of the company from the Register of Companies.

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' Report, Balance Sheet, and Profit and Loss account of our subsidiaries to our annual report. The Ministry of Corporate Affairs, Government of India 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. Accordingly the company has decided not to attach the details of its subsidiaries. However, a statement containing 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.

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 registered office of the holding company and of the subsidiary companies concerned.

CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements of the company are prepared in accordance with the accounting standard AS-21 on consolidate financial statements read with Accounting Standard AS-23 on accounting for investments in associates, listing agreement as prescribed by the Securities and Exchange Board of India.

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 obtained 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

A separate section on corporate governance with a detailed compliance report thereon is annexed and forms a part of the annual report in terms of Clause 49 (VI) of the Listing agreement with Stock Exchange. The Auditors' Certificate in respect of compliance with the provisions concerning corporate governance, as required by clause 49 of the listing agreement is also annexed.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

A report on management discussion and analysis is given in a separate section in this Annual Report forming part of the Directors' 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

PARTICULARS OF EMPLOYEES:

No employee was in receipt of remuneration in excess of the limits prescribed under Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and hence the prescribed information is not required to be given.

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), (b) and (c):

- i) Regarding Note 39(a) of the Financial Statements - As a result of economic slowdown and recession in realty sector the realizations from customers are slow.
- ii) Regarding Note 39(b) of the Financial Statements - The Board has considered these alterations at the request of the respective customers and the formal documentation is being completed soon.
- iii) Regarding Note 39(c) of the Financial Statements - 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 has initiated 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(a), 3(b) and 3(c) of Auditors' Report on Consolidated Balance sheet:

- i) Regarding Note 36(a) of the Consolidated Financial Statements - As a result of economic slowdown and recession in realty sector the realizations from customers are slow.
- ii) Regarding Note 36(b) of the Consolidated Financial Statements - The Board has considered these alterations at the request of the respective customers and the formal documentation is being completed soon.
- iii) Regarding Note 36(c) of the Consolidated Financial Statements - Due to long term involvement in such projects, no provision has been considered necessary.

DISCLOSURE OF PARTICULARS:

Information as required under 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 is furnished below:

Conservation of Energy & Technology Absorption:

Even though the company's nature of business is construction and property development, which are not power intensive, the company is putting every effort to conserve and reduce energy consumption.

Foreign Exchange Earnings and Outgo:

Foreign Exchange Earnings: Rs. Nil

Foreign Exchange Outgo: Rs. 9,34,898/- lacs

ACKNOWLEDGEMENTS

Your directors take this opportunity to thank the financial Institutions, Banks, Government and semi-Government agencies, suppliers and regulatory authorities, stock exchanges and all stakeholders for their continued co-operation and support to the company.

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

For and on behalf of the Board

Place : Hyderabad
Date : 31.08.2012

D. Vijay Sen Reddy
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

"Every person who invests in well-selected real estate in a growing section of a prosperous community adopts the surest and safest method of becoming independent, for real estate is the basis of wealth." -Theodore Roosevelt

1. Industry Structure and Developments:

The real estate and construction sectors are playing a crucial role in the overall infrastructural development of India. It is the second largest employer after agriculture. The real estate industry's growth is linked to developments in the retail, hospitality and entertainment industries, economic services and information technology enables services etc. and vice versa. Over the next decade, the real estate sector is expected to grow by 30%.

The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy, according to a study by ICRA. The housing sub-sector of construction industry, contributes five-six percent to the country's GDP.

The year 2012 has begun on a sluggish note for the Indian economy, with the GDP recording at 5.3% in March 2012, the lowest in nine years. The Indian real estate sector continued to face a challenging environment amidst slowdown in economic growth. However, the tough economic conditions have led developers to adapt quickly to the changing economic situation

Commercial sector:

The commercial office space in India has evolved significantly in the past 10 years due to change in business environment. The demand for office space is directly linked to economic growth.

The largest occupier of office space in the country has been the IT and ITeS services which primarily serves the US and European market. The economic slowdown in these markets have resulted in increasing pressures on the margins of companies operating in India, which in turn has led to the companies looking to cut costs through reducing expenditure on real estate segment by economizing office space & utilities.

Residential sector:

Residential demand is the mainstay of Indian real estate sector. The major demand drivers include increasing 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.

Residential real estate industry can be divided into four growth phases:

Phase I- 2001-2005- initial growth phase

Phase II-2006-08 - high growth phase

Phase III-2009-10 - witnessed substantial slowdown and part recovery in demand

Phase IV-2011-14 - is expected to remain a consolidation phase. This period is expected to witness substantial supply of housing especially in urban areas.

India will have around 27-30 million shortage of housing units by 2013. The country's urban population will soar to 590 million by 2030 and produce more than 70% of the GDP and stimulate a near four-fold increase in per capital income.

Retail real estate:

The growth of malls in India has increased to about 59 which comprises of the retail stock. The retail stock share will increase to 36% in the coming years and the retail market is expected to grow in the coming years. All these malls are either in the stage of construction or already established. Indian retailers are seeking to implement their expansion plans in the prime cities as well as select Tier II and Tier III cities. FDI in multi brand real estate, when finally permitted, is expected to catalyze a lot of demand from international retailers.

The size in terms of total economic value of real estate development activity of the Indian real estate market is currently US\$40-45 Billion (5-6% of GDP) of which residential forms the major chunk with 90-95% of the market, commercial segment is second with 4-5% of the market and organized retail with 1% of the market. Over next 5 years, Indian real estate market is expected to grow at a CAGR of 20%, driven by 18-19% growth in residential real estate, 55-60% in retail real estate, and 20-22% in commercial estate.

Tourism & hospitality:

Tourism and hospitality in India is the largest service industry contributing upto 6.23% to the national Gross Domestic Product (GDP) and providing 8.78% of the total employment opportunity in India.

The tourism and hospitality sectors' direct contribution to the GDP is increased to US\$ 76.7 billion in 2011 from US\$ 56.3 billion in 2009. The hospitality industry is projected to grow at a rate of 8.8% during 2007-16, placing India as the second - fastest growing tourism market in the world.

India's hospitality industry has enjoyed robust growth over the past few years buoyed by a benign economic and political environment. Increase in domestic, business and leisure travel has benefited hotels in India. Rising incomes, higher weekend trips and increased access to travel-related information over the internet have propelled growth in hospitality.

Policy initiatives by Govt. & Impact of Budget 2012-13:

- i. Permission by RBI to foreign citizens and Persons of Indian Origin to purchase property in India for residential or commercial purposes either out of inward remittances in foreign exchange through normal banking channels or out of funds from NRE/FCNR accounts maintained with a bank in India
- ii. FDI upto 100% under the automatic route in townships, housing, built up infrastructure and construction developments is allowed subject to certain guidelines
- iii. Real Estate (Regulations & Development) Bill, 2011, when passed, seeks to establish the Real Estate Regulatory Authority for regulation and planned development in the real estate sector.
- iv. One per cent TDS on transfer of immovable property if the sale value exceeds ₹ 50 lacs in urban centers and ₹ 20 lacs in other areas in the union budget 2012-13.
- v. Tremendous impetus to the development of affordable housing segment has been considered by Permitting ECB for low cost affordable housing projects.
- vi. continuation of scheme of interest subvention of 1 per cent on housing loan up to Rs. 15 lacs where the cost of the house does not exceed Rs. 25 Lacs for another year;

2. Opportunities, Threats / Risks and concerns:

Opportunities:

Demand for real estate is expected to grow at a compound annual growth rate (CAGR) of 19% between 2010-14 and Tier I metropolitan cities are projected to account for about 40% of this. With institutional credit for housing investment growing at a CAGR of about 18-20% per annum in the next three-five years, the housing sectors' contribution to GDP is likely to increase to 6%.

Inspite of stupendous growth in the last decade, substantial housing shortage is still prevalent in India. The reason for housing shortage in urban areas is migration towards urban areas and increasing trend of nuclear families. Housing shortage in urban areas is likely to touch a whopping 21.7 million units by the end of 2014.

Hyderabad Market Conditions:

The commercial real estate sector in Hyderabad has reacted very differently from the residential sector over the past few years. In 2008-2009, the Grade A office space absorption in the city stood at approximately 2.2 million square feet. Thereafter, in 2010 and 2011, Hyderabad saw absorption of 4.4 to 5.0 million square feet year on year. This clearly indicates that corporate client did not let the political scenario upset their expansion plans in Hyderabad.

- Hyderabad Metropolitan Development Authority (HMDA) approved an inter-city bus terminal at Miyapur.
- 71.6 km long Hyderabad Metro Rail Project (Phase I) is almost ready for implementation covering two tracks - 8 kms between Nagole and Mettuguda and 12 kms between Miyapur and Ameerpet, which are expected to be completed by end of 2014.
- The absorption levels in under-construction projects remain healthy, on account of attractive pricing.
- The western corridor has witnessed a capital price appreciation to the tune of 10% with IT and ITES companies evincing interest in this region. Companies are looking at selling smaller office spaces in the region.
- The market is witnessing a slow and steady recovery with a moderate price appreciation expected in the coming quarters. Residential property buyer sentiments in Hyderabad have improved considerably.
- The growing flow of foreign direct investment (FDI) into Indian real estate is encouraging. FDI inflows in real estate in 2011-12 stood at Rs. 2750 crore. In fact, FDI in the sector is expected to increase to Rs. 137500 crores in the next 10 years, as per a latest Industry body report.

Threats / risks and concerns:

- High EMIs, resulting from significantly higher interest rates, lower household surplus due to high inflation and high residential unit prices have reduced the affordability of homes.
- The oversupply of commercial space continues in some markets. However, the demand for office space is likely to be maintained at low levels as the hiring momentum of the IT / ITES sector, the major driver of office spaces in India, is gained.
- A weak equity market no longer makes IPOs a viable funding option. All this, together with the banks' cautious approach, limits fund raising options.
- Although 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.
- The increase in the service tax rate from 10% to 12% will increase the cost of production for developers, who are already reeling under high input costs and this increased burden will be passed on to end users.
- On the more somber side, it also looks like residential supply is likely to outstrip demand in the foreseeable future. There is clearly a supply-demand mismatch, and unsold inventory is quite high. This fact will definitely have an impact on residential property pricing in the mid-term. That said, there are also going to be selective price rises for projects in high-demand locations having good amenities.

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.

The company is engaged in construction and development of commercial, residential and retail properties. The detailed status of projects undertaken / being undertaken by the company are briefed below:

Prajay Waterfront City : Water front presents an alluring lifestyle near Genome Valley, the biggest Biotechnology City near Shamirpet Hyderabad spread across 72 acres of premium property overlooking a large natural lake. This property is well developed & DTCP 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) : The project has been successfully launched on 25/08/2012. The project has been divided into 5 sectors, one for 260 villas in 25 acres and four sectors consisting of about 4000 apartments in about 60 acres. Presently the company started the villa sector and sector A consisting of about 1400 apartments. The project has got lot of response due to its accessibility to the International Airport and other companies like Fab city, Tata Aerospace, etc.

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. The sales have already started and has become the talk of the town. Work in Three Blocks (9 towers) has already started.

Prajay Windsor Park : This Project is proposed to be set up in 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, Sanskrity Township and Infosys campus.

Prajay Gulmohar : Gulmohar is a gated community with independent villas set on 21 acres. Work for the Independent homes and villas is in advanced stage. About 60 homes are being handed over in October 2012. Work on the apartment is going to start by October/ November 2012. The company could close 90% of the project bookings in the record period of 5 months time.

Prajay Homes Extension : Prajay Homes township extension work is 90% completed 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. Sales of the homes are almost 90% completed.

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.

Prajay Blue Hope (Joint Development with Legend) : 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. Sales of the homes have already started.

Prajay Le Chalet (Joint development with Legend) : This purely residential project is situated at Chikoti gardens, Begumpet, Hyderabad amidst of friendly inhabitants with lush greenery all around. The project is completed and over 90% sales have been booked.

4. Future outlook:

The long term view on the Indian real estate industry is positive as the fundamental demand drivers such as increasing urbanization, favorable demographics, growth of service sector and rising incomes are still intact.

Absorption of affordably priced projects is guaranteed, no matter what the drawbacks of the location are, and the land prices are much lower than they are closer to the city centers.

The management is of the view that, the real estate and construction industry will do well in future considering the inherent strengths of the Indian economy. To enable it to provide housing at affordable prices, the company will strive to take all necessary measures to respond to the market and reduce its costs of development in order to keep its costs low and maintain a reasonable profit.

6. Internal control systems and their adequacy

The company has internal control systems commensurate with its size 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 co-ordination with management and the internal auditors.

7. Discussion on financial performance with respect to operational performance

Profit Before Tax : The profit before tax for the year under review stood at Rs. 80.60 lacs as compared to profit before tax of Rs. 466.06 lacs for the previous years.

Profits and Ratios : Though there is a decrease in operating profits for the year under review the current ratio stood at 2.59 which is very comfortable.

Share Capital and Net Worth : There is no change in the capital structure of the company during the year under review and the networth of the company stands still at a comfortable position of Rs. 66658.36 lacs.

Loans : The company continues to get support from its bankers and financial institutions. The debt to equity position of the company remains at a comfortable position of 0.22 when compared to the acceptable level of 2:1 and the secured borrowings component of the company is reduced from Rs. 23100.39 lacs to Rs.19206.83 lacs.

8. Material developments in Human Resources / Industrial Relations front:

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 continues to maintain cordial relations with its employees, vendors and other agencies.

Cautionary statement:

Statements in the management discussions and analysis describing the company's objectives, projections, estimates, expectations are 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors / developments that could affect the company's operations include a downward trend in the real estate sector, political and economic conditions of the country, in which the company operates and the changes in the government regulations, tax laws, corporate and other laws, interest and other costs and other incidental factors.

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 believes that good governance is essential to achieve long term corporate goals and enhance stakeholders' value. Thus the company's philosophy on corporate governance aims at attaining the highest level of transparency, accountability towards its stakeholders, including shareholders, employees, the government and lenders and to maximize returns to shareholders thorough creation of wealth on sustainable base, compliance of laws, in all facets of operations leading to best standards of corporate governance.

2. Board of Directors:

Composition, category of directors and attendance record during the year 2011-12:

The Companies Act, 1956 and clause 49 of the Listing Agreement with the exchanges govern the composition of the board of directors. The board comprises a combination of executive and non-executive directors. At present the Board consists of 9 directors out of which four are executive and five non-executive independent directors.

Composition:

None of the Directors on the Board are Members 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 they are Directors. 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 (incl. Prajay)*	Chairman ships in Committees (incl. Prajay)*
D.S. Chandra Mohan Reddy	Chairman and Managing Director (upto 23.1.2012)	Brother - D. Vijay Sen Reddy	12	Nil	Nil
D. Vijay Sen Reddy	Chairman and Managing Director (from 14/2/2012)	Brother - D.S.Chandra Mohan Reddy	21	1	Nil
K. Ravi Kumar	Executive Director	None	NIL	Nil	Nil
N. Ravinder Reddy	Executive Director	None	15	1 (upto 13.2.2012)	Nil
Sumit Sen	Executive Director	None	4	Nil	Nil
D. Chakradhar Reddy	Non-Executive -Independent	None	1	1	1
Vijay Kishore Mishra	Non-Executive -Independent	None	3	1 (from 14.2.2012)	1
N. Nageshwara Rao Rudresh	Non-Executive -Independent	None	1	1	Nil
Veera-bhadrapa	Non-Executive -Independent	None	NIL	Nil	Nil
M. Raja Gopala Reddy	Non-Executive -Independent	None	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.

Meetings

All major decisions involving new investments and capital expenditure, in addition to matters which statutorily require the approval of the board are put up for consideration of the board. Inter-alia, the following information is regularly provided to the members of the board for their consideration along with the agenda papers which are tabled in the course of board meeting.

PRAJAY ENGINEERS SYNDICATE LIMITED

- Quarterly financial results of the company
- Minutes of the meeting of the audit committee and other committees
- Information on recruitment and remuneration of senior personnel just below the board level, including appointment of chief financial officer and the company secretary
- Statement of significant transactions and arrangement entered by subsidiary company and associates
- Details of any joint venture or collaboration agreements
- General notice of interest of directors
- Terms of reference of board committees
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business, etc.
- Show cause, demand, prosecution notices and penalty notices which are materially important

As per the provisions of Companies Act, 1956 and 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 at registered office of the company. During the financial year 2011-12, the Board has met 10 (ten) times on the following dates: 3rd May 2011, 14th May 2011, 1st August 2011, 13th August 2011, 30th August 2011, 30th September 2011, 14th November 2011, 31st December 2011, 14th February 2012 and 28th March 2012.

Their attendance at the board meetings during the year and at the last annual general meetings is 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 30.9.2011
D.S. Chandra Mohan Reddy (up-to 23.1.2012)	08	Yes
D. Vijay Sen Reddy	10	Yes
K. Ravi Kumar	08	Yes
N. Ravinder Reddy	08	No
Sumit Sen	10	Yes
D. Chakradhar Reddy	08	Yes
Vijay Kishore Mishra	09	No
N. Nageshwara Rao	05	No
M. Raja Gopal Reddy	05	No
Rudresh Veerabhadrapa	04	No

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

Name of Director	D. Chakradhar Reddy	Rudresh Veerabhadrapa
Date of Birth/Age	01/09/1966	05/01/1962
Date of Appointment	30/05/2001	23/01/2006
Qualifications	Bachelor of Arts	Bachelor of Architecture
Expertise in specific functional areas	Vast experience in Government contracts, Contract works, civil works and road construction	Expert in Designing and executed many widely acclaimed projects in Banagalore
Directorships held in other public companies (excluding foreign companies)	Nil	Nil

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Committee Positions held in Prajay Engineers Syndicate Limited*	1	Nil
Committee Positions in other Public Companies *	Nil	Nil
Relationship between Directors inter-se	Nil	Nil
Number of Shares held	Nil	Nil

*Committee positions of only Audit and Shareholder's/ Investor's Grievance Committee included.

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.

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

3. Board Committees:

Currently the board has 4 committees viz. audit committee, shareholders /investors' grievance committee, remuneration committee and allotment committee. 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.

A. Audit committee:

Role of Audit Committee:

The terms of reference of the audit Committee are broadly as under:

- Overseeing the company's financial reporting process and disclosure of its financial information.
- Recommending to the board the appointment or re-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 therefore
 - 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.
- Approval of appointment of CFO (i.e. the whole time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference.

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Composition:

The Audit Committee consists of 3 (three) Non executive Directors and all of them are independent. All members of the Committee are financially literate. Company Secretary acts as the Secretary to the Committee.

Meetings:

During the year under review, the committee has met 5 times (five) times on 14th May 2011, 13th August 2011, 30th August 2011, 14th November 2011 and 14th February 2012. The attendance details of the members at these meetings are as follows:

Name	Status	No. of meetings held during the year	No. of meetings attended
Sri Vijay Kishore Mishra	Chairman	5	5
Sri N. Nageswara Rao	Member	5	5
Sri D. Chakradhar Reddy	Member	5	5

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, assess and recommend the appointment of Executive and Non-Executive Directors and to review their remuneration package including their remuneration keeping in view the provisions of Companies Act, 1956 and to determine and recommend to the Board, compensation payable to Executive Directors.

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 member's responsibility and performance. Remuneration of directors is decided by the board and approved by the shareholders.

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 and approval of board and shareholders. Salary is paid subject to the overall ceilings stipulated under the provisions of the Companies Act, 1956.

Details of remunerations paid / payable to the Executive Directors for the year ended March 31, 2012 are as follows:

Name of Director	Salary Rs.	Commission Rs.	Perquisites Rs.	Total Rs.
D.S. Chandra Mohan Reddy	20,00,000	NIL	NIL	20,00,000
D. Vijay Sen Reddy	24,00,000	NIL	NIL	24,00,000
K. Ravi Kumar	18,00,000	NIL	NIL	18,00,000
N. Ravinder Reddy	13,50,000	NIL	NIL	13,50,000
Sumit Sen	9,30,000	NIL	NIL	9,30,000

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 2012:

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

Composition & Meetings:

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

During the year under review, the remuneration committee has met once on 14th February, 2012.

C. Shareholders' / Investors' Grievance Committee

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

Terms of reference:

- Redressal of shareholders' / investors' complaints,
- Allotment, transfer / transmission of shares or any other securities and issue of duplicate share certificates and new certificates on split / consolidation / renewal etc.

Composition and meetings:

The Share Transfer and Investors' Grievance Committee presently comprises 3 Directors namely Sri D. Vijay Sen Reddy, Sri N. Ravinder Reddy (up-to 13.2.2012), Sri Vijay Kishore Mishra (w.e.f. 14.2.2012) and Sri D. Chakradhar Reddy. The Committee is headed by Sri D. Chakradhar Reddy, Non-Executive Director. During the year under review Ms. D. Madhavi Latha, Company Secretary was appointed as Compliance Officer of the Company in the place of Mr. N. Ravinder with effect from 30/09/2011

The Committee approves share transfers in physical form, if any, once in fortnight. During the year under review the company has resolved investor's grievances expeditiously. The company has appointed an outside agency M/s. Karvy Computershare Private Limited (earlier Sathguru Management Consultants Private Limited) to act as its Registrar and Share Transfer Agent.

Status of Investor Complaints as on March 31, 2012 and reported under Clause 41 of the Listing Agreement are as under:

Complaints as on April 1, 2011: Nil

Received during the year: 06

Resolved during the year: 06

Pending as on March 31, 2012: Nil

SEBI complaints redress system (SCORES) - SEBI vide its circular no. CIR/OIAE/2/2011 dated June 03, 2011 has commenced processing of investor complaints on a centralized web based complaints redress system called SCORES. During the year under review the company has received one complaint and the same has been redressed.

D. Share allotment committee:

Terms of reference, composition & meetings:

This committee has been constituted to issue / allot shares on conversion of warrants, other convertible securities, to authorize the members to make applications to the stock exchanges for getting listing and trading approvals for the shares allotted and matters related thereto.

At present this committee consists viz. D. Vijay Sen Reddy (Chairman), Sumit Sen (Member), Executive Directors and Mr. Vijay Kishore Mishra (Member), Non-Executive Director. The company secretary acts as secretary to the committee.

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4. General Body Meetings:

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

Financial Year	Venue	Date & Time	Special Resolutions Passed
2010-11	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad - 500 016.	30.09.2011 At 3.00 P.M.	Nil
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"> 1. Appointment of Mr. M. Raja Gopal Reddy as director of the company, liable to retire by rotation. 2. Re-appointment of Mr. D.S. Chandra Mohan Reddy as Chairman & Managing Director of the company for a further period of 5 years and to revise his remuneration. 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.
2008-09	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad - 500 016.	29.09.2009 at 3.00 P.M.	NIL

No special resolution was passed through postal ballot during the year ended 31st March 2012 and no special resolution is proposed to be passed by postal ballot at the ensuing Annual General Meeting.

5. Disclosures:

- a. The company had entered certain transaction with related parties forming part of the accounts are given in the Notes to Accounts in the financial statement as at 31.3.2012. However, none of the transaction were of material significance that had potential conflict with the interests of the company.
- 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/other Statutory Authorities during the last three years.
- 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, 2012.

1. 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 : www.prajayengineers.com.
Website	The company's corporate website also 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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2. General Shareholder Information:

i) Annual General Meetings:

S.No	Item	Details
1.	AGM Date, Time & Venue	On Saturday, the 29th day of September 2012 At 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad - 500016.
2.	Financial Calendar	<ul style="list-style-type: none"> ● Financial Reporting for the first quarter ending 30.6.2012 - 2nd week of August 2012 ● Financial Reporting for the Second quarter ending 30.9.2012 - 2nd week of November 2012 ● Financial Reporting for the Third quarter ending 31.12.2012 - 2nd week of February 2013 ● Financial Reporting for the Last quarter / Year ending 31.03.2013 - 2nd week of May 2013
3.	Date of Book Closure	Monday 24th day of September 2012 to Saturday 29th day of September 2012 (both days inclusive)
4.	Dividend Payment date	Not Applicable
5.	Listing on Stock Exchanges	<p>1. Bombay Stock Exchange (BSE) - 531746</p> <p>2. National Stock Exchange of India Limited (NSE) - PRAENG</p> <p>The Company has paid listing fee to both the exchanges for the year 2012-13 and custodial fee to both the depositories on the basis of no. of folios maintained by them as on 31st March 2012.</p>

ii) Stock Market data for the Year 2011-12:

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

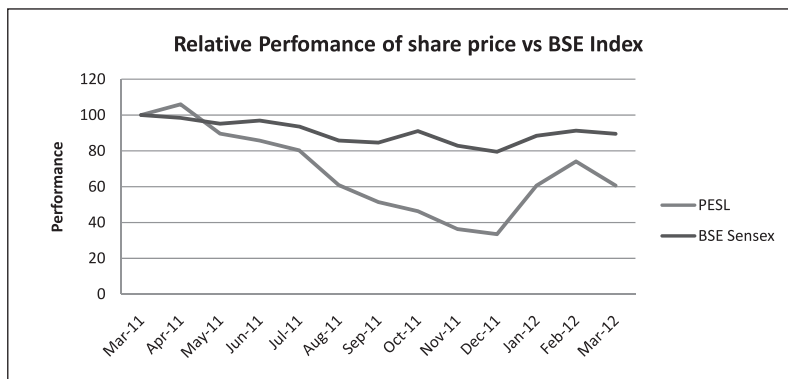
Month	PRAJAY BSE PRICE Rs.			BSE SENSEX	
	High (Rs.)	Low (Rs.)	Volume traded in month	High	Low
2011-12					
April, 2011	17.00	12.81	1353038	19811.14	18976.19
May, 2011	13.90	11.01	477117	19253.87	17786.13
June, 2011	12.20	10.20	674780	18873.39	17314.38
July, 2011	11.55	10.06	425891	19131.70	18131.86
August, 2011	11.03	7.40	926230	18440.07	15765.53
September, 2011	8.30	6.52	818670	17211.80	15801.01
October, 2011	6.94	5.50	682955	17908.13	15745.43
November, 2011	6.30	4.51	638868	17702.26	15478.69
December, 2011	5.10	2.67	3964240	17003.71	15135.86
January, 2012	8.10	4.54	2212655	17258.97	15358.02
February, 2012	10.21	7.36	3139796	18523.78	17061.55
March, 2012	9.90	5.43	1812824	18040.69	16920.61

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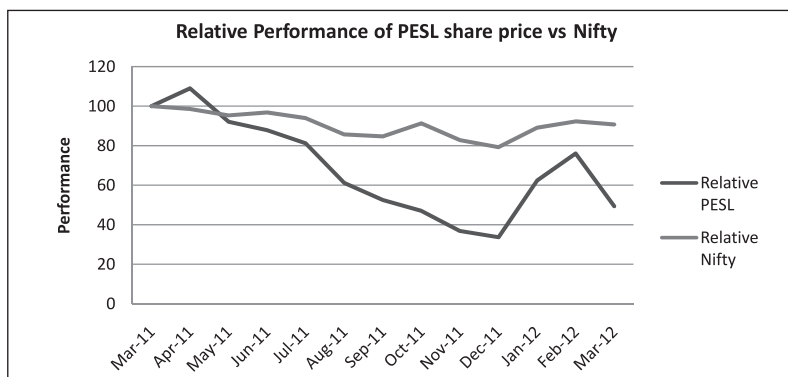
Monthly high and low quotations and volume of shares traded on the National Stock Exchange of India Limited

Month	PRAJAY NSE PRICE Rs.			NIFTY	
	High (Rs.)	Low (Rs.)	Volume traded in month	High	Low
April, 2011	17.15	12.60	1520790	5994.45	5693.25
May, 2011	13.90	11.05	500842	5775.25	5328.70
June, 2011	12.25	10.15	889280	5657.90	5195.90
July, 2011	11.75	10.00	523098	5740.40	5453.00
August, 2011	11.05	7.40	1504998	5551.90	4720.00
September, 2011	8.20	6.55	996817	5169.25	4758.85
October, 2011	6.70	5.30	788480	5399.70	4728.30
November, 2011	6.25	4.55	755562	5326.45	4639.10
December, 2011	5.05	2.65	3236024	5099.25	4531.15
January, 2012	8.05	4.50	1333289	5217.00	4588.05
February, 2012	10.25	7.30	3061020	5629.95	5159.00
March, 2012	9.85	5.55	6871328	5499.40	5135.95

iii) Relative stock performance in comparison to BSE Sensex:



iv) Relative stock performance in comparison to NIFTY:



PRAJAY ENGINEERS SYNDICATE LIMITED

v) RTA and Share Transfer System:

The share transfer activities under physical mode are carried out by Registrar and Share Transfer Agent M/s. Karvy Computershare Pvt. Ltd. and returned 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

A certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from practicing company secretary as required under Clause 47C of the listing agreement, was obtained from Mr. P. Konda Reddy, Practicing Company Secretary and submitted to stock exchanges within stipulated time.

vi) Distribution of Shareholding as on March 31, 2012:

Category	No. of shareholders		No. of shares		% of total shareholding	
	Physical (A)	Demat (B)	Physical (A)	Demat (B)	Physical (A)	Demat (B)
1-5000	266	15596	63378	2926186	0.09	4.18
5001-10000	95	2793	84200	2375836	0.12	3.40
10001-20000	10	1570	13800	2476148	0.02	3.54
20001-30000	12	568	28200	1482432	0.04	2.12
30001-40000	2	271	7500	981422	0.01	1.40
40001-50000	4	263	18600	1255429	0.03	1.80
50001-100000	3	342	23100	2561990	0.03	3.66
100001-above	2	380	299700	55337870	0.43	79.13
Sub-Total	394	21783	538478	69397313	0.77	99.23
Grand Total (A+B)	22177		69935791		100.00	

vii) Shareholding pattern as on March 31, 2012:

Category	No. of Shares held	Percentage of Shareholding
A. Promoter's holding		
1. Promoters		
Indian Promoters	18624692	26.63
Foreign Promoters	Nil	Nil
2. Persons acting in Concert	Nil	Nil
Sub-Total	18624692	26.63
B. Non Promoter's Holding		
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	5995471	8.57
Sub-Total	5995471	8.57

PRAJAY ENGINEERS SYNDICATE LIMITED

4. Non-Institutions		
a. Private Corporate Bodies	12706489	18.17
b. Indian Public	20435086	29.22
c. NRIs/OCBs	1804579	2.58
d. Any other (Directors & Relatives)	10369474	14.83
Sub-Total	45315628	64.80
Grand Total	69935791	100.00

viii) Dematerialization of Shares and liquidity:

Details of Shares Dematerialized as on March 31, 2012:

Particulars	No. of Shares	% of Share Capital
NSDL	43953489	62.85
CDSL	25443824	36.38
Physical	538478	0.77
Total	69935791	100.00

In accordance with the stipulations of SEBI, a company secretary in practice has carried out secretarial audit to reconcile the total issued capital with NSDL and CDSL with the listed capital and the reports have been submitted to the exchanges within stipulated time for the quarter ended 30.6.2011, 30.9.2011, 31.12.2011 and 31.3.2012.

AUDITORS' 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, 2012, 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 explanation 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.

Place : Hyderabad
Date : 31.08.2012

P. Konda Reddy
Company Secretary in Practice
C. P. No: 4384

PRAJAY ENGINEERS SYNDICATE LIMITED

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

We, D. Vijay Sen Reddy, Chief Executive Officer and P. Bhaskara Rao, 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, 2012 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

Place: Hyderabad
Date: 31.08.2012

D. Vijay Sen Reddy
Chief Executive Officer

P. Bhaskara Rao
Chief Financial Officer

DECLARATION ON CODE OF CONDUCT

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.

This is to further 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, 2012.

Place : Hyderabad
Date : 31/08/2012

D. Vijay Sen Reddy
Chief Executive Director

AUDITORS' REPORT

To the Members of Prajay Engineers Syndicate Limited

1. I have audited the attached Balance Sheet of Prajay Engineers Syndicate Limited ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company 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 misstatements. 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 39(a) of the Financial Statements, in respect of Trade Receivables, unsecured considered good outstanding for a period of more than six months amounting to Rs.27,213.09 lacs. For the reasons stated therein, I am unable to comment on the realizations of the aforesaid Receivables.*
 - b. *Note 39(b) of the Financial Statements, in respect of sale of constructed properties amounting to Rs.235.68 lacs. For the reasons stated therein, I am unable to comment on these sales.*
 - c. *Note 39(c) of the Financial Statements, in respect of advances amounting to Rs.7,858.42 lacs given to landlords / developers, and Rs.1,205.17 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 4(b), 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 Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in my opinion, the Balance Sheet, the Statement of Profit and Loss 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

- f) in my opinion and to the best of my information and according to the explanations given to me, the said accounts 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the loss 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, 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

S.V. RANGAN
Chartered Accountant
Membership No. 022037

Place: Secunderabad
Date: August 31, 2012

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.3,277.50 lacs and the balance as at the year end is Rs. 3,277.50 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.
 - (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 prima facie 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.*

PRAJAY ENGINEERS SYNDICATE LIMITED

(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, 2012 outstanding for a period of more than six months from the date they became payable, except as given below.

There are no dues towards investor education and protection fund.

Statement of arrears of statutory dues outstanding for more than six months

Particulars	Amount (Rs.lacs)	Period to which the amount relates	Due date	Date of payment
Income tax	143.59	2009-10	Not applicable	Not paid

(b) As at 31st March, 2012 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, except as given below.

Statement of disputed dues

Particulars	Amount (Rs.lacs)	Period to which the amount relates	Forum where the dispute is pending
Income tax	236.35	2007-08	Commissioner of Income Tax (appeals)
	402.40	2008-09	Commissioner of Income Tax (appeals)
Service tax	783.85	2006-07 to 2010-11	Commissioner of Service Tax

(x) The Company does not have accumulated losses as at 31st March, 2012. *The Company has incurred cash losses during the financial year ended on that date*, but has not incurred cash losses during 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 prima facie 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 not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.

(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 31, 2012

PRAJAY ENGINEERS SYNDICATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2012

(Rs. in lacs)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	6,993.58	6,993.58
(b) Reserves and Surplus	3	59,391.75	59,969.43
2 Non-current Liabilities			
(a) Long-term borrowings	4	14,799.99	15,050.50
(b) Deferred Tax Liabilities (Net)	5	273.03	486.79
(c) Long-term provisions	6	28.16	26.63
3 Current Liabilities			
(a) Short-term borrowings	7	4767.25	6659.95
(b) Trade Payables	8	22,299.06	15,553.73
(c) Other current liabilities	9	4576.60	4385.06
(d) Short-term provisions	10	1069.57	389.64
TOTAL		114,199.00	109,515.31
II ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		3,921.49	4,638.19
(ii) Intangible assets		10.38	11.74
(iii) Capital Work-In-Progress		2,979.45	3,286.70
(b) Non-current investments	12	13,947.12	13,947.12
(c) Long-term loans & advances	13	8,545.81	9,243.00
2 Current assets			
(a) Current investments	14	-	200.04
(b) Inventories	15	52,143.35	45,716.90
(c) Trade receivables	16	29,363.97	30,364.07
(d) Cash and cash equivalents	17	457.35	138.41
(e) Short-term loans and advances	18	2,830.08	1,969.13
TOTAL		114,199.00	109,515.31
Notes forming part of the financial statements	1-42		

As per my report attached

For and on behalf of the Board

S. V. Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

Place : Hyderabad
Date : 31.08.2012

PRAJAY ENGINEERS SYNDICATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in lacs)

Particulars	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I Revenue from operations	19	7,750.95	8,741.68
II Other Income	20	168.13	89.19
III Total Revenue (I + II)		7,919.08	8,830.87
IV Expenses			
1 Cost of Land, Plots, Constructed Properties and Contracts	21	4,828.97	4,597.36
2 Direct Cost Hotels & Resorts		451.54	518.03
3 Employee benefits expense	22	561.71	616.92
4 Finance costs	23	275.76	809.22
5 Depreciation and amortisation expense		385.54	432.03
6 Other expenses	24	1,334.96	1,391.25
Total expenses		7,838.49	8,364.81
V Profit before tax (III - IV)		80.59	466.06
VI Tax expense			
1 - Current Tax		38.80	149.10
2 - Prior period Tax		833.23	144.77
3 - Deferred Tax		(213.76)	157.88
Total Tax Expenses		658.26	451.75
VII Profit / (Loss) for the year (V- VI)		(577.68)	14.31
Earnings per share (in Rs.) (Note 34)			
Basic		(0.83)	0.02
Diluted		(0.83)	0.02
Notes forming part of the financial statements	1-42		

As per my report attached

S. V. Rangan
Chartered Accountant

For and on behalf of the Board

D.Vijay Sen Reddy
Managing Director

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

Place : Hyderabad
Date : 31.08.2012

PRAJAY ENGINEERS SYNDICATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
A. Cash flow from Operating Activities:		
Net Profit before Taxation	80.59	466.07
Adjustments for:		
Depreciation and amortisation	385.54	432.02
Loss on sale of Fixed Assets (Net)	13.39	11.22
Income from non trade investments	(0.71)	(1.56)
Interest Income	(8.04)	(6.15)
Interest and Finance Charges	275.76	809.23
Operating Profit before working capital changes	746.53	1,244.76
Adjustments for:		
Inventories	(6,426.46)	(7,788.48)
Trade receivables	1,000.10	(605.14)
Loans and Advances	(860.95)	2,309.76
Trade and Other Payables	6,930.83	5,035.53
Cash generated from Operations	1,390.05	662.50
Direct Taxes paid	(182.12)	(293.87)
Net Cash flow from Operating Activities (A)	1,207.93	368.63
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(50.33)	(707.86)
Sale/adjustments of Fixed Assets	674.33	3.56
Purchase of Investments	-	(4,014.46)
Movement in long term advances	697.19	-
Sale of Investments	200.04	1,001.18
Loans and Advance to Subsidiaries	-	2,410.89
Income from non trade investments (dividend)	0.71	1.56
Interest income received	8.04	6.15
Net Cash from/(used in) Investing Activities (B)	1,529.98	(1,298.98)
C Cash flow from Financing Activities		
Issue of Equity Capital /Share Warrants/ Share Premium	-	3,059.41
Proceeds from long term borrowings	-	2,099.55
Repayment of long term borrowings	(250.51)	(4,775.61)
Repayment of short term borrowings	(1,892.70)	-
Interest Paid	(275.76)	(809.23)
Net Cash flow from Financing Activities (C)	(2,418.97)	(425.88)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	318.94	(1,356.23)
Cash and Cash Equivalents at the beginning of the year	138.41	1,494.64
Cash and Cash Equivalents at the end of the year	457.35	138.41

Notes : Cash and Cash Equivalents as on March 31,2012 includes :

- Rs. 1.29 lacs in Escrow Account (31.03.2011 - Rs.Nil)
- Rs. 104.98 lacs (31.03.2011 - Nil) in Bank deposits against which banks have issued guarantee.
- Rs.19.66 lacs (31.03.2011 - Rs.14.81 lacs) in unclaimed dividend account.

As per my report attached

For and on behalf of the Board

S. V. Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Place: Hyderabad
Date: 31.08.2012

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

a. 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.

b. 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.

c. 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 cost of fixed assets not ready for their intended use at the reporting date of the financial statements.

d. 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.

e. 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.

f. 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.

g. 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.

h. 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 (g) 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 (g) 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 2 SHARE CAPITAL

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Authorised		
250,000,000 Equity shares of Rs.10 each	25,000.00	25,000.00
	25,000.00	25,000.00
Issued, Subscribed		
70,267,291 Equity shares of Rs.10 each	7,026.72	7,026.72
	7,026.72	7,026.72
Paid up		
69,935,791 Equity shares of Rs10 each fully paid	6,993.58	6,993.58
	6,993.58	6,993.58
Reconciliation of Shares		
Equity Shares outstanding at the beginning of the year	69,935,791	48,330,860
Changes during the year	-	21,604,931
Equity Shares outstanding at the end of the year	69,935,791	69,935,791

Of the above:

2,972,787 shares have been allotted pursuant to a contract without payments being received in cash.

Shares held by share holders holding more than 5% of aggregate shares in the Company

Name of the Share holder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
D.S. Chandra Mohan Reddy	6,959,922	9.95	6,959,922	9.95
D.Vijay Sen Reddy	9,196,384	13.15	9,196,384	13.15
N.Ravinder Reddy	10,236,791	14.64	10,236,791	14.64
CLSA (Mauritius) Limited	5,336,134	7.63	5,336,134	7.63

Note 3 RESERVES AND SURPLUS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Share Premium		
Balance as per last account	40,762.16	38,709.69
Add: Amount received during the year	-	2,052.47
	40,762.16	40,762.16
Capital Reserve	475.80	475.80
General Reserve		
Balance as per last account	1,999.08	1,999.08
Add: Amount transferred from Profit and Loss Account	-	-
	1,999.08	1,999.08
Surplus in Statement of Profit and Loss		
Balance as per last account	16,732.39	16,718.08
Profit/(Loss) for the year	(577.68)	14.31
Closing Balance	16,154.71	16,732.39
Total Reserves	59,391.75	59,969.43

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 4 LONG - TERM BORROWINGS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
SECURED		
a) Term Loans		
From Banks		
- SBI Consortium:		
State Bank of India	3,273.73	3,634.77
State Bank of India (SBS)	1,024.67	1,121.12
State Bank of Mysore	1,542.11	1,713.05
State Bank of Bikaner and Jaipur	1,540.04	1,713.93
The Tamilnad Mercantile Bank Limited	1,135.94	1,261.93
Punjab National Bank	2,018.50	2,111.87
[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 & repayable in 28 quarterly installments]		
b) Loans and advances from related parties:		
Prajay Properties Pvt Ltd	3,200.00	3,200.00
(Secured by Mortgage of 49,869 Sft 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 to1217 and 1226 at Shamirpet village along with the personal guarantee of some the Directors. The loan is repayable on the expiry of 72 months from the date of obtaining all statutory approvals for Prajay Megapolis project, which has not crystallised as on 31-3-12)		
c) Other loans and advances:		
- Indian Overseas Bank	750.00	-
[Secured by way of assignment of the receivables of the Gulmohar Project and value of unsold stock/debt of projects Prajay Enclave, Prajay Windsor Park and Prajay Harbour City & repayable in 6 quarterly installments]		
- HSBC	80.88	-
[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 repayable in 14 monthly installments]		
- Hire Purchase (Vehicle Loans)	192.56	256.34
(Secured by hypothecation of vehicles and equipments acquired out of the said loan. The loans are repayable in 36 equated monthly instalments.)		
UNSECURED		
Deposits		
- Public deposits	41.56	37.49
	14,799.99	15,050.50

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 5 DEFERRED TAX LIABILITY(NET)

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Arising on account of timing difference - depreciation	273.03	486.79
Net Deferred tax liability	273.03	486.79

Note 6 LONG - TERM PROVISIONS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for employee benefits	28.16	26.63
	28.16	26.63

Note 7 SHORT - TERM BORROWINGS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Secured		
Loans repayable on demand:		
a) From Banks		
- Indian Overseas Bank [Short term loan secured by way of creation of security on Fixed deposit]	540.00	-
- Cash Credit from Indian Overseas Bank [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.]	-	666.58
- Indian Overseas Bank [Short term loan 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]	-	3,536.03
b) From other parties		
- Life Insurance Corporation (Secured against the Keyman Insurance Policy)	23.72	50.46
Unsecured		
- Loans & advances from related parties*	4,179.16	2,334.99
Deposits:		
- Deposits (others)	20.00	20.00
- Public deposits	4.37	19.59
Other loans and advances:		
- HBC Finance & Leasing Ltd.	-	32.30
	4,767.25	6,659.95

includes from Subsidiaries *

(a) Prajay Retail Properties Pvt Ltd - Rs.787.98 lacs (31.03.11 Rs. 763.12 lacs)

(b) Prajay Holdings Pvt Ltd - Rs. 2752.89 lacs (31.03.11 Rs.1296.91 lacs)

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 8 TRADE PAYABLES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
(i) Due to micro, small and medium enterprises	-	-
(ii) Due to other creditors	22,299.06	15,553.73
	22,299.06	15,553.73

Note 9 OTHER CURRENT LIABILITIES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Current maturities of Long term debt:		
- Indian Overseas Bank	750.00	-
- HSBC	1,150.00	2,217.51
- SBI Consortium:		
- State Bank of India	480.00	360.00
- State Bank of India (SBS)	168.00	126.00
- State Bank of Mysore	228.00	171.00
- State Bank of Bikaner and Jaipur	228.00	171.00
- The Tamilnad Mercantile Bank Limited	168.00	126.00
- Punjab National Bank	300.00	225.00
(Note 4)		
Current maturities of Hire Purchase obligations	41.53	234.09
(Note 4)		
Interest Accrued and Due on IOB Loans	42.16	47.65
Interest Accrued and Due on SBI Consortium Loans	325.97	145.20
Interest Accrued and Due on LIC Loan	3.02	10.86
Other payables:		
Advance from Customers	666.21	529.79
Income received in advance	6.05	1.27
Unclaimed Dividend @	19.66	19.69
	4,576.60	4,385.06

@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

Note 10 SHORT -TERM PROVISIONS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Income Tax	1,069.57	389.64
	1,069.57	389.64

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 11 FIXED ASSETS

(Rs. in lacs)

Particulars	Cost			Depreciation and Amortisation					Net Block	
	As at 31.03.2011	Additions	Deductions	As at 31.03.12	As at 31.03.2011	For the Year	On Deduction	As at 31.03.12	As at 31.03.12	As at 31.03.2011
TANGIBLE										
1. Land-free Hold	430.85	-	-	430.85	-	-	-	-	430.85	430.85
2. Buildings	2,343.38	-	394.82	1,948.56	344.45	45.68	32.61	357.52	1,591.04	1,998.93
3. Lease Hold Improvements	429.32	-	-	429.32	362.13	67.20	-	429.33	-	67.20
4. Plant & Machinery	2,428.56	23.07	-	2,451.63	876.24	189.75	-	1,065.99	1,385.64	1,552.32
5. Furniture & Fixtures	346.71	21.70	-	368.41	132.01	20.82	-	152.83	215.57	214.69
6. Computers	73.96	1.48	-	75.44	54.87	7.61	-	62.48	12.96	18.99
7. Vehicles	594.06	2.69	34.68	562.07	238.84	51.84	14.04	276.64	285.43	355.21
Sub Total	6,646.84	48.94	429.50	6,266.28	2,008.54	382.90	46.65	2,344.79	3,921.49	4,638.19
INTANGIBLE										
8. Software	23.55	1.39	-	24.94	11.92	2.64	-	14.56	10.38	11.74
TOTAL	6,670.39	50.33	429.50	6,291.22	2,020.46	385.54	46.65	2,359.35	3,931.87	4,649.93
AS AT MARCH 31, 2011	6,498.87	192.49	20.97	6,670.39	1,594.62	432.02	6.19	2,020.45	4,649.93	-
CAPITAL WORK-IN- PROGRESS	-	-	-	-	-	-	-	-	2,979.45	3,286.70

Note : Plant & Machinery costing Rs.592.24 lacs (31.03.2011 : Rs.699.60 lacs) and vehicles costing Rs.250.94 lacs (31.03.2011 : Rs.285.10 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 12 NON-CURRENT INVESTMENTS (AT COST)

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Non Trade - Quoted		
Investments in equity instruments :		
Indian Overseas Bank		
9,500 Equity Shares of Rs.10 each, fully paid	2.28	2.28
Trade - Unquoted		
In Subsidiary Companies		
a) Investments in equity instruments :		
Prajay Retail Properties Private Ltd.		
5,000 Equity Shares of Rs.1,000 each, fully paid	1,100.00	1,100.00
Prajay Holdings Private Limited		
9,99,900 Equity Shares of Rs.10 each, fully paid	99.99	99.99
Prajay Realty Pvt Ltd		
10,000 Equity Shares of Rs.10 each, fully paid	1.00	1.00
b) Investments in preference shares:		
Prajay Holdings Private Limited		
6,44,38,944 Preferential Shares of Rs.10 each, fully paid	6,443.89	6,443.89
In associate Companies		
a) Investments in equity instruments :		
Prajay Properties Private Limited		
64,597 Equity Shares of Rs.10 each, fully paid	6.46	6.46
b) Investments in preference shares:		
Prajay Properties Private Limited	4,013.00	4,013.00
4,01,300 Preferential Shares of Rs.10,000 each, fully paid		
Investments in Capital of Partnership Firm		
Prajay Binjusaria Estates	2,280.50	2,280.50
(Note 40)	13,947.12	13,947.12
(i) Aggregate of Quoted Investments		
Cost	2.28	2.28
Market Value	8.96	13.64
(ii) Aggregate of Unquoted Investments (Cost)	11,664.34	11,664.34

Note 13 LONG TERM LOANS & ADVANCES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured considered good		
i. Security Deposits (a)	644.00	590.72
ii. Advance for purchase of land/ development (b)	7,858.42	8,594.69
iii. Capital advances	43.39	57.59
	8,545.81	9,243.00
(a) Includes deposit to Director Rs.500 lacs (31.03.2011 Rs.500 lacs)		
(b) 1. Includes advance to Partnership firms in which the company is partner Rs. 87.55 lacs (31.03.2011 Rs.85.82 lacs)		
2. Includes advances to private companies in which any director is director Rs.1227.45 lacs(31.03.2011 Rs.1627.12 lacs)		

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 14 CURRENT INVESTMENTS (at lower of cost and fair value)

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Quoted		
Investments in Mutual Funds	-	200.04
1,20,03973 Mutual Fund units of State Bank India - SHF-Ultra Short Term Fund-Institutional Plan of Rs.10.006 each, fully paid.	-	200.04
(i) Aggregate of Quoted Investments		
Cost	-	200.04
Market Value	-	200.04

Note 15 INVENTORIES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Land at Cost	15,043.11	14,980.24
Constructed Properties		
- Land and construction work in progress - at cost	37,076.49	30,706.49
Food and Beverages - at cost	23.75	30.17
	52,143.35	45,716.90

Note 16 TRADE RECEIVABLES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured , Considered good		
i. Outstanding for more than six months (a)	27,213.09	26,421.37
ii. Other Debts	2,150.87	3,942.70
	29,363.97	30,364.07
a) includes Rs.1829.27 lakhs (31-3-2011: NIL) due from Associate Companies		

Note 17 CASH AND CASH EQUIVALENTS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Balance with Scheduled Banks		
On Current Account (a)	194.15	52.33
On Escrow Account	1.29	-
On Deposit Account (b)	104.98	-
Cash on Hand	156.92	86.08
	457.35	138.41

- a) includes unpaid dividend accounts Rs.19.66 lacs (31-3-2011: Rs.14.81 lacs)
b) includes against bank guarantees Rs.80.21 lacs (31-3-2011 : Nil);
includes Rs.14.87 lacs (31-3-2011: Nil) with more than 12 months maturity

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 18 SHORT-TERM LOANS & ADVANCES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
(Unsecured considered good unless otherwise specified)		
Loans and advances to related parties (a)	246.86	123.58
Others	2,292.61	1,565.22
Advance Tax	290.61	280.33
	2,830.08	1,969.13

- a) includes Rs.125.74 lacs (31-03-2011: Rs.118.61 lacs) to private companies having common director and Rs.121.12 lacs (31-03-2011: Rs.4.97 lacs) to director.

Note 19 REVENUE FROM OPERATIONS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Construction division		
(a) Sale of Constructed Properties	5,441.53	5,018.11
(b) Revenue from Construction Contracts	999.13	2,327.53
(c) Sale of Land	247.91	38.35
Hospitality division		
(a) Sale of Rooms	219.85	205.68
(b) Food and Beverages	776.53	952.88
(c) Others	15.31	146.75
(d) Membership Fees	50.69	52.37
	7,750.95	8,741.68

Note 20 OTHER INCOME

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Rental Income	4.79	41.53
Interest Income [includes TDS Rs. 0.77 lacs (31.03.2011 - Rs.0.51 lacs)]	8.04	6.15
Dividend income	0.71	1.56
Profit on Sale of Fixed Assets	2.85	-
Proceeds of Key Man insurance policy	110.50	-
Miscellaneous	41.24	39.95
	168.13	89.19

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 21 COST OF LAND, PLOTS, CONSTRUCTED PROPERTIES & CONTRACTS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Purchases, development/construction costs	10,588.93	10,940.83
Cost of construction contracts	672.91	1,439.97
Changes in inventories:		
Closing stock		
- Land	15,043.11	14,980.24
- Constructed properties	37,076.49	30,706.49
Sub total A	52,119.60	45,686.73
Less : Opening stock		
- Land	14,980.24	14,980.24
- Constructed properties	30,706.49	22,923.05
Sub Total B	45,686.73	37,903.29
A-B	(6,432.87)	(7,783.44)
Total	4,828.97	4,597.36

Note 22 EMPLOYEE BENEFITS EXPENSE

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Salaries, Wages and Bonus	774.62	770.83
Contribution to Provident Fund/ Pension Fund and Gratuity	17.06	24.68
Staff Welfare	6.58	6.06
	798.26	801.56
Less: Allocated to Projects	236.55	184.65
	561.71	616.92

Note 23 FINANCE COSTS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Interest Expenses		
- On Fixed Loans	2,515.40	2,526.11
- Others	57.35	168.20
Bank Charges	42.97	29.62
	2,615.72	2,723.93
Less: Allocated to Projects	2,339.96	1,914.71
	275.76	809.22

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 24 OTHER EXPENSES

(Rs.in Lacs)

Particulars	As at	
	31.03.2012	31.03.2011
Rent (a)	413.43	491.11
Rates and Taxes	554.95	350.87
Insurance	15.81	20.86
Power and Fuel	325.10	269.77
Repairs and Maintenance		
- Building	72.39	90.51
- Plant & Machinery	52.48	31.28
- Others	38.38	39.74
Travelling Expenses	27.02	24.37
Printing and Stationery	17.23	23.40
Postage, Telegrams and Telephones	25.15	28.29
Professional Charges/Consultancy Charges	50.48	120.74
Advertisement	145.59	137.94
Commission on sales	5.08	10.43
Loss on sale of fixed assets	16.24	11.22
Miscellaneous Expenses	146.10	112.33
	2,313.87	1,762.86
Less Allocated to Projects	570.47	371.61
	1,334.96	1,391.25

a) Includes rent paid to Directors - Rs.348.42 Lacs
(31.03.2011 : Rs. 366.68 Lacs)

NOTES TO THE ACCOUNTS

25. As stated in Note 1(g) (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.

26 As stated in Note 1(g) (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. 999.13 lacs (31.03.2011 Rs.2327.53 lacs) is recognized as contract revenue by the company during the current financial year. The cost incurred in respect of the above is Rs. 672.91 lacs (31.03.2011 Rs.1439.97 lacs) .

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

27. Trade Payables - Dues to Micro and small enterprises

Trade payables (Note 8) include Rs. Nil (31.03.2011 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.

(Rs. in lacs)		
Particulars	2011-12	2010-11
28 Value of Import of CIF Basis		
Construction related equipment and material	9.35	303.23
29 Expenditure in Foreign Currency		
Foreign Travel	-	21.06
Others	-	21.67
30 Earnings in Foreign Currency		
Sale of Constructed Properties	-	6.29
31 Auditors' Remuneration		
For services as Auditor	11.20	11.20
For Tax Audit	1.50	1.50
For Other Matters	0.42	0.37
For reimbursement of out of packet expenses	0.20	0.24
For service tax	1.35	1.31
32 Contingent Liabilities (not provided for)		
Guarantees given to banks (on behalf of Prajay Properties Pvt Ltd)	12130.00	12130.00
Service Tax demand *	1036.77	-

* The company has disputed the liability and replied to the show cause notice, that the short payment of service tax, if any, demanded by the Service Tax Authorities is not maintainable in law.

Further, as per Circular No.108/02/2009-ST, dated 29.01.2009 issued by CBEC, no service tax is payable on the Construction of Complex Service for the impugned period 2006-07 to 2010-11. During the impugned period, the company had deposited with the Service Tax Authorities, whatever service tax collected from the customers.

33 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs. 387.35 lacs, (31.03.2011: Rs.2632.27 lacs), other commitments Nil. (31-03-2011: Nil).

34 Earnings Per Share (EPS):

Particulars	2011-12	2010-11
a) Weighted average number of equity shares of Rs.10 each		
i) Number of equity shares at the beginning of the year	69935791	48330860
ii) Number of equity shares at the end of the year	69935791	69935791
iii) Weighted average outstanding during the year	69935791	68721330
b) Net Profit/ (Loss) available for equity share holders (Rs. in lacs)	(577.68)	14.31
c) Earnings per share (Rs.)		
i) Basic	(0.83)	0.02
ii) Diluted	(0.83)	0.02

35 Segment Information as per Accounting Standard 17 on Segment Reporting notified by the Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2012.

(Rs. in Lacs)

Business Segment	2011-12			2010-11			Total
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	
Segment Revenue							
External	6,688.57	1,062.38	168.13	7,383.99	1,357.68	89.19	8,830.87
Total Revenue	6,688.57	1,062.38	168.13	7,383.99	1,357.68	89.19	8,830.87
Segment Result	662.57	(341.64)		1,744.67	(354.99)	-	1,389.69
Unallocated Corporate expenses							
net of unallocated income				26.66			122.10
Operating Profit				347.59			1,267.59
Interest Expense				275.76			809.23
Interest Income				8.04			6.15
Dividend Income				0.71			1.56
Profit before Taxation				80.58			466.07
Income Tax				38.80			293.88
Prior period Tax				833.23			
Deferred Tax				(213.76)			157.88
Net Profit				(577.68)			14.31
Other Information							
	2011-12			2010-11			Total
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	
Segment Assets	94,415.62	4,798.77	14,984.61	92,018.80	5,296.64	12,199.86	109,515.30
Total Assets	94,415.62	4,798.77	14,984.61	92,018.80	5,296.64	12,199.86	109,515.30
Segment Liabilities	42,054.83	353.17	1,443.48	41,695.27	338.14	518.88	42,552.29
Total Liabilities	42,054.83	353.17	1,443.48	41,695.27	338.14	518.88	42,552.29
Capital Expenditure	48.54	1.79	-	132.45	60.04		192.49
Depreciation	207.46	178.07	-	204.22	227.81		432.03
Net Cash expense other than depreciation	13.39	-	-	11.22	-	-	11.22

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

36. 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

Party	Relationship	
(i) 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	
(ii) Key Management Personnel	Designation	Relatives (Relation)*
Mr. Vijay Sen Reddy	Managing Director	Mrs. Sharmila Reddy (Wife)
Mr. Chandra Mohan Reddy	Director	Mrs. Hymavathi 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

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

Prajay Financial Services Limited	Prajay Chit Funds Private Limited
Prajay Lifestyle UPVC Windows Private Limited	Money Tree Investments & Holdings Pvt. Ltd.
Prajay Princeton Hotels Private Limited	Money Tree Life Style Destinations Pvt. Ltd
Prajay Princeton Developers Private Limited	
Prajay Velocity Developers Private Limited	Secunderabad Golf and Leisure Resorts Private Limited
Vij Mohan Constructions Private Limited	Prajay Land Capital Private Limited
Money Tree Entertainment Limited.	Money Tree Media Ventures Private Limited

PRAJAY ENGINEERS SYNDICATE LIMITED

(Rs. in Lacs)

36B. The following transactions were carried out with related parties in the ordinary course of business

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	
		31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011
Sale of land, property, material and work done	Prajay Properties Private Limited			-	985.71	-	-
	Prajay Land Capital Private Limited			-	1,341.82	-	-
	Prajay Holdings Private Limited	999.13	-	-	-	-	-
Purchase of land, material and Services	VijMohana Constructions Private Limited	-	-	-	0.79	-	-
	Prajay Lifestyle UPVC Windows Private Limited			34.91	-	-	-
Remuneration paid	-	-	-	-	-	84.96	93.30
Rent paid	-	-	-	-	-	360.39	366.68
Investments made during the year	Prajay Properties Private Limited	-	-	-	4,014.46	-	-
Advances given	Prajay Developers Private Limited	0.50	0.01	-	-	-	-
	Prajay Properties Private Limited	-	-	266.54	3,657.77	-	-
	Prajay Land Capital Private Limited	-	-	0.17	1,710.12	-	-
	VijMohana Constructions Private Limited	-	-	187.18	284.53	-	-
	Secunderabad Golf and Leisure Private Limited	-	-	-	5.08	-	-
	Prajay Velocity Developers Private Limited	-	-	0.34	1.19	-	-
	Prajay Binjuseria Estates	-	-	0.41	4.88	-	-
	Money Tree Media Ventures (P) Ltd	-	-	-	200.00	-	-
	Prajay Realty Pvt Ltd.,	0.08	0.04	-	-	-	-
	Prajay Lifestyle UPVC Windows Private Limited			15.47	-	-	-
	Key Management Personnel/relatives	-	-	-	-	132.14	-
Advances Repaid	Prajay Properties Private Limited	-	-	319.43	6,015.77	-	-
	Prajay Retail Properties Private Ltd	-	121.55	-	-	-	-
	VijMohana Constructions Private Limited	-	-	131.03	185.79	-	-
	Prajay Velocity Developers Private Limited			400.00	-	-	-
	Prajay Land Capital Private Limited			-	3,169.17	-	-
	Prajay Holdings Private Limited	432.03	43.46	-	-	-	-
	Prajay Retail Properties Private Ltd	8.52	-	-	-	-	-
	Prajay Arnav Shelters Private Limited	-	-	0.10	-	-	-
	Key Management Personnel/relatives	-	-	-	-	13.52	54.35

PRAJAY ENGINEERS SYNDICATE LIMITED

(Rs. in Lacs)

36B. The following transactions were carried out with related parties in the ordinary course of business (Contd.)

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
		31.3.2012	31.3.2011		
Advance Taken	Prajay Properties Private Limited			3,739.93	
	Prajay Holdings Private Limited	2,917.72	-	-	-
	Prajay Retail Properties Private Ltd	25.00	788.31		
Shares Allotted on conversion of share warrants (including Share Premium)		-	-	-	2,898.88
Balance at the end of the year					
Trade Receivables	Prajay Properties Private Limited	-	-	966.00	966.00
	Prajay Land Capital Private Limited			863.28	863.28
Loans & Advances	Prajay Developers Private Limited	3.44	2.94		
	Prajay Land Capital Private Limited	-	-	0.17	0.00
	Prajay Properties Private Limited	-	-	-	52.89
	VijMohan Constructions Private Limited			233.40	177.25
	Secunderabad Golf and Leisure Resorts Private Limited				
	Prajay Velocity Developers Private Limited			685.13	685.13
	Prajay Lifestyle UPVC Windows Private Limited			542.32	941.98
	Prajay Binjuseria Estates			99.13	118.57
	Money Tree Media Ventures (P) Ltd	-	-	79.16	78.75
	Prajay Realty Pvt Ltd	0.12	0.04	200.00	200.00
	Prajay Arnav Shelters Private Limited			-	0.10
	Key Management Personnel				690.83
Trade Payables	Prajay Holdings Private Limited	2,783.47	1,296.91		
	Prajay Properties Private Limited			3,739.93	
	Prajay Retail Properties Private Ltd	779.60	763.12		
	VijMohan Constructions Private Limited			-	0.79
	Key Management Personnel/relatives				524.95
Loan Outstanding	Prajay Properties Private Limited			3200.00	3200.00
	Prajay Financial Services Limited			77.50	77.50

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

37. 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 (Note 24)

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

(Rs. in lacs)

	March 31, 2012				March 31, 2011			
	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	-	-

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	
	31.3.12	31.3.11	31.3.12	31.3.11	31.3.12	31.3.11
Building	88.58	88.58	18.52	17.08	1.44	1.44

(Rs. in lacs)

	March 31, 2012				March 31, 2011			
	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	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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, 2012			March 31, 2011		
	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	258.45	214.61	43.84	571.89	306.66	265.24
Less: Future Finance Charges	24.36	21.86	2.50	81.46	56.56	24.91
Present Value of minimum hire purchase payments at the Balance Sheet Date	234.09	192.75	41.34	490.43	250.10	240.33

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38. 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)	
	31.03.2012	31.03.2011
I. Expense recognized in the Statement of Profit and Loss Account for the year ended March 31, 2012		
1. Current Service Cost	2.99	3.35
2. Interest	1.51	1.42
3. Expected return on plan assets	(2.14)	(2.05)
4. Actuarial (Gain)/ Loss	(0.11)	(2.48)
5. Past Service Cost	-	-
5. Total Expense	2.25	0.24
II. Net Asset/(Liability) recognized in the Balance Sheet as on March 31, 2012		
1. Present Value of Defined Benefit Obligation as on March 31, 2012.	22.44	18.83
2. Fair Value of plan assets as on March 31, 2012	(25.55)	(24.15)
3. Funded Status [Surplus/(Deficit)]	3.11	5.32
4. Net Asset/(Liability) as on March 31, 2012	3.11	5.32
Employee Benefits (Contd.)		
III. Change in Obligation during the year ended March 31, 2012		
1. Present Value of Defined Benefit Obligation at the beginning of the year.	18.83	17.70
2. Current Service Cost	2.99	3.35
3. Interest Cost	1.51	1.42
4. Actuarial (Gain)/Loss	(0.11)	(2.48)
5. Benefit Payments	(0.78)	(1.15)
6. Present Value of Defined Benefit Obligation at the end of the year.	22.44	18.83
IV. Change in Fair Value of Assets during the year ended March 31, 2012		
1. Fair Value of plan assets at the beginning of the year	24.15	23.25
2. Expected return on plan assets	2.14	2.05
3. Contributions by employer	0.04	
4. Actual benefits paid	(0.78)	(1.15)
5. Actuarial (Gain)/ Loss Plan Assets	-	
6. Fair Value on plan assets at the end of the year	25.55	24.15
V. The major categories of plan assets as a percentage of total plan		
Funded with LIC	100%	100%
VI. Actuarial Assumptions		
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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

39. (a) Trade Receivables - (Note.no.16) unsecured, considered good, includes Rs. 27,213.09 lacs (31.03.2011 year Rs.26,421.37), outstanding for more than six months. As a result of economic slowdown and recession in realty sector, the realizations from customers are slow.
- (b) Revenue from operations (Note 19) Sales Include sale of constructed properties Rs.235.68 lacs wherein sales revenue (in respect of alterations or additional works requested by customers) has been recognized, pending completion of relevant documentation. The company is in the process of completing the documentation in this regard.
- (c) Long Term Loans and Advances (Note 13) include advances given to Landlords/ developers towards certain projects amounting to Rs.7,858.42 lacs (31-03-2011: Rs.8,514.32 lacs) and Short Term Loans and Advances (Note 18) to suppliers, etc amounting to Rs.1,205.17 lacs (31-03-2011: Rs.1,671.20 lacs) outstanding from earlier years. Due to long term involvement in such projects, no provision has been considered necessary.
40. **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, 2012 the partnership firm has not commenced any activities
- (d) Share of each partner in the Profit or Loss

Sl. 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

41. The Secured Loan of Rs.3200.00 Lacs from Prajay Properties Private Limited is continuing as Interest free by virtue of the agreement Dated 6th October '2009.
42. These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous years figures have been recast/restated.

For and on behalf of the Board

D. Vijay Sen Reddy
Managing Director

Place: Hyderabad
Date: 31.08.2012

D. Madhavi Latha
Company Secretary

Sumit Sen
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 31.03.2012		For the Previous Financial Year ended 31.03.2011	
				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	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.	31.03.2012	999,900	77.99%	(8.37)	999,900	99.99%	(7.27)
Prajay Developers Private Limited Note: Subsidiary of Subsidiary i.e Prajay Holdings Pvt. Ltd	31.03.2012	-	-	Nil	Nil	Nil	Nil
Prajay Retail Properties Pvt Ltd	31.03.2012	5000	100%	(0.05)	5000	100%	(7.83)
Prajay Realty Pvt.Ltd.	31.03.2012	10000	100%	(0.08)	10000	100%	(0.04)

PRAJAY ENGINEERS SYNDICATE LIMITED

SUMMARY OF INFORMATION OF SUBSIDIARY COMPANIES for the Financial Year ended 31st March, 2012

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	128.21	2,182.32	50.00	1.00
2. Reserves & Surplus	1,804.65	(11.99)	150.40	(0.29)
3. Total Assets (Net)	21,254.24	2,216.07	964.78	0.83
4. Total Liabilities (Outside)	12,566.53	45.75	–	–
5. Details of Investments (Except in case of investments in the subsidiaries)	–	–	–	–
6. Turnover	–	–	–	–
7. Profit before Taxation	(8.37)	–	(0.05)	(0.08)
8. Provision for taxation	–	–	–	–
9. Profit after taxation	(8.37)	–	(0.05)	(0.08)
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, 2012 and also the consolidated Statement of Profit and Loss 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 36(a) of the Consolidated Financial Statements, in respect of Trade Receivables, unsecured considered good outstanding for a period of more than six months amounting to Rs.27,213.09 lacs. For the reasons stated therein, I am unable to comment on the realizations of the aforesaid Receivables.*
 - b. *Note 36(b) of the Consolidated Financial Statements, in respect of sale of constructed properties amounting to Rs.235.68 lacs. For the reasons stated therein, I am unable to comment on these sales.*
 - c. *Note 36(c) of the Consolidated Financial Statements, in respect of advances amounting to Rs.7,858.42 lacs given to landlords / developers, and Rs.1,205.17 Lacs given to suppliers, etc outstanding from earlier years in respect of which no provision has been made 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 whose financial statements reflect total assets of Rs.3,192.85 lacs as at 31st March 2012, total revenues of Rs.0.35 lacs and net cash inflow amounting to Rs.0.40 lacs for the year ended on that date as considered in the consolidated financial statements. The consolidated financial statements also include the group's share of net profit of Rs.1.77 lacs of two associates and not audited by me. These financial statements 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 associates, 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) and 3(b) 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, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, 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: 31.08.2012

S.V. RANGAN
Chartered Accountant
Membership No. 022037

PRAJAY ENGINEERS SYNDICATE LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(Rs. in lacs)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	6,993.58	6,993.58
(b) Reserves and Surplus	3	60,903.34	60,264.19
2 Minority Interest		425.23	-
3 Non-current Liabilities			
(a) Long-term borrowings	4	27,242.64	22,213.15
(b) Deferred Tax Liabilities (Net)	5	273.03	486.79
(c) Long-term provisions	6	28.16	26.63
4 Current Liabilities			
(a) Short-term borrowings	7	1,204.19	4,600.12
(b) Trade Payables	8	22,610.16	14,913.92
(c) Other current liabilities	9	5,768.93	5,794.83
(d) Short-term provisions	10	1,069.59	389.64
TOTAL		126,518.85	115,682.85
II ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
Tangible assets		3,997.51	4,719.53
Intangible assets		10.38	11.74
Capital Work-In-Progress		2,979.45	3,286.70
(b) Non-current investments	12	6,883.11	6,881.34
(c) Long-term loans & advances	13	8,551.61	9,244.60
(d) Goodwill on Consolidation		1,075.70	1,075.70
2 Current assets			
(a) Current investments	14	-	200.04
(b) Inventories	15	65,826.78	57,766.60
(c) Trade receivables	16	29,363.97	30,364.07
(d) Cash and cash equivalents	17	4,119.95	332.99
(e) Short-term loans and advances	18	3,710.38	1,799.53
TOTAL		126,518.85	115,682.85
Notes forming part of the consolidated financial statements	1-38		

As per my report attached

For and on behalf of the Board

S. V. Rangan

Chartered Accountant

D.Vijay Sen Reddy

Managing Director

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

Place : Hyderabad

Date : 31.08.2012

PRAJAY ENGINEERS SYNDICATE LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in lacs)

Particulars	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I Revenue from operations	19	6,751.82	8,555.62
II Other Income	20	168.48	89.93
III Total Revenue (I + II)		6,920.30	8,645.56
IV Expenses			
1 Cost of Land, Plots, Constructed Properties and Contracts	21	4,156.06	4,597.36
2 Direct Cost Hotels & Resorts		451.54	518.03
3 Employee benefits expense	22	561.71	620.86
4 Finance costs	23	276.10	809.22
5 Depreciation and amortisation expense		391.18	437.64
6 Other expenses	24	1,337.74	1,397.56
Total expenses		7,174.33	8,380.67
V Profit/(Loss) before tax & Minority Interest (III - IV)		(254.03)	264.89
VI Tax expense			
1 Current Tax		38.81	149.10
2 Prior period Tax		833.23	144.77
3 Deferred Tax		(213.76)	157.88
Total Tax Expense		658.28	451.75
VII Profit / (Loss) after tax & before Minority Interest (V- VI)		(912.31)	(186.87)
VIII Minority Interest		(1.15)	-
IX Share in Net Profit/(Loss) of Associate		1.77	(7.12)
X Profit / (Loss) after tax & Minority Interest (VII- VIII-IX)		(911.69)	(193.99)
Earnings per share (in Rs.) (Note 31)			
Basic		(1.31)	(0.28)
Diluted		(1.31)	(0.28)
Notes forming part of the financial statements	1-38		

As per my report attached

For and on behalf of the Board

S. V. Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

Place : Hyderabad
Date : 31.08.2012

PRAJAY ENGINEERS SYNDICATE LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
A. Cash Flow from Operating Activities:		
Net Profit before Taxation	(254.03)	264.88
Adjustments for:		
Depreciation and amortisation	391.18	437.64
Loss on sale of Fixed Assets (Net)	13.39	11.22
Income from non trade investments	(0.71)	(1.56)
Interest Income	(285.85)	(6.88)
Interest and Finance Charges	276.10	809.23
Operating Profit before working capital changes	140.08	1,514.53
Adjustments for:		
Inventories	(8,060.19)	(404.01)
Trade receivables	1,000.10	(1,131.07)
Loans and Advances	(1,910.85)	1,086.40
Trade and Other Payables	7,662.51	5,195.84
Cash generated from Operations	(1,168.35)	6,261.69
Direct Taxes paid	(182.12)	(293.87)
Net Cash flow from Operating Activities (A)	(1,350.47)	5,967.82
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(50.64)	(624.52)
Sale/adjustments of Fixed Assets	674.33	3.56
Purchase of Investments	1.77	(4,598.57)
Movement in long term advances	692.99	-
Sale of Investments	200.04	1,001.18
Loans and Advance to Subsidiaries	-	-
Income from non trade investments (dividend)	0.71	1.56
Interest income received	285.85	6.88
Net Cash from/(used in) Investing Activities (B)	1,805.05	(4,209.91)
C Cash flow from Financing Activities		
Issue of Equity Capital /Share Warrants/ Share Premium	1,974.93	3,894.13
Proceeds from long term borrowings	5,029.49	9,388.52
Repayment of long term borrowings	-	(15,594.51)
Repayment of short term borrowings	(3,395.94)	-
Interest Paid	(276.10)	(809.23)
Net Cash flow from Financing Activities (C)	3,332.39	(3,121.09)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	3,786.97	(1,363.18)
Cash and Cash Equivalents at the beginning of the year	332.98	1,696.16
Cash and Cash Equivalents at the end of the year	4,119.95	332.98

Notes: Cash and Cash Equivalents as on March 31, 2012 includes :

- Rs. 1.29 lacs in Escrow Account (31.03.2011 - Rs.Nil)
- Rs. 104.98 lacs (31.03.2011 - Nil) in Bank deposits against which banks have issued guarantee.
- Rs.19.66 lacs (31.03.2011 - Rs.14.81 lacs) in unclaimed dividend account.

As per my report attached

For and on behalf of the Board

S. V. Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Place: Hyderabad
Date: 31.08.2012

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1

Significant Accounting Policies and Notes to the Accounts for the year ended March 31, 2012.

- A. (a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 23 (AS23) "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, 2012	Percentage of ownership interests as at March 31, 2011
Prajay Holdings Private Limited (PHPL).	Subsidiary	India	77.99	99.99
Prajay Developers Private Limited (Formerly MVL Trading Company Private Ltd.)	Subsidiary of PHPL	India	100.00	100.00
Prajay Retail Properties Private Limited (Formerly Dillu Cine Enterprises Pvt Ltd)	Subsidiary	India	100.00	100.00
Prajay Realty Private Limited.	Subsidiary	India	100.00	100.00
Prajay Properties Private Limited.	Associate	India	49.50	49.50
Prajay Land Capital Private Limited.	Associate (Subsidiary of PPPL)	India	100.00	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 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.

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 SHARE CAPITAL

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Authorised		
250,000,000 Equity shares of Rs.10 each	25,000.00	25,000.00
	25,000.00	25,000.00
Issued, Subscribed		
70,267,291 Equity shares of Rs.10 each	7,026.72	7,026.72
	7,026.72	7,026.72
Paid up		
69,935,791 Equity shares of Rs10 each fully paid	6,993.58	6,993.58
	6,993.58	6,993.58
Reconciliation of Shares		
Equity Shares outstanding at the beginning of the year	69,935,791	48,330,860
Changes during the year	-	21,604,931
Equity Shares outstanding at the end of the year	69,935,791	69,935,791

Of the above:

2,972,787 shares have been allotted pursuant to a contract without payments being received in cash.

Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs.10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shares held by share holders holding more than 5% of aggregate shares in the Company

Name of the Share holder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
D.S. Chandra Mohan Reddy	6,959,922	9.95	6,959,922	9.95
D.Vijay Sen Reddy	9,196,384	13.15	9,196,384	13.15
N.Ravinder Reddy	10,236,791	14.64	10,236,791	14.64
CLSA (Mauritius) Limited	5,336,134	7.63	5,336,134	7.63

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3 RESERVES AND SURPLUS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Share Premiun		
Balance as per last account	40,951.36	38,709.69
Add: Amount received during the year	1,946.72	2,241.67
	42,898.08	40,951.36
Capital Reserve	1,058.88	1,058.88
General Reserve		
Balance as per last account	1,999.08	1,999.08
Add: Amount transfered from Profit and Loss Account	-	-
	1,999.08	1,999.08
Surplus in Statement of Profit and Loss		
Balance as per last account	16,254.87	16,448.86
Profit/(Loss) for the year	(910.55)	(193.99)
Minority Interest	(397.02)	-
Closing Balance	14,947.30	16,254.87
Total Reserves	60,903.34	60,264.19

Note 4 LONG - TERM BORROWINGS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Secured		
a) Term Loans		
From Banks		
SBI Consortium:		
State Bank of India	3,273.73	3,634.77
State Bank of India (SBS)	1,024.67	1,121.12
State Bank of Mysore	1,542.11	1,713.05
State Bank of Bikaner and Jaipur	1,540.04	1,713.93
The Tamilnad Mercantile Bank Limited	1,135.94	1,261.93
Punjab National Bank	2,018.50	2,111.87
[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 & repayable in 28 quarterly installments]		
b) Loans and advances from related parties:		
Prajay Properties Pvt Ltd	3,200.00	3,200.00
(Secured by Mortgage of 49,869 Sft 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 to1217 and 1226 at Shamirpet village along with the personal guarantee of some of the Directors. The loan is repayable on the expiry of 72 months from the date of obtaining all statutory approvals for Prajay Megapolis project, which has not crystallised as on 31-3-12)		

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
c) Other loans and advances:		
- Indian Overseas Bank [Secured by way of assignment of the receivables of the Gulmohar Project and value of unsold stock/debt of projects Prajay Enclave, Prajay Windsor Park and Prajay Harbour City & repayable in 6 quarterly installments]	750.00	-
- HSBC [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 repayable in 14 monthly installments]	80.88	-
- Hire Purchase (Vehicle Loans) (Secured by hypothecation of vehicles and equipments acquired out of the said loan. The loans are repayable in 36 equated monthly instalments.)	192.56	256.34
UNSECURED		
- Compulsorily Convertible Debentures Compulsorily Convertible Debentures		
a) Held by LB Hyderabad Investments ILLC	-	7,162.65
b) Held by White Stock Limited	12,442.65	-
1. Compulsorily Convertible Debentures of 716265 nos with 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 Company 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)		
2. Compulsorily Convertible Debentures of 5,28,000 nos with face value Rs.1000 each carry interest rate of 11% p.a. issued on 24th August, 2011 with an option to convert into equity shares of the company at on the date falling on the 8th anniversary of the first completion date.		
Deposits		
- Public deposits	41.56	37.49
	27,242.64	22,213.15

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 5 DEFERRED TAX LIABILITY (NET)

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Arising on account of timing difference - depreciation	273.03	486.79
Net Deferred tax liability	273.03	486.79

Note 6 LONG - TERM PROVISIONS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for employee benefits	28.16	26.63
	28.16	26.63

Note 7 SHORT - TERM BORROWINGS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Secured		
Loans repayable on demand:		
a) From Banks		
- Indian Overseas Bank	540.00	-
[Short term loan secured by way of creation of security on Fixed deposit]		
- Cash Credit from Indian Overseas Bank	-	666.58
[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.]		
- Indian Overseas Bank	-	3,536.03
[Sort term loan 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) From other parties		
- Life Insurance Corporation	23.72	50.46
(Secured against the Keyman Insurance Policy)		
Unsecured		
- Loans & advances from related parties	616.10	275.16
Deposits:		
- Deposits (others)	20.00	20.00
- Public deposits	4.37	19.59
Other loans and advances:		
- HBC Finance & Leasing Ltd.	-	32.30
	1,204.19	4,600.12

Note 8 TRADE PAYABLES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
(i) Due to micro, small and medium enterprises	-	-
(ii) Due to other creditors	22,610.16	14,913.92
	22,610.16	14,913.92

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9 OTHER CURRENT LIABILITIES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Current maturities of Long term debt:		
- Indian Overseas Bank	750.00	-
- HSBC	1,150.00	2,217.51
- SBI Consortium:		
- State Bank of India	480.00	360.00
- State Bank of India (SBS)	168.00	126.00
- State Bank of Mysore	228.00	171.00
- State Bank of Bikaner and Jaipur	228.00	171.00
- The Tamilnad Mercantile Bank Limited	168.00	126.00
- Punjab National Bank	300.00	225.00
(Note 4)		
Current maturities of Hire Purchase obligations	41.53	234.09
(Note 4)		
Interest Accrued and Due on IOB Loans	42.16	47.65
Interest Accrued and Due on SBI Consortium Loans	325.97	145.20
Interest Accrued and Due on LIC Loan	3.02	10.86
Interest Accrued but not due on Debentures	127.32	369.77
Other payables:		
Advance from Customers	691.21	529.79
Income received in advance	6.05	1.27
Other Advances	1,040.00	1,040.00
Unclaimed Dividend @	19.66	19.69
	5,768.93	5,794.83

@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

Note 10 SHORT -TERM PROVISIONS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Income Tax	1,069.59	389.64
	1,069.59	389.64

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 11 FIXED ASSETS

(Rs. in lacs)

Particulars	Cost			Depreciation and Amortisation					Net Block	
	As at 31.03.2011	Additions	Deductions	As at 31.03.12	As at 31.03.2011	For the Year	On Deduction	As at 31.03.12	As at 31.03.12	As at 31.03.2011
TANGIBLE										
1 LAND-FREE HOLD	430.85	-	-	430.85	-	-	-	-	430.85	430.85
2 BUILDINGS	2,343.38	-	394.82	1,948.56	344.46	45.68	32.61	357.53	1,591.03	1,998.93
3 LEASE HOLD IMPROVEMENTS	429.32	-	-	429.32	362.11	67.20	-	429.31	-	67.21
4 PLANT & MACHINERY	2,507.14	23.38	-	2,530.52	889.04	194.64	-	1,083.68	1,446.84	1,618.10
5 FURNITURE & FIXTURES	360.75	21.70	-	382.45	135.00	20.85	-	155.85	226.60	225.75
6 COMPUTERS	75.09	1.48	-	76.57	55.56	7.79	-	63.35	13.40	19.60
7 VEHICLES	599.78	2.69	34.68	567.79	240.65	52.38	14.04	278.99	288.80	359.13
SubTotal	6,746.30	49.25	429.50	6,366.06	2,026.82	388.54	46.65	2,368.71	3,997.52	4,719.55
INTANGIBLE										
8 SOFTWARE	23.55	1.39	-	24.94	11.74	2.64	-	14.38	10.38	11.74
TOTAL	6,769.85	50.64	429.50	6,390.99	2,038.56	391.18	46.65	2,383.09	4,007.90	4,731.29
AS AT MARCH 31,2011	6,604.68	192.49	27.32	6,769.85	1,607.10	437.65	6.19	2,038.56	-	-
CAPITAL WORK-IN- PROGRESS	-	-	-	-	-	-	-	-	2,979.45	3,286.70

Note: Plant & Machinery costing Rs.592.24 lacs (31.03.2011 : Rs.699.60 lacs) and vehicles costing Rs.250.94 lacs (31.03.2011 : Rs.285.10 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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 12 NON-CURRENT INVESTMENTS (AT COST)

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Non Trade - Quoted		
Investments in equity instruments :		
Indian Overseas Bank		
9,500 Equity Shares of Rs.10 each, fully paid	2.28	2.28
Trade - Unquoted		
In Associate Companies		
a) Investments in equity instruments :		
Prajay Properties Private Limited	587.33	585.56
[Cost of acquisition (net of capital reserve Rs.2.50 lacs) Rs.6.46 lacs + share of Investee's change in net assets :580.87 lacs]		
b) Investments in preference shares:		
Prajay Properties Private Limited	4,013.00	4,013.00
4,01,300 Preferential Shares of Rs.10,000 each, fully paid		
c) Investments in Capital of Partnership Firm		
Prajay Binjusaria Estates	2,280.50	2,280.50
(Note 37)	<u>6,883.11</u>	<u>6,881.34</u>
(i) Aggregate of Quoted Investments		
Cost	2.28	2.28
Market Value	8.96	13.64
(ii) Aggregate of Unquoted Investments (Cost)	4,600.33	4,598.56

Note 13 LONG TERM LOANS & ADVANCES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured considered good		
i. Security Deposits (a)	647.10	592.32
ii. Advance for purchase of land/ development (b)	7,861.12	8,594.69
iii. Capital advances	43.39	57.59
	<u>8,551.61</u>	<u>9,244.60</u>
(a) Includes deposit to Director Rs.500 lacs (31.03.2011 Rs.500 lacs)		
(b) 1. Includes advance to Partnership firms in which the company is partner Rs. 87.55 lacs (31.03.2011 Rs.85.82 lacs)		
2. Includes advances to private companies in which any director is director Rs.1227.45 lacs(31.03.2011 Rs.1627.12 lacs)		

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 14 CURRENT INVESTMENTS (at lower of cost and fair value)

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Quoted		
Investments in Mutual Funds	-	200.04
1,20,03973 Mutual Fund units of State Bank India - SHF-Ultra Short Term Fund- Institutional Plan of Rs.10.006 each, fully paid.	-	200.04
(i) Aggregate of Quoted Investments		
Cost	-	200.04
Market Value	-	200.04

Note 15 INVENTORIES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Land at Cost	15,043.11	17,201.20
Constructed Properties		
- Land and construction work in progress - at cost	50,773.66	40,548.95
Food and Beverages - at cost	23.75	30.17
	65,826.78	57,766.60

Note 16 TRADE RECEIVABLES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured , Considered good		
i. Outstanding for more than six months (a)	27,213.09	26,421.37
ii. Other Debts	2,150.87	3,942.70
	29,363.97	30,364.07
a) includes Rs.1829.27 lakhs (31-3-2011: NIL) due from Associate Companies		

Note 17 CASH AND CASH EQUIVALENTS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Balance with Scheduled Banks		
On Current Account (a)	250.71	60.07
On Escrow Account	1.29	177.59
On Deposit Account (b)	3,701.67	-
Cash on Hand	166.28	95.33
	4,119.95	332.99

a) includes unpaid dividend accounts Rs.19.66 lacs (31-3-2011: Rs.14.81 lacs)

b) includes against bank guarantees Rs.80.21 lacs (31-3-2011 : Nil);

includes Rs.14.87 lacs (31-3-2011: Nil) with more than 12 months maturity

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18 SHORT-TERM LOANS & ADVANCES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
(Unsecured considered good unless otherwise specified)		
Loans and advances to related parties (a)	330.77	4.97
Others	3,032.38	1,481.41
Advance Tax	347.23	313.15
	<u>3,710.38</u>	<u>1,799.53</u>
a) includes Rs.125.74 lacs (31-03-2011: Rs.118.61 lacs) to private companies having common director, and Rs.121.12 lacs (31-03-2011: Rs.4.97 lacs) to director.		

Note 19 REVENUE FROM OPERATIONS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Construction division		
(a) Sale of Constructed Properties	5,441.53	5,018.11
(b) Revenue from Construction Contracts	-	2,141.48
(c) Sale of Land	247.91	38.35
Hospitality division		
(a) Sale of Rooms	219.85	205.68
(b) Food and Beverages	776.53	952.88
(c) Others	15.31	146.75
(d) Membership Fees	50.69	52.37
	<u>6,751.82</u>	<u>8,555.62</u>

Note 20 OTHER INCOME

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Rental Income	4.79	41.53
Interest Income [includes TDS Rs. 0.77 lacs (31.03.2011- Rs.0.51 lacs)]	285.85	6.88
Dividend income	0.71	1.56
Profit on Sale of Fixed Assets	2.85	-
Proceeds of Key Man insurance policy	110.50	-
Miscellaneous	41.24	39.96
	<u>445.94</u>	<u>89.93</u>
Less: Allocated to Projects	<u>277.46</u>	<u>-</u>
	<u>168.48</u>	<u>89.92</u>

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 21 COST OF LAND, PLOTS, CONSTRUCTED PROPERTIES & CONTRACTS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Purchases, development/construction costs	12,540.49	13,911.50
Cost of construction contracts	-	1,439.97
Changes in inventories:		
Closing stock		
- Land	15,043.11	20,064.85
- Constructed properties	51,010.30	40,548.95
Sub Total A	66,053.41	60,613.80
Less :Opening stock		
- Land	14,980.24	17,194.85
- Constructed properties	42,688.74	32,664.84
Sub Total B	57,668.98	49,859.69
A-B	(8,384.43)	(10,754.11)
Total	4,156.06	4,597.36

Note 22 EMPLOYEE BENEFITS EXPENSE

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Salaries, Wages and Bonus	784.07	782.74
Contribution to Provident Fund/ Pension Fund and Gratuity	17.06	24.68
Staff Welfare	6.90	6.24
	808.03	813.66
Less: Allocated to Projects	246.32	192.81
	561.71	620.86

Note 23 FINANCE COSTS

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Interest Expenses		
- On Fixed Loans	3,333.85	2,526.11
- Others	75.42	168.20
Bank Charges	43.31	29.62
	3,452.58	2,723.93
Less: Allocated to Projects	3,176.48	1,914.71
	276.10	809.22

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 24 OTHER EXPENSES

(Rs.in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Rent (a)	413.43	491.11
Rates and Taxes	666.82	351.44
Insurance	15.97	21.08
Power and Fuel	334.75	273.31
Repairs and Maintenance		
- Building	72.39	90.53
- Plant & Machinery	52.53	31.50
- Others	38.74	40.08
Travelling Expenses	27.22	24.72
Printing and Stationery	17.27	23.40
Postage, Telegrams and Telephones	25.16	28.29
Professional Charges/Consultancy Charges	489.09	126.00
Advertisement	145.59	137.94
Commission on sales	5.08	10.43
Loss on sale of assets	16.24	11.22
Miscellaneous Expenses	148.89	113.04
	2,469.17	1,774.09
Less Allocated to Projects	1,131.43	376.53
	1,337.74	1,397.56
a) Includes rent paid to Directors - Rs.348.42 Lacs (31.03.2011 : Rs. 366.68 Lacs)		

NOTES TO THE ACCOUNTS

- 25.** 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 the 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.
- 26** 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 and estimate of net expenditure to be incurred in future including for contingencies etc., which being technical matters have been relied on by auditors.
- 27** 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 (HDMA).

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

Particulars	2011-12	2010-11
28 Contingent Liabilities (not provided for)		
Guarantees given to Banks (on behalf of Prajay Properties Private Limited.)	12,130.00	12,130.00
Service Tax Demand *	1,036.77	0.00
* The company has disputed the liability and replied to the show cause notice, that the short payment of service tax, if any, demanded by the Service Tax Authorities is not maintainable in law.		
Further, as per Circular No.108/02/2009-ST, dated 29.01.2009 issued by CBEC, no service tax is payable on the Construction of Complex Service for the impugned period 2006-07 to 2010-11. During the impugned period, the company had deposited with the Service Tax Authorities, whatever service tax collected from the customers.		
29 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs. 387.35 lacs (31.03.2011 : Rs.2632.27 lacs), Other commitments Nil (31.03.2011 : Nil).		

(Rs. in lacs)

Particulars	2011-12	2010-11
30 Deferred Tax Asset / (Liability) (Net) comprise of:		
Deferred Tax Liability		
Arising on account of timing difference - Depreciation	273.03	486.79
Net Deferred Tax Liability	273.03	486.79
31 Earnings Per Share (EPS)		
a) Weighted average number of equity shares of Rs.10 each		
i) Number of equity shares at the beginning of the year	6,87,21,330	4,83,30,860
ii) Number of equity shares at the end of the year	6,99,35,791	6,99,35,791
iii) Weighted average number of equity shares outstanding during the year	6,99,35,791	6,87,21,330
b) Net Profit/ (Loss) available for equity share holders (Rs. in lacs)	(911.69)	(193.99)
c) Earnings per share (Rs.)		
i) Basic	(1.31)	(0.28)
ii) Diluted	(1.31)	(0.28)
32 The Secured Loan of Rs. 3,200.00 Lacs from Prajay Properties Private Limited is continuing as interest free by virtue of the agreement Dated 6th October '2009.		

33 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

(i) Key Management Personnel	Designation	Relatives (Relation)*
Mr. Vijay Sen Reddy	Managing Director	Mrs. Sharmila Reddy (Wife)
Mr. Chandra Mohan Reddy	Director	Mrs. Hymavathi 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

ii) Other entities under the control of key management personnel and their relatives:

Prajay Financial Services Limited	Prajay Chit Funds Private Limited
Prajay Lifestyle UPVC Windows Private Limited	Money Tree Investment & Holdings Private Limited
Prajay Hotels Private Limited	Secunderabad Golf and Leisure Resorts Private Limited
Prajay Princeton Developers Private Limited	Money Tree Media Ventures Private Limited
Prajay Velocity Developers Private Limited	
VijMohan Constructions Private Limited	Money Tree Entertainment Limited
Prajay Properties Private Limited.	Money Tree Lifestyle Destinations Private Limited
Prajay Binjusaria Estates	Prajay Land Capital private limited

33B. The following transactions were carried out with related parties in the ordinary course of business

Description	Name of the Related Party	Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives
		31.3.2012	31.3.2011	
Sale of land, property, material and work done	Prajay Properties Private Limited	-	985.71	-
	Prajay Land Capital Private Limited	-	1,341.82	-
	Prajay Holdings Private Limited	-	-	-
Purchase of land, material and Services	VijMohan Constructions Private Limited	-	0.79	-
	Prajay Lifestyle UPVC Windows Private Limited	34.91	-	-
Remuneration paid		-	-	84.96
Rent paid		-	-	360.39
Investments made during the year	Prajay Properties Private Limited	-	4,014.46	-
Advances given	Prajay Properties Private Limited	266.54	3,657.77	-
	Prajay Land Capital Private Limited	0.17	1,710.12	-
	VijMohan Constructions Private Limited	187.18	284.53	-
	Secunderabad Golf and Leisure Private Limited	-	5.08	-
	Prajay Velocity Developers Private Limited	0.34	1.19	-
	Prajay Binjusia Estates	0.41	4.88	-
	Money Tree Media Ventures (P) Ltd	-	200.00	-
	Prajay Lifestyle UPVC Windows Private Limited	15.47	-	-
	Key Management Personnel/relatives	-	-	132.14
	Advances Repaid	Prajay Properties Private Limited	319.43	6,015.77
	VijMohan Constructions Private Limited	131.03	185.79	-
	Prajay Velocity Developers Private Limited	400.00	-	-
	Prajay Land Capital Private Limited	-	3,169.17	-
	Prajay Arnav Shelters Private Limited	0.10	-	-
	Key Management Personnel/relatives	-	-	54.35
Loans Taken	Prajay Properties Private Limited	3,739.93	-	-
Shares Allotted on conversion of share warrants (including Share Premium)		-	-	2,898.88

33B. The following transactions were carried out with related parties in the ordinary course of business (Contd)

Description	Name of the Related Party	Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives
		31.3.2012	31.3.2011	
Balance at the end of the year				
Trade Receivables	Prajay Properties Private Limited	966.00	966.00	-
	Prajay Land Capital Private Limited	863.28	863.28	-
Loans & Advances	Prajay Land Capital Private Limited	0.17	-	
	Prajay Properties Private Limited	-	52.89	
	VijMoham Constructions Private Limited	233.40	177.25	
	Secunderabad Golf and Leisure Resorts Private Limited	685.13	685.13	
	Prajay Velocity Developers Private Limited	542.32	941.98	
	Prajay Lifestyle UPVC Windows Private Limited	99.13	118.57	
	Prajay Binjusaria Estates	79.16	78.75	
	Money Tree Media Ventures (P) Ltd	200.00	200.00	
	Prajay Arnav Shelters Private Limited	-	0.10	
	Key Management Personnel			690.83
Trade Payables	Prajay Properties Private Limited	3,739.93		
	VijMoham Constructions Private Limited	-	0.79	
	Key Management Personnel/relatives			524.95
Loan Outstanding	Prajay Properties Private Limited	3200.00	3200.00	
	Prajay Financial Services Limited	77.50	77.50	

34 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, 2012.

(Rs. in Lacs)

Business Segment	2011-12			2010-11			Total
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	
Segment Revenue							
External	5,689.44	1,062.38	168.48	7,197.94	1,357.68	89.93	8,645.55
Total Revenue	5,689.44	1,062.38	168.48	7,197.94	1,357.68	89.93	8,645.56
Segment Result	105.06	(341.64)		1,542.76	(354.99)	-	1,187.77
Unallocated Corporate expenses net of unallocated income							122.10
Operating Profit							1,065.67
Interest Expense							809.23
Interest Income							6.88
Dividend Income							1.56
Profit before Taxation							264.88
Income Tax							293.88
Prior period Tax							157.88
Deferred Tax							
Minority Interest							
Share of Net Profit / (Loss) of Associate							(7.12)
Net Profit							(193.99)
Other Information	2011-12			2010-11			
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total
Segment Assets	116,250.59	2,347.66	7,920.59	97,911.75	5,296.64	13,275.56	116,483.95
Total Assets	116,250.59	2,347.66	7,920.59	97,911.75	5,296.64	13,275.56	116,483.95
Segment Liabilities	56,400.02	353.17	1,443.50	48,369.16	338.14	518.88	49,226.18
Total Liabilities	56,400.02	353.17	1,443.50	48,369.16	338.14	518.88	49,226.18
Capital Expenditure	48.54	1.79	-	132.45	60.04	-	192.49
Depreciation	213.11	178.07	-	209.83	227.81	-	437.64
Net Cash expense other than depreciation	13.39	-	-	11.22	-	-	11.22

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

35 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:

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 (Note 24).

The Company has taken a building under a non-cancellable lease. (Rs. in lacs)

	March 31st, 2012				March 31st, 2011			
	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	-	-

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	
	31.3.12	31.3.11	31.3.12	31.3.11	31.3.12	31.3.11
Building	88.58	88.58	18.52	17.08	1.44	1.44

(Rs. in lacs)

	March 31st, 2012				March 31st, 2011			
	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	-	-

(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:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

	March 31st, 2012			March 31st, 2011		
	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	258.45	214.61	43.84	571.89	306.66	265.24
Less: Future Finance Charges	24.36	21.86	2.50	81.46	56.56	24.91
Present Value of minimum hire purchase payments at the Balance Sheet Date	234.09	192.75	41.34	490.43	250.10	240.33

- 36.** (a) Trade Receivables - Note 16, unsecured, considered good, includes Rs. 27,213.09 lacs (31.03.2011: Rs. 26,421.37 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) Revenue from operations (Note 19) include sale of constructed properties Rs.235.68 lacs wherein sales revenue (in respect of alternations or additional works requested by customers) has been recognized, pending completion of relevant documentations. The company is in the process of completing the documentation in this regard.
- (c) Long Term Loans and Advances - Note 13 include advances given to Landlords / developers towards certain projects amounting to Rs. 7,858.42 lacs (31.03.2011: Rs.8,514.32 lacs) and Short Term Loan Advances (Note 18) to suppliers, etc., amounting to Rs. 1,205.17 lacs (31.03.2011: Rs.1,671.20 lacs) outstanding from earlier years. Due to long term involvement in such projects, no provision has been considered necessary.

37. 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, 2012.
- (c) As at March 31, 2012 the partnership firm has not commenced any activities.
- (d) Share of each partner in the Profit or Loss

SI. 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

- 38** These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous years figures have been recast / restated.

As per my report attached

For and on behalf of the Board

S. V. Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Place: Hyderabad
Date: 31.08.2012

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

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 18th Annual General Meeting to be held on Saturday, the 29th September, 2012 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 thisday of 2012

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 18th Annual General Meeting of the Company held on Saturday, the 29th September, 2012 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 Virgin County-Model Apartment



Prajay Virgin County-Model Villa

PRINTED MATTER
BOOK - POST

If undelivered, please return to:

PRAJAY
Prajay Engineers Syndicate Limited

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