

# PRAJAY

Prajay Engineers Syndicate Limited



Prajay Megapolis-site view

Annual Report 2013 - 2014



Prajay Princeton Towers - Banquet Halls



Celebrity Club-Shamirpet

## COROPORATE INFORMATION

### BOARD OF DIRECTORS

D. Vijay Sen Reddy  
K. Ravi Kumar  
Sumit Sen  
Vijay Kishore Mishra  
N. Nageshwara Rao  
S.K. Rudresh  
M. Raja Gopal Reddy  
  
Chief Financial Officer  
  
Company Secretary &  
Compliance Officer

Managing Director  
Whole Time Director (Technical)  
Whole Time Director (Mktg. and Sales)  
Non-Executive Independent Director  
Non-Executive Independent Director  
Non-Executive Independent Director  
Non-Executive Non Independent Director  
  
P. Bhaskara Rao  
  
D. Madhavi Latha

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### Bankers

Indian Overseas Bank, Secunderabad  
Punjab National Bank, Hyderabad  
State Bank of India, Hyderabad  
State Bank of Mysore, Secunderabad  
Tamilnad Mercantile Bank Limited, Secunderabad  
State Bank of Bikaner and Jaipur, Secunderabad  
HSBC Bank, Hyderabad  
Bank of India, Hyderabad  
The A.P. Mahesh Co-operative Urban Bank Ltd., Hyderabad

### Registrar and Share Transfer Agents

Karvy Computershare Private Limited  
Plot No 17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad 500081  
Telangana, India  
Tel.: 91 40 2342 0818-28; Fax: 040-23420859  
Email: einward.ris@karvy.com  
mailmanager@karvy.com

### Registered Office

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

### Website

www.prajayengineers.com  
investorrelations@prajayengineers.com

### Listing

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

### Auditor

S.V. Rangan  
Chartered Accountant

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

### **Mr. D. Vijay Sen Reddy,**

(Managing Director)

Mr. Vijay Sen Reddy, a Semi-qualified Chartered Accountant has got more than two and half 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 with his vast / multi faceted experience and his broad vision helps energize the Prajay team.

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### **Mr. K. Ravi Kumar,**

(Wholetime Director - Technical)

Mr. Ravi Kumar is a Master of Technology and a Civil Engineer and 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.

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### **Mr. Sumit Sen,**

(Wholetime 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 formulating 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.

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### **Mr. Vijay Kishore Mishra**

(Non-Executive Independent Director)

A qualified Chartered Accountant, with more than 25 years of professional experience in the fields of finance and taxation, Mr. Mishra guides the Company in the matters of financing and taxation harnessing his vast experience in these areas.

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

(Non-Executive Independent Director)

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.

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### **Mr. S.K.Rudresh**

(Non-Executive Independent Director)

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

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**M. Raja Gopal Reddy**

(Non-Executive Non-Independent Director)

Mr. Gopala Reddy is a Science Graduate with more than 3 decades of experience in construction industry and completed many road projects. His rich experience in construction industry and infrastructure sector helps the company in formulating its new policies in the relevant areas and further enables the company to strengthen its compliance functions.

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**Mr. P. Bhaskara Rao,**

CFO and GM - Fin. & Accounts

A graduate in Law and a Member of ICWAI, Mr. Bhaskara Rao has got more than 31 years of experience in various industries. He is overall in-charge of finance and accounting responsibilities and further acts as Chief Financial Officer of the company.

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**Mr. Jayadeva,**

Sr. GM - Projects

Mr. Jayadeva is a graduate in Civil Engineering with more than 25 years of experience in building various High Rise Residential Towers, IT Parks, Commercial Buildings, Five Star Hotels, in reputed corporates like Raheja, Lodha, NCCL, Mind space -IT Park. His rich experience of building high rise towers will strengthen the technical team of our company.

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**Mr. Samir De,**

GM - Projects

Mr. Samir is a Civil Engineering Graduate with specialization in the subject of construction management from North Bengal University. He has experience of more than 20 years in administering EPC contracts of various mini and medium sized power projects.

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**Mr. G Dasu - Sr.**

GM - MEP (Elec.)

Mr. Dasu is a B.Tech graduate with Electrical & Electronics as specialization, with more than one and half decades of rich working experience with reputed companies viz. Lodha Group, Yashoda Hospitals, Jones Lang Lasalle.

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**Ms. Madhavi Latha,**

Company Secretary & Compliance Officer

A commerce graduate and a qualified member of The Institute of Company Secretaries of India (ICSI) with more than 8 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.

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## NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of Prajay Engineers Syndicate Limited will be held on Tuesday, the 30th day of September, 2014 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 March 31, 2014 and the Profit and Loss Account for the year ended as on that date along with schedules and notes appended thereto and the reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. K. Ravi Kumar, who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint Mr. S.V. Rangan, Chartered Accountant, as Statutory Auditor of the Company and to authorize the board to fix his remuneration.

It is proposed to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 141 & 142 and other applicable provisions, if any, of the Companies Act, 2013 and rules thereon and based on the recommendations of the Audit Committee, Mr. S.V. Rangan, Chartered Accountant, bearing Registration No. 022037, who has confirmed his eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014, be and is hereby re-appointed as Statutory Auditor of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 23rd Annual General Meeting of the company (subject to ratification at every subsequent Annual General Meeting) on such remuneration to be determined by the board in addition to out of pocket expenses as may be incurred by him during the course of audit. "

### SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder, the existing Article 88 of the Articles of Association of the Company be and is hereby altered by adding the following at the end of the Article:

88.(a) The Managing Director of the Company shall also be eligible to be appointed as the Chairperson of the Company and the Board of Directors may elect the Managing Director of the Company to become a Chairperson of the Company at the same time subject to the provisions of the Companies Act, 2013 and the rules made there under.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Vijay Kishore Mishra (DIN: 00995683) an Independent Director, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 along with the requisite deposit from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 consecutive years with effect from the date of this AGM i.e. 30.9.2014."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 150 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. N. Nageshwar Rao (DIN: 00992324) an Independent Director, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 along with the requisite deposit from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 consecutive years with effect from the date of this AGM i.e. 30.9.2014."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 150 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. S.K. Rudresh (DIN: 01033473) an Independent Director, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 along with the requisite deposit from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 consecutive years with effect from the date of this AGM i.e. 30.9.2014."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals and consents as may be necessary, the consent of the Company be and is hereby accorded to the reappointment of Mr. K. Ravi Kumar (DIN: 02789546), as Whole Time Director of the Company for a period of three years effective from 1st February, 2014, on the terms and conditions, as recommended by the Nomination and Remuneration Committee and approved by the Board, as detailed below:

1. Salary ₹1,50,000/- per month
2. Provision of car for use on Company's business
3. Telephone for official use

Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Director.

**"RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. K. Ravi Kumar, the remuneration by way of salary, perquisites, other allowances as specified above and in accordance with the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to this resolution."

9. 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 at the Extra Ordinary General Meeting of the Company held on 15.3.2010 and pursuant to Section 180(1) (c) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors for borrowing, from time to time, at their discretion, for the purpose of business of the company, from any one or more banks, financial institutions and other persons, firms,

bodies corporate, as it may consider fit, any sum or sums of monies, on such terms and conditions as the board may deem fit notwithstanding that the money(ies) to be borrowed together with the money(ies) already borrowed by the company (apart from the temporary loans obtained from its bankers in the course of business) may exceed the aggregate of the paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the board shall not at any time exceed ₹1,000/- (Rupees One thousand crores only).

**RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorised to do or cause to be done all such acts, matters, deeds and other things as it may in its absolute discretion deem fit, required or considered necessary or incidental thereto, for giving effect to the aforesaid resolution.

On behalf of the Board

Place : Hyderabad

Date : 14th August, 2014

Sd/-

**D. Vijay Sen Reddy**

Managing Director

Sd/-

**Sumit Sen**

Whole Time Director

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.
2. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other member.
3. Corporate members intending to send their representatives to attend the 20th Annual General Meeting are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting. A form of proxy is sent separately along with the Annual Report.
4. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 with respect to Item No. 4 to 9 to be transacted at the Annual General Meeting (AGM) is annexed hereto and forms part of notice.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS, mandates, nominations, power of attorney, change of address/ name etc. to their Depository Participant only and not to the Company's Registrar and Share Transfer Agent.
6. The details of the director(s) seeking appointment / re-appointment under item no. 2, nos. 5 to 8 of this notice as stipulated under clause 49 of the Listing Agreement, is annexed hereto.
7. Those members who have so far not en-cashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 205A(5) of the Companies Act, 1956, on the respective dates mentioned in the tabular statement. The members are advised to note that after the due dates mentioned below, the members will lose their right to claim such dividend.

Financial Year	Date of Declaration	Last date for claiming unpaid dividend	Due date of transfer
2006-07	26th September, 2007	31.10.2014	01.11.2014
2007-08	29th September, 2008	04.10.2015	04.11.2015

8. The Register of Members and Share Transfer Books of the Company will remain closed from 22.09.2014 (Monday) to 30.09.2014 (Tuesday) both days inclusive.
9. 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, Telangana  
Tel.: 91 40 2342 0818-28; Fax: 040-23420859  
Email: einward.ris@karvy.com; mailmanager@karvy.com

10. All documents referred to in the notice and explanatory statement are open for inspection at the Registered Office of the Company on all working days from 10.00 a.m. to 1.00 p.m. up to the date of the meeting.
11. Members are requested to please note that the documents like Notice calling Annual General Meeting, Corporate Governance Report, Directors Report, Audited Financial Statements, Auditors Report, etc. shall be circulated to the members in electronic form to the email address provided by them. 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](mailto: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](mailto:einward.ris@karvy.com) or by sending a communication at the address mentioned at Note 9 above.
12. Electronic copy of the Notice of the 20th Annual General Meeting of the Company containing Attendance Slip and Proxy Form along with the e-voting instructions indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the said documents is being sent in the permitted mode.
13. Members may also note that the Notice of the 20th Annual General Meeting and the Annual Report for FY 2013-14 will also be available on the Company's website at [www.prajayengineers.com](http://www.prajayengineers.com) for their download.
14. Voting through electronic means:

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant rules there under, the Company is pleased to provide the facility to the members to exercise their right to vote by electronic means at the 20th Annual General Meeting and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link <http://evoting.karvy.com>.

The e-voting period will commence from 9.00 A.M. on Wednesday, 24th September, 2014 and will end at 5.00 P.M. on Friday, 26th September, 2014. The Company has appointed Mr. D. Raghavendar Rao, Practicing Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The detailed instructions regarding e-voting will be sent separately to the members, members are requested to refer to the same.

The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Annual Report. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by email.
15. Once the vote on a resolution is cast by a shareholder, the Shareholder shall not be allowed to change it subsequently. Further, the Shareholders who have cast their vote electronically shall not be allowed to vote again at the AGM.
16. In case of members who are entitled to vote but have not exercised their right to vote by electronic means, the chairman will offer an opportunity to such members to vote at the meeting for all businesses specified in the accompanying notice. If a member casts votes by both the modes, then voting done through e-voting shall prevail and ballot shall be treated as invalid.
17. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the meeting
18. The results declared along with the scrutinizers' report (s) will be available on the website of the company ([www.prajayengineers.com](http://www.prajayengineers.com)) and on Karvy's website (<https://evoting.karvy.com>) within two (2) days of passing of the resolutions and communication of the same to the BSE Limited and NSE Limited.

## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESSES PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

### **ITEM NO. 4**

Pursuant to first proviso of Section 203(1) of the Companies Act, 2013 and the rules made there under, an individual shall not be appointed or reappointed as the Chairperson as well as the Managing Director of a Company at the same time, unless the Articles of such Company provides otherwise or the company does not carry multiple businesses.

Second proviso to the same section enumerates that nothing contained in the first proviso shall apply to such class of companies as may be notified by the Central Government, engaged in multiple businesses and which has appointed one or more Chief Executive Officers for each such business.

Though your Company has two business segments viz. construction and hospitality and has been furnishing its segment details to the shareholders and stock exchanges and other authorities concerned regularly, it is not falling within the class of companies viz. public companies having paid up capital of rupees one Hundred crores or more and annual turnover of rupees one thousand crores or more and which are engaged in multiple businesses and have appointed Chief Executive Officer for each such business, as notified by Central Government vide its notification dated 25.7.2014.

However, to meet any requirements that may arise in future and also to meet the growing disclosure requirements and help the board to have informed discussions in the meetings, it is proposed to include a provision in the Articles of Association of the Company to enable appointment of an individual as the Chairperson as well as the Managing Director of the Company.

Therefore, the Board of Directors recommends amendment of the Articles of Association of the Company by adding a new Article no. 88(a) after the existing Article no. 88, to appoint the Managing Director of the Company also as the Chairperson of the Company at the same time, subject to the provisions of the Companies Act, 2013.

The Resolution at Item No. 4 of the Notice is set out as a Special Resolution for approval by the members. None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the Resolution. Your Directors recommend the Resolution for your approval.

### **ITEM NO. 5 to 7**

As per the provisions of the Companies Act, 2013, Independent Directors of the Company shall be appointed for not more than two terms of five years each and they shall not be liable to retire by rotation at every Annual General Meeting. Accordingly, the Independent Directors will serve for not more than two terms of five consecutive years each on the Board of the Company. As a transitional arrangement, as per the Companies Act, 2013, which is effective from 1st April 2014, those Independent Directors who have already served for ten or more years, may be appointed for a maximum period of one more term of five years.

Accordingly, in terms of Section 149 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Vijay Kishore Mishra, Mr. N. Nageshwar Rao and Mr. S.K. Rudresh, are proposed to be appointed as Independent Directors on the Board of the Company for a term up to five consecutive years effective from the date of this AGM i.e. 30.9.2014. A brief profile of the proposed Independent Directors, including the nature of their expertise, is provided herein under.

The above Independent Directors proposed to be appointed in the ensuing Annual General Meeting possess the required skills, experience and knowledge in the fields of finance, taxation & planning, management, administration, technical operations related to the company business.

Notices have been received from Members proposing candidature of the above Directors for the office of Independent Director of the Company along with the requisite deposit of ₹1,00,000/- each. In the opinion of the Board of Directors, Mr. Vijay Kishore Mishra, Mr. N. Nageshwar Rao and Mr. S.K. Rudresh fulfilled the criteria specified in the Companies Act, 2013 more particularly, under sub-section (6) of Section 149 of the Companies Act, 2013 and the rules made there under for appointment as Independent Directors of the Company.

Copy of the draft letter of appointment of the aforesaid Directors setting out the terms and conditions would be available for inspection by the members at the Registered Office of the Company on all working days during normal business hours to the date of the meeting.

The Company has received from the proposed directors (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation

in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment are concerned or interested, financially or otherwise in these Resolutions.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services for a term of 5 more years. Accordingly, the Board recommends the Special Resolutions as set out at Item no. 5 to 7 for approval of the Members.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **ITEM No. 8**

Mr. K. Ravi Kumar, aged about 61 years is a technocrat and has been associated with the Company since 1999. Mr. Ravi Kumar has more than three decades of experience and expertise in the construction industry and has been instrumental in the Company's growth since his association. Mr. Ravi Kumar was actively involved in company's successful launch of low income group houses 'Prajay Nivas' at Mohan Nagar, Hyderabad with his designing skills and experience in the relevant field.

His vision for quality and customer centricity in designing the houses /flats / villas, has enabled the Company to reach to different sections of people in the society, by providing quality homes / flats / villas to its customers to their utmost satisfaction.

The current term of office of Mr. Ravi Kumar as the Whole Time Director of the Company expired on 31st January, 2014. Considering the commitment consistently shown and results exhibited, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee at its' meeting held on 24.1.2014, has decided to re-appoint Mr. Ravi Kumar as the Whole Time Director of the Company for a further period of 3 (three) years effective from 1st February, 2014.

The above facts may also be considered as an abstract of the terms of the appointment of Mr. K. Ravi Kumar as the Whole Time Director of the Company. The Board recommends the special resolution as set out in Item no. 8 for your approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Ravi Kumar, is concerned or interested, financially or otherwise in the Resolution.

#### **ITEM No. 9**

The members of the Company at their Extraordinary General Meeting held on 15th March, 2010 approved, by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956, borrowings over and above the aggregate of paid up share capital and free reserves of the Company, provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹1,000 crores (Rupees One Thousand Crore only).

Section 180(1)(c) of the Companies Act, 2013 effective from September 12, 2013 requires that the Board of Directors shall not borrow monies in excess of the Company's paid up share capital and free reserves (apart from temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business), except with the consent of the members accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1) (c) of the Companies Act, 2013 and other applicable provisions of the said Act, as set out at Item No.9 of the Notice, to enable the Board of Directors to borrow monies in excess of its paid up capital and free reserves for the business of the company.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the Resolution as set out at item no. 9. Your Directors recommend the Resolution for your approval.

On behalf of the Board

Place : Hyderabad  
Date : 14th August, 2014

Sd/-  
**D. Vijay Sen Reddy**  
Managing Director

Sd/-  
**Sumit Sen**  
Whole Time Director

**Profile of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting pursuant to Clause 49(IV)(G)(i) of the Listing Agreement**

<b>Name of the Director</b>	<b>Mr. K. Ravi Kumar</b>	<b>Mr. Vijay Kishore Mishra</b>	<b>Mr. N. Nageshwar Rao</b>	<b>Mr. Rudresh Veerabhadrapa</b>
Date of Birth	06.02.1953	06.11.1957	26.08.1956	05.01.1962
Director's Identification Number(DIN)	02789546	00995683	00992324	01033473
Date of Appointment	01.02.1999	10.03.2003	31.01.2005	23.01.2006
Experience in specific functional area	Wide experience as an Architect & designer in construction industry for more than 30 years.	Wide experience in the areas of finance, taxation and planning for more than 25 years in various industries in various capacities.	Wide experience in Hotel Management & administration for more than 20 years	Experience as an Architect & designer in construction industry for more than 25 years.
Qualification	B.E (Civil), and M.Tech.	C.A	B.Sc.	B. Arch.
Relationship with Directors	Nil	Nil	Nil	Nil
Board membership of other Indian Companies as on 31.3.2014	Nil	Nil	N.B.Hotel Enterprises Pvt. Ltd.	Nil
Chairman/ member of the committee of the Board of Directors as on 31.3.2014	Nil	Chairman- Audit Committee	Member-Audit Committee	Nil
Chairman/ Member of the committees in other companies in which he/she is a Director as on 31.3.2014	Nil	Nil	Nil	Nil
Number of shares held in the company as on 31st March 2014	50,000	10,63,034	500	Nil

## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Twentieth Annual Report, on the business and operations of Prajay Engineers Syndicate Limited together with the audited accounts for the financial year ended 31st March 2014.

### FINANCIAL RESULTS

The Company's revenue, expenditure and results of operations are presented as below showing both the consolidated and standalone financial results.

(₹in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Standalone	Consolidated	Standalone	Consolidated
Gross Turnover	<b>8747.78</b>	<b>7267.17</b>	13776.53	9670.07
Profit before interest and Depreciation	<b>(317.44)</b>	<b>(1218.33)</b>	1026.59	141.84
Depreciation	<b>347.07</b>	<b>358.10</b>	323.33	332.54
Profit before Tax	<b>(797.92)</b>	<b>(1756.58)</b>	548.83	(350.22)
Provision for taxation	<b>(595.01)</b>	<b>(576.85)</b>	350.21	358.94
Profit/(Loss) after tax	<b>(202.91)</b>	<b>(1216.29)</b>	198.61	(1220.94)
Transfer to General Reserve	-	-	-	-
Dividend	-	-	-	-
EPS				
Basic	<b>(0.30)</b>	<b>(1.74)</b>	0.29	(1.75)
Diluted	<b>(0.30)</b>	<b>(1.74)</b>	0.29	(1.75)

### REVIEW OF OPERATIONS AND OUTLOOK OF THE COMPANY:

During FY2013-14, subdued sales, increased unsold inventory levels and high leverage undermined the sector's performance. Political uncertainty, slow economic growth, sustained weakening of the Indian Rupee, rising inflation and hardening interest rates continued to be the key barriers to improving demand.

The division of state into two, most talked about elections after bifurcation, the forming of new governments, immensely affected the sentiments of the home buyers in the State especially in Hyderabad and surroundings, and made the investors to adopt a wait and watch policy. Hence the overall performance of the company is affected and the revenues are reduced by around 40% when compared to last year's revenues.

Although financial year 2013-14 was a difficult year for the real estate sector the long term potential for the sector remains intact and it continues to be an important catalyst to the nation's overall economic growth.

With the real estate markets and customers sentiments closely correlated to the overall growth in the Indian economy, your company expects that the real estate industry would continue to remain under pressure for the next fiscal year. However, your company is committed to meet and exceed the expectations of all its stakeholders.

### DIVIDEND

Considering adverse economic environment during the year 2013-14 and reduced liquidity position in the market as a whole and with a view to conserve the resources for the smooth operations of the company, your Directors have not recommended any dividend for the year under review.

### FIXED DEPOSITS:

During the financial year ended 31.3.2014, the company has not accepted fresh deposits. The company has no overdue deposits except unclaimed deposits. Interest is served regularly as per the terms of the deposit scheme.

Broadly Sec. 73 & 74 of Companies Act, 2013 provide that the company may accept deposits from members and / or public on passing the resolution in general meeting of the members of the company. The company, if necessary, will start accepting deposits after complying with the provisions of sec. 73 & 74 and Companies (Acceptance of Deposits) rules, 2014.

## **SHARE CAPITAL**

There is no change in the capital structure of the company during the year under review.

## **TRANSFER TO THE INVESTOR EDUCATION & PROTECTION FUND (IEPF)**

According to Section 205C of the Companies Act, 1956, read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 the unclaimed dividend amounting to 5,16,602/- (Rupees Five Lacs Sixteen Thousand Six Hundred and Two only) for the financial year 2005-06, was transferred to the Investor Education and Protection Fund established by the Central Government during the year under review.

## **DIRECTORS**

The Board of Directors of your Company comprises of 7 (Seven) Directors as on the date of this report representing the optimum blend of professionalism, knowledge and having varied experience in different disciplines of corporate functioning. Of these, 4 (Four) Directors are Non-Executive Directors.

Mr. Ravinder Reddy, Director of the company resigned to his office during the year under review w.e.f. 21.9.2013 and Mr. D. Chakradhar Reddy, Independent Director has resigned to his office w.e.f. 29.4.2014.

Pursuant to the provisions of Sec. 149 of the Companies Act, 2013, Mr. M. Raja Gopal Reddy ceases to be an Independent Director w.e.f. 1.4.2014 (i.e. the date of commencement of the Companies Act, 2013), by virtue of his voting rights (together with his relatives) increasing by more than 2% in the total voting power of the company and is now only a Non-Executive Director

Pursuant to provisions of Section 152 of the Companies Act, 2013 and Article 86 of the Articles of Association of the Company, Mr. K. Ravi Kumar is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Board of Directors recommend for his re-appointment.

Brief profile of Mr. K. Ravi Kumar, the nature of his expertise in specific functional areas and the number of companies in which he holds directorships and membership/chairmanships of committees of the Board, as stipulated under Clause 49 of the listing agreement with the stock exchanges, are provided at the end of the notice and forms part of the Report on Corporate Governance section of the Annual Report.

The Companies Act, 2013 provides for appointment of Independent Directors. Sub-section (10) of Section 149 of the Companies Act, 2013 (effective from 1st April 2014) provides that Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company.

Further sub-section (11) states that no Independent Director shall be eligible for more than two consecutive terms of five years. Sub-section (13) states that the provisions of retirement by rotation as defined in subsections (6) of Section 152 of the Companies Act 2013 shall not apply to such Independent Directors. The Securities and Exchange Board of India (SEBI) vide its circular no. CIR/CFD/POLICY CELL/2/2014 dated 17th April 2014 has amended the Clause 49 of the Listing Agreement and as per the amended clause, the Director who has already served as an Independent Director for five years or more in a Company as on 1st October 2014 shall be eligible for appointment, for one more term of up to five years only.

In view of the above stipulations, the appointment of the following Independent Directors for a term of five years is proposed in the ensuing Annual General Meeting:

1. Mr. Vijay Kishore Mishra
2. Mr. N. Nageshwar Rao
3. Mr. S.K. Rudresh

Brief profile of the aforesaid Directors, the nature of their expertise in specific functional areas and the number of Companies in which they hold directorship and membership/chairmanship of committees of the Board, as stipulated under Clause 49 of the listing agreement with the stock exchanges, are provided at the end of the notice and forms part of the Report on Corporate Governance section of the Annual Report.

## **CORPORATE GOVERNANCE REPORT**

Your Company endeavors to maximize the wealth of the shareholders by managing the affairs of the Company with a pre-eminent level of accountability, transparency and integrity.

A detailed report on corporate governance practices followed by your Company, in terms of Clause 49 of the Listing Agreement with stock exchanges, is provided separately in this annual report. The members are requested to refer to the same.

**CERTIFICATION AS REQUIRED UNDER CL. 49(V) OF THE LISTING AGREEMENT**

The Managing Director and Chief Financial Officer have given a certificate to the Board with regard to the financial statements for the year ending 31st March 2014, as contemplated under Clause 49 of the Listing Agreement and the same is annexed to the Corporate Governance Report.

**INTERNAL AUDIT & CONTROLS**

The company has an internal audit system. Its scope of work includes review of operational efficiency, effectiveness of systems & processes, compliances and assessing the internal control strengths in all areas.

The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to strengthening of the Company's risk management policies and systems.

Further, the company proposes to strengthen its internal controls by taking appropriate measures from time to time as required by the nature and size of the business of the company or as may be required by the laws applicable from time to time.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A Management Discussion and Analysis Report as required under the Clause 49 of the Listing Agreement is annexed and forms part of the Director's Report. The members are requested to refer to the same.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 and based on the representations received from the operating management, the Directors hereby confirm that:

- i. in the preparation of accounts, the applicable accounting standards have been followed and that no material departure has been made from the same;
- ii. selected accounting policies were applied consistently. Judgement and estimates that were reasonable and prudent were made to give a true and fair view of the Company's state of affairs as at the end of the financial year and of the Company's profits/loss for the year.
- iii. proper and sufficient care has been taken to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the Company's assets and to prevent and detect fraud and other irregularities.
- iv. the annual accounts were prepared on a going concern basis.

**SUBSIDIARY COMPANIES & STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956**

As on 31.3.2014 your company has 3 subsidiaries viz. Prajay Holdings Private Limited, Prajay Developers Private Limited (step-down subsidiary), Prajay Retail Properties Private Limited.

Pursuant to the provision of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its circular no. 2/2011 dated February 8, 2011 has granted general exemption from attaching the balance sheet, profit & loss account and other documents of the subsidiary companies with the balance sheet of the Company. The Board of Directors of your Company has, by a resolution, given consent for not attaching the balance sheet of the subsidiaries concerned. Accordingly, the annual accounts and other documents of the subsidiaries for the year ended 31st March 2014 are not attached to this Annual Report.

Pursuant to Section 212 of the Companies Act, 1956 a brief statement related to subsidiary companies has given as annexure to the balance sheet and the same forms a part of this Annual Report.

The annual accounts of subsidiaries and detailed information will be made available for inspection by any member of the Company at the registered office of the Company and also at the registered office of the concerned subsidiaries. The Company shall furnish a copy of annual accounts of subsidiaries to the members on demand.

The Audited Consolidated Financial statements in terms of Clause 32 of the Listing Agreement are prepared in accordance with the Accounting Standard AS-21 on consolidated financial statements read with Accounting Standard AS-23 as specified in the Companies (Accounting Standard) Rules, 2006.

**AUDITOR & HIS REPORT**

Mr. S.V. Rangan, Chartered Accountant, Statutory Auditor of the Company holds office till the conclusion of the ensuing Annual General Meeting and being eligible offered himself for re-appointment. The Company has received a certificate from the auditors to the effect that his re-appointment, if made, would be in accordance

with the conditions as specified under Section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

The Directors recommend his re-appointment. A resolution proposing appointment of Mr. S.V. Rangan, Chartered Accountant as the Statutory Auditor of the Company pursuant to Section 139 of the Companies Act, 2013 forms part of the Notice.

Considering the observation of the statutory Auditor in his report that the existing internal audit system is not in commensurate with the nature and size of the business of the company, the company proposes to appoint an outside agency to strengthen the present team.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology, absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 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, wherever possible.

#### **Foreign exchange earnings and outgo:**

Foreign Exchange Earnings: ₹Nil

Foreign Exchange Outgo: ₹1,46,06,392/-

### **HUMAN RESOURCES**

Your Company recognizes that "Human Resource" is its main asset. Your Company HR policy aims at enhancing individual capabilities for future readiness, driving greater employee engagement and strengthening employee relations further.

Considering the present market conditions, your Company has downsized its human resources and retaining only that are directly relevant to its growth at this stage. To attract and retain people, your Company provides a judicious combination of attractive career, personal growth and a lucrative compensation structure. Your Company places great importance on nurturing and retaining the best skills in the industry.

### **PARTICULARS OF EMPLOYEES**

No employees of the company is 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 as amended from time to time.

### **CODE OF CONDUCT**

Your Company has laid down a Code of Conduct for all Board members and Senior Management of the Company. The Code of Conduct has been posted on the website of the Company.

In pursuance of Clause 49 of the Listing Agreement, the declaration by the Managing Director of the Company affirming compliance with the Code of Conduct by the Directors and senior management personnel forms part of the Corporate Governance Report.

### **APPRECIATIONS AND ACKNOWLEDGEMENTS**

Your Company continues to strive to build shareholder value and your Directors look at the future with confidence. Your Directors place on record their appreciation for the co-operation and assistance received from investors, customers, business associates, bankers, vendors/suppliers and financial institutions. The Directors also thank the State Government, other Government Departments and Governmental Agencies for their cooperation and support.

Your Directors are especially thankful to the employees of the Company, its subsidiaries and associates at all levels, whose dedication, co-operation, support has enabled the company to withstand to the prevailing business conditions. Your Directors seek, and look forward to the same support during the future years of its' journey.

On behalf of the Board

Sd/-

**D. Vijay Sen Reddy**  
Managing Director

Sd/-

**Sumit Sen**  
Whole Time Director

Place : Hyderabad

Date : 14th August, 2014

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Real Estate sector continues to be at the core of the Indian Economy and a meaningful contributor to its GDP growth, employment, Foreign Direct Investment and to the banking and finance industry (BFSI).

The Indian real estate has come a long way and is today one of the fastest growing markets in the world. It comprises four sub-sectors-housing, retail, hospitality, and commercial. While housing contributes to 5-6 % of india's gross domestic product (GDP) the remaining three sub-sectors are also increasing at a fast pace.

Real estate in India is being recognized as an infrastructure service that is driving the economic growth engine of the country.

During FY2013-14, subdued sales, increased unsold inventory levels and high leverage undermined the sector's performance. Political uncertainty, slow economic growth, sustained weakening of the Indian Rupee, rising inflation and hardening interest rates continued to be the key barriers to improving demand. Further, adverse regulatory developments and increased borrowing rates pushed up project costs and delayed execution timelines. The real estate market also witnessed a general slowdown in absorption rates in the residential and commercial asset classes.

Although FY2013-14 was a difficult year for the real estate sector the long-term potential for the sector remains intact and it continues to be an important catalyst to the nation's overall economic growth.

#### RESIDENTIAL REAL ESTATE:

India's residential housing segment underperformed due to weak demand trends which slowed down sales, reduced absorption and increased inventory levels during the year 2013-14.

High cost of finance, escalating cost pressures and an opaque regulatory scenario have been the key impediments which led developers to curtail prices. The home buyers during the year have adopted wait and see policy due to announcement of State bifurcation, subsequent policy decisions by both the new governments.

Housing demand in India is seen exceeding supply over the next decade. Nevertheless, the opportunity needs to be well supported by development policies and regulations aimed at creating additional infrastructure and stimulating housing demand.

#### COMMERCIAL REAL ESTATE

The commercial real estate sector stayed relatively weak during the year 2013-14. Reduction in new office developments, decline in leasing activity, lack of appreciation in capital values, compression in yields and lease rentals across major Indian cities were a few factors that impacted overall performance.

The occupier focus continued to remain on improving existing space utilization and/or relocation to peripheral and secondary micromarkets with majority of deal closures resulting for small-to-medium-sized office spaces. IT/ITeS, financial and services segments continued to drive demand for office space in India's leading cities.

In the long term, commercial real estate is expected to witness robust demand with an increasing number of companies looking to expand operations and setting up offices in suburban locations. Issuance of new banking licenses will stimulate increased demand from the BFSI sector.

The market is expected to further pick up momentum with more corporate houses looking at buying property instead of leasing.

## **RETAIL REAL ESTATE:**

India is the fifth largest retail destination globally. The Indian retail industry has experienced tremendous growth over the last decade with a significant shift towards organized retailing format and development taking place not just in major cities and metros but also in Tier II and Tier III cities.

As india's retail industry aggressively expands itself, great demand for real estate is being created. Favorable demographics, increasing urbanization, nuclear families, rising affluence amid consumers, growing preference for branded products and higher aspirations are other factors which will drive retail consumption in India

Net supply of retail space in shopping malls in india's top 7 cities including Hyderabad is expected to more than double in 2014.

Cities such as Delhi, Hyderabad and Bangalore will witness good supply of retail space, largely around the expanding city peripheries. Due to the limited supply of modern retail spaces in those areas, this new supply will meet with reasonably favourable pre-commitments.

## **TOURISM AND HOSPITALITY INDUSTRY-STRUCTURE AND DEVELOPMENT:**

The hotel industry has been facing strong headwinds over the last two years due to a weak demand environment and excess supply of rooms.

However, with the economic slow down, supply has outpaced demand, suppressing pricing power and reducing occupancies. Hotel projects being capital intensive, many players ended up with high leverage and resultant high interest outgo. Entities with weak balance sheets have been forced to seek redress under CDR schemes, postpone/cancel projects and raise funds through sale of assets.

While in the long term, the industry would benefit from structural reforms such as better infrastructure, improved law and order situation and if it is granted the infrastructure status.

## **2. OPPORTUNITIES AND THREATS:**

### **Opportunities:**

#### **Demand for Housing**

Your Company expects demand from the mid income residential segment to remain strong as we believe there is significant demand in this category across the country and state as well. Increasing disposable incomes, rapid urbanization and strong demographics are some of the trends favoring the mid-income residential market.

#### **Re-development in Hyderabad**

Some of the developments that have taken place and being taken up in the State after bifurcation would help real estate sector to develop rapidly in the next few years:

- Centre has approved an ITIR for Hyderabad to promote IT, ITeS and electronic hardware manufacturing units.
- State government is inviting Adlabs to set up an international theme park and Adibatla is currently being considered as the location
- A team from Hero Motocorp has visited Hyderabad in look out for suitable location to put up a manufacturing facility in south India and short listed 360 acres of land in Adibatla
- Dept. of Electronics and Information Technology at the centre has approved setting up of two Greenfield Electronic Manufacturing Clusters (EMCs) in Hyderabad with an outlay of 940 crores of which the first cluster will come up at outskirts of Hyderabad beside Tukkguda and second at Maheshwaram, R.R. District near Prajay Virgin County Project

With the Telangana government announcing plans to develop Hyderabad as a global city, the real estate developers expect 40-50% increase in the prices over next six to 8 months.

Redevelopment in Hyderabad offers a tremendous opportunity with a significant number of buildings to be redeveloped in the next decade.

### **Monetary Easing**

The real estate sector performance is directly bound by the country's economic fundamentals and monetary policies. Monetary easing initiatives will provide an impetus to housing demand. Even a nominal roll-back in rates can positively impact sentiments and encourage home buyers and real estate developers.

### **Real Estate Regulation and Development Bill, 2013**

The Real Estate Bill aims to bring in a high level of transparency in real estate transactions in India and implementation of projects. State Governments, along with the Ministry of Consumer Affairs, the Competition Commission of India, the Tariff Commission among others have backed the Bill.

### **Foreign Direct Investment (FDI) in Real Estate**

Currently up to 100% FDI is allowed in the real estate sector through the automatic route. With an increased need of meeting the growing housing demand in India, the Ministry of Housing and Urban Poverty Alleviation made proposals in August 2013 to ease FDI norms in real estate projects.

### **Real Estate Investment Trusts (REITs)**

REITs primarily invest in completed real estate assets that generate revenue and the majority of their earnings are distributed among investors. REITs are thus a low-risk investment avenue providing regular income.

To attract foreign investment SEBI released draft guidelines on REITs in 2013. This move is expected to attract retail investment and provide appropriate exists to developers in the office asset class.

### **Increased Private Equity (PE) Investments**

Due to a shortfall of bank funding, the real estate sector has benefited strongly from Private Equity (PE) funding. Entry of PE participants has led to higher efficiency, execution and transparency.

In the coming years, India's real estate sector is expected to gain healthy transaction from a PE perspective.

## **THREATS AND CHALLENGES**

### **Economic Environment**

The prospects of India's real estate sector are closely linked with the state of the economy. The overall economy has been weakened in the recent years with GDP growth, fiscal deficit, current account deficit and inflation being at unfavorable levels. This has impacted consumer and business sentiment adversely affecting demand across residential, commercial and retail segment.

Sluggish domestic GDP growth along with weak global markets can significantly affect the sector.

### **Regulatory Hurdles**

Unfavorable changes in government policies and the regulatory environment can adversely impact the performance of the sector. There are substantial procedural delays with regards to land acquisition, land use, project launches and construction approvals. Retrospective policy changes and regulatory bottlenecks may impact profitability and affect the attractiveness of the sector and companies operating within the sector.

### 3. SEGMENT WISE – PRODUCT WISE PERFORMANCE:

Today, we are amongst the largest real estate developers in Telangana with millions of square feet of developable area under management featuring residential, commercial and retail projects. Throughout its operations, Prajay aims to deliver superior value to all stakeholders through extraordinary and imaginative spaces created out of deep customer focus and insight.

A detailed status of projects undertaken/proposed to be undertaken by the company is briefed below:

**Prajay Waterfront City situated at Murharpally Village, Shamirpet** – Water front City is spread across 72 acres of premium property, overlooking a large natural lake offers an alluring lifestyle and is nearby Genome Valley. This property is well developed and approved by DTCP with all gated community features and nearest to Alexandria, a multi crore Biotechnology SEZ. This project work is completed 90% in all respects and got 5% bookings during the year thereby aggregating to 80% of the first phase of the project.

**Prajay Virgin County (SPV Project) situated at Baghmankhal Village, Maheshwaram Mandal, R.R. District** – due to its proximity to International Airport, ORR, Hi-tech city / Gachibowli Financial District and other companies like FAB city, TATA aerospace, Adibatla, the project, since its launching, has achieved 90% of sales in villa segment. Due to the political and economic scenario prevailing in the country and especially in the State after bifurcation, only a little portion in the apartment segment is sold so far.

All the infrastructure works in the villa parcel are completed and around 40 villas have been handed over and few families have started living therein.

The civil structure for 10 towers consisting of 432 flats in phase I of apartments is completed and the balance work is taken up at a slow pace considering the present market offtake.

**Prajay Megapolis (SPV Project) situated at Hafeezpet Village, Serilingampally mandal, R.R. District**– it is one of the prestigious projects of the company spread across 21 acres and will comprise around 3200 plus flats with 5762778.44 sq.ft built up area including parking comprising of 3 cellars, ground + 18 upper floors with all gated community facilities. First phase of the project consists of three blocks 9 towers consisting 1113 flats of different sizes. During the year under review only 20 flats have been sold (after accommodating the cancellations in second phase).

Construction work in Three Blocks (comprising of 9 Towers) is in an advanced stage and it is planned to hand over possession of one block by June 2015 and rest of the blocks with a time gap of 6 months each.

**Prajay Windsor Park situated at Pocharam, Ghatkesar Mandal, R.R. District** – this project is proposed as a gated community apartments on about 11 acres of land near Hyderabad-Warangal Highway and shares neighbourhood with premier institutions like Raheja Mind Space, Sanskrity Township and Infosys campus. Since the realty sector is passing through a difficult phase for the past few years, the company plans to hold this project in the pipeline for some more time.

**Prajay Gulmohar situated at Kuntloor, Hayathnagar Mandal** – a gated community project with 198 independent plots, out of which 73 are independent houses, 89 duplex houses and 36 being villas, is set on 21 acres of land. This project is completed in terms of construction of villas and construction of apartments is in progress.

All the villas have been handed over and 50% of the apartment's portion is sold already.

**Prajay Princeton Towers situated at L.B. Nagar, Saroornagar Mandal, R.R. District** – Princeton Towers project is one of its kind business opportunity in the heart of Saroornagar, LB Nagar with 13 floors – Ground+ 4 floors are meant for commercial purpose, 5<sup>th</sup> for office space and the rest 7 floors for hotels rooms, restaurant and banquet halls. The project has been funded by a consortium lead by State Bank of India.

Part of the commercial space in ground floor and fifth floor is sold. Third & fourth floors are occupied by Future Lifestyle (Brand Factory), first & second floors are being occupied by Bharti Retail Limited (Easy Day) on lease basis. Part of office space in fifth floor is leased to different firms/clients.

**Prajay Blue Hope** (Joint Development with Legend) situated at Abids Road, Hyderabad – 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 floor are meant for retail purpose, 2-4 floors earmarked for Office space and the rest 5-8 floors are meant for residential purpose – the construction work is in progress.

#### 4. **OUTLOOK**

As the political uncertainty in the city ended with the formation of Telangana state and installation of a new government, the real estate sector believes the market is positive.

With World class international airport, outer ring road and metro, Hyderabad is in the forefront to emerge as a global city. Telangana government is committed to improve brand Hyderabad, prepare a new master plan, develop information technology and investment region, satellite townships and special clusters for various sectors which would in turn revive the real estate in Hyderabad.

#### 5. **RISKS AND CONCERNS**

Delays in obtaining approvals, demand-supply gaps and rising input costs continued to be a cause for concern. Monetary tightening on account of the Reserve Bank of India's (RBI) measures to control inflation was a major macro influence on the sector.

As labour wages are directly linked to inflation, any rise in generalised prices would mean further increases in the cost of construction. Absolute cost of construction has already increased by 25-30% over the last four years across leading cities. Also, the cost of finance has increased in the light of banks' reluctance to fund what is currently perceived as a high-risk sector. Most private financial institutions have also switched from providing equity funding (thereby taking some risk against expectation of higher returns) to providing debt funding (usually at a high fixed interest rate).

While the India's gripping urbanisation growth story has been fascinating global investors so far, an underlying truth gradually emerged in 2013 – economic growth, the consumption story and property prices may not rise consistently, and there could be intermittent hurdles or growth risks.

#### 6. **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The company has internal control systems in place to ensure protection of assets of the company against any loss or un-authorized usage 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 periodical intervals in close co-ordination with the management and the internal auditors.

Further, the company proposes to strengthen its internal controls by taking appropriate measures from time to time as required by the nature and size of the business of the company or as may be required by the laws applicable from time to time.

#### 7. **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS PERFORMANCE.**

##### **Revenue /loss from Operations:**

The company revenues are reduced to ₹8747.78 lacs during the year as against ₹13776.53 lacs during the previous year.

The company has incurred a loss of ₹202.91 lacs during the year as against a net profit after tax of Rs.198.61 lacs for the corresponding previous year.

Subdued sales, increased unsold inventory levels and high leverage undermined the sector's performance. Political uncertainty, slow economic growth, sustained weakening of the Indian rupee, rising inflation and hardening interest rates are also some of the other reasons for its low performance.

**Operating Cost:**

The increase in operating cost was primarily due to lower volume of operations, rising energy costs and cost of key inputs.

**EBIDTA:**

EBIDTA is negative and is at ₹(363.40) lacs in the financial year 2013-14 as against ₹1066.26 lacs in the financial year 2012-13.

The reasons for negative EBIDTA is due to adverse market conditions in Real estate and construction sectors in and around Hyderabad where the company has concentrated its operations and also due to rising energy costs and cost of key inputs. The cost of land, plots and construction grew by 7.24% when compared to last year.

**Profits and Ratios:**

The company has incurred a loss of ₹202.91 lacs during the year as against a net profit after tax of Rs.198.61 lacs for the corresponding previous year.

The basic earnings per share stood at ₹(0.30) for the current financial year as against Rs.0.29 for the previous financial year.

However, the current ratio of the company for the year 2013-14 stood at 1.74 which is comfortable.

**Shareholders' funds:**

There is no change in the capital structure of the company during the year under review and the net worth of the company stands at a comfortable position of ₹66687.49 lacs.

**Loan Funds:**

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 0.27 when compared to acceptable level of 2:1. The secured borrowings of the company stood at ₹18187.41 lacs as at the end of the year.

**8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The company has adequate human resources to smoothly handle its day to day operations. The company reviews its manpower requirements periodically and from time to time based on its volume of activities.

Considering the present market conditions, your Company has downsized its human resources and retained only that are directly relevant to its growth at this stage. Your Company places great importance on nurturing and retaining the best skills in the industry.

At on 31.3.2014 around 400 persons are employed by the company at various locations of the projects and at its registered and corporate offices. The company maintains cordial relations with its employees, vendors and other agencies related to the company business.

**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, includes political and economic conditions of the state 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

The detailed report on Corporate Governance, for the financial year ending 31st March 2014 pursuant to Clause 49 of the Listing Agreement is set out below:

### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Prajay Engineers Syndicate Limited ensures adherence and enforcement of the principles of corporate governance with a focus on transparency, professionalism, fairness and accountability. The Company believes that corporate governance has a role to ensure that the Directors of the Company are subject to their duties, obligations, accountability and responsibilities, to act in the best interest of the Company and to remain accountable to the shareholders and other beneficiaries for their corporate actions. The Company also believes that an active, well informed and independent Board is necessary to ensure the highest standard of corporate governance.

### THE BOARD OF DIRECTORS

#### Composition:

The Board of Directors of your Company comprises of 7 (Seven) Directors as on the date of this report representing the optimum blend of professionalism, knowledge and experience. Of these, Four (4) Directors are Non-Executive Directors.

During the Financial Year 2013-14 and till the commencement of the Companies Act, 2013, the Company had an Executive Chairman and the number of Independent Directors during the year at five was in compliance with the requirement of having one half of the Board as Independent Directors. None of the Directors on the Board is a member of more than 10 (ten) Committees or Chairman of more than 5 (five) Committees as specified in Clause 49 of the Listing Agreement, across all the Companies in which he / she is a Director. The Directors made necessary disclosures regarding Committee positions in other public limited companies as on 31st March 2014.

#### Board Meetings:

The Company holds at least four board meetings in a year, once in each quarter inter-alia to review the financial results of the Company. The gap between any two board meetings does not exceed four calendar months. Apart from the four scheduled board meetings, additional board meetings are also convened to address the specific requirements of the Company.

All major decisions involving new investments and capital expenditure inter-alia, the following information is regularly provided to the members of the board for their consideration along with the agenda papers:

- i. Quarterly and Annual business performance of the Company.
- ii. Review of the Annual Report and accounts for adoption by the members.
- iii. Functioning of the Board and its Committees.
- iv. Review the functioning of the subsidiary and joint venture companies.
- v. Consider and approve declaration/recommendation of dividend.
- vi. Recruitment of Directors on the Board and committees.
- vii. Consideration of recruitments and resignations of Senior Management Personnel including Chief Executive Officer, Chief Financial Officer and Company Secretary.
- viii. Details of significant development in human resources and industrial relations front.
- ix. Details of litigations, prosecutions etc.
- x. Details of risk evaluation and internal controls.
- xi. Reports on progress made on the ongoing projects.
- xii. Status of compliance of regulatory, statutory or listing requirements and shareholders service etc.

Seven (07) Board meetings were held during the year April, 2013 - March 2014. The dates on which the Board meetings were held are: 30th May 2013, 14th August 2013, 17th September 2013, 21st September 2013, 14th November 2013, 24th January 2014 and 14th February 2014.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year April 2013 - March 2014 and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies is given below.

**Category, other directorships & committee positions in other companies:**

Name of the Director	Category	Relationship between directors inter-se	Other Director ships*	Committee Member ships**	Chairman ships in Committees
D. Vijay Sen Reddy	Managing Director	None	11	1	Nil
K. Ravi Kumar	Whole Time Director	None	NIL	Nil	Nil
N. Ravinder Reddy <sup>(1)</sup>	Whole Time Director	None	7	Nil	Nil
Sumit Sen	Whole Time Director	None	5	Nil	Nil
D. Chakradhar Reddy <sup>(2)</sup>	Non-Executive -Independent	None	1	1	1
Vijay Kishore Mishra	Non-Executive - Independent	None	Nil	Nil	1
N. Nageshwara Rao	Non-Executive - Independent	None	1	1	Nil
S.K.Rudresh	Non-Executive - Independent	None	NIL	Nil	Nil
M. Raja Gopala Reddy <sup>(3)</sup>	Non-Executive -Non Independent	None	3	Nil	Nil

**Note:** \*&\*\*Includes Directorships in Private Limited Companies. Only Audit Committee and Stakeholders' Relationship Committee are considered for the committee positions.

<sup>(1)</sup> Resigned to the office of Director w.e.f. 21.9.2013.

<sup>(2)</sup> Resigned to his office w.e.f. 29.4.2014

<sup>(3)</sup> Ceased to be an Independent Director w.e.f. 1.4.2014

**Attendance at the Board Meetings & last AGM:**

Name of the Director	No. of Board Meetings held during 2013-14		Attendance at the last AGM held on 01.11.2013
	Held	Attended	
D. Vijay Sen Reddy	07	07	Yes
K. Ravi Kumar	07	05	Yes
N. Ravinder Reddy <sup>(1)</sup>	07	00	No
Sumit Sen	07	07	Yes
D. Chakradhar Reddy <sup>(2)</sup>	07	05	Yes
Vijay Kishore Mishra	07	07	Yes
N. Nageshwara Rao	07	06	Yes
M. Raja Gopal Reddy	07	04	No
S.K. Rudresh	07	02	No

<sup>(1)</sup> Resigned to the office of Director w.e.f. 21.9.2013.

<sup>(2)</sup> Resigned to his office w.e.f. 29.4.2014

**Non-Executive Directors interest**

None of the Non-Executive Directors has any pecuniary or material relationship or transaction with the Company. The following are the details of the shareholding of Non-Executive Directors as on 31st March 2014:

Sr.No.	Name of Non-Executive Director	No. of shares held	Percentage of paid-up Capital
1.	Mr. Vijay Kishore Mishra	10,63,034	1.52
2.	Mr. N. Nageshwar Rao	500	0.00
3.	Mr. D. Chakradhar Reddy	Nil	0.00
4.	Mr. S.K. Rudresh	Nil	0.00
5.	Mr. M. Raja Gopala Reddy (held through relative)	15,37,000	2.20

Brief details of Director(s) retiring by rotation and details of director(s) appointed:

Brief resume of Directors who will be retiring by rotation, eligible for re-appointment and also who will be appointed/reappointed at this Annual General Meeting of the Company are as under:

#### **Retiring by rotation - Mr K. Ravi Kumar**

Mr. K. Ravi Kumar will be retiring at the ensuing Annual General Meeting and being eligible is proposed to be reappointed. He is a Civil Engineering Graduate and also possess a Masters Degree in Technology and has rich experience of more than 30 years in construction industry as an Architect.

Mr. Ravi Kumar has joined the company in the year 1999 and since then associated with the company as a Whole time Director and was instrumental in all walks of its growth journey. His experience and expertise in the construction industry coupled with his network in the relevant industry helps the company in formulating and implementing new projects with comfort.

His designing skills are appreciated by the owners/buyers of various successfully completed projects of the company. His continued association with the company as a director would immensely help the company in reaching its growth targets with quality in designing and construction.

#### **Appointment of Independent Directors**

The Independent Directors who are proposed to be appointed in the ensuing Annual General Meeting possess the required skills, experience and knowledge in the fields of finance, taxation & planning, management, administration, business strategy, corporate governance, technical operations, and other disciplines related to the company business. The brief profile of the said Independent Directors is herein under provided:

#### **Mr. Vijay Kishore Mishra**

Vijay Kishore Mishra aged about 57 years is a qualified Chartered Accountant with more than 25 years of working experience in various reputed companies like TATA Projects Limited, Wipro Information Technology Limited and Biological E limited as Sr. Accounts Officer and is been in to practice for more than 15 years and has rich experience in the fields of finance, taxation and planning.

His rich and varied experience in various sectors in the field of finance and taxation helps the company in handling its finance and taxation related issues smoothly.

#### **Mr. N. Nageshwar Rao**

Mr. Nageshwar Rao aged about 58 years is a science graduate and well known businessman in hospitality business. He is a promoter director of N.B. Hotel Enterprises Pvt. Ltd. (Popularly Known as Jaya International) Mr. Rao's wide experience in the hospitality industry helps the Company in shaping its strategy for the hotel division. The company benefits from his rich experience and insight into the hospitality industry

#### **Mr. S.K.Rudresh**

Mr. Rudresh aged about 52 years is a Bachelor of Architecture and has wide experience in the relevant field for more than two and half decades and executed many prestigious projects in and around Bangalore. Mr. Rudresh's presence on the Board enables the company to strengthen its design capabilities and may help the company to explore new opportunities outside the state.

### **COMMITTEES OF THE BOARD**

The Board Committees plays a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The minutes of the meetings of the Committee are placed before the Board for review. The Board has currently established the following committees:

#### **Audit Committee**

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Company has qualified and independent Audit Committee.

The Audit Committee comprises of three members, with a majority being Independent Directors. The composition, procedures, powers and role of the audit committee constituted by the Board comply with the requirements of Clause 49 of the listing agreement and the Companies Act, 2013.

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

- a. Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- b. Recommending the appointment and removal of Statutory Auditors, Internal Auditors and fixation of their audit fee and approval for payment for any other services.
- c. Reviewing financial statements including quarterly / half-yearly.
- d. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
  - The changes in accounting policies and practices, if any
  - Major accounting entries, if any, based on exercise of judgment by the management
  - Qualifications in draft audit report, if any
  - Significant adjustment arising out of audit findings
  - The going concern assumption
  - Compliance with the accounting standards, stock exchange & legal requirements concerning financial statements
  - Review and approval of related party transactions.
- e. Reviewing, with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- f. Reviewing the adequacy of internal audit functions.
- g. Discussion with the internal auditors on any significant findings and follow up thereon.
- h. Reviewing the Company's financial and risk management policy.
- i. Any other function as delegated by the Board from time to time.

During the year April 2013 - March 2014, 5 (Five) Audit Committee meetings were held. The dates on which the said meetings were held are: 30th May 2013, 14th August 2013, 17th September 2013, 14th November 13 and 14th February 2014.

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

Name of the Member & Category	Number of meetings during the year 2013-2014		
		Held	Attended
Mr. Vijay Kishore Mishra	Chairman-Independent	05	05
Mr. N. Nageshwar Rao	Member-Independent	05	05
Mr. D. Chakradhar Reddy	Member-Independent	05	05

Chairman of the Audit Committee, attended the previous Annual General Meeting of the Company held on 1st November, 2013. The Company Secretary of the Company also acts as the Secretary to the Audit Committee.

#### **Nomination & Remuneration Committee:**

The Nomination & Remuneration Committee deals with all elements of remuneration package, stock options, service contracts and other terms and conditions of service of the executive directors, directors / promoters relatives and the senior management. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

The remuneration policy of the Company is primarily based on the criteria like performance of the Company, potential, experience and performance of individual personnel and external environment. The Nomination & Remuneration Committee currently comprises of three Independent Directors. Mr. Vijay Kishore Mishra, Independent Director, is the Chairman of the Committee.

The company has met one (1) time during the year under review. The composition of the Nomination & Remuneration Committee and particulars of meetings attended by the members of the Committee are given below:

Name of the Director	Category	Number of meetings during the year 2013-2014	
		Held	Attended
Mr. Vijay Kishore Mishra	Chairman-Non-Executive Independent	1	1
Mr. D. Chakradhar Reddy	Member- Non-Executive Independent	1	1
Mr. N. Nageshwar Rao	Member- Non-Executive Independent	1	1

Details of remuneration accrued and paid to the Whole time Directors during the financial year April 2013 - March 2014 are as under:

**Executive Director:**

Name	Category	Salary	Perquisites	Commission	Total
Mr. D. Vijay Sen Reddy	Managing Director	24,00,000	Nil	Nil	24,00,000
Mr. K. Ravi Kumar	Whole Time Director	18,00,000	Nil	Nil	18,00,000
Mr. Sumit Sen	Whole Time Director	14,40,000	60,000	Nil	15,00,000

**Non-Executive Directors:**

The Company is not paying any sitting fee to the Non-Executive Directors.

**Stakeholders' Relationship Committee** (Formerly known as shareholders'/Investors' Grievance Committee)

Stakeholders' Relationship Committee of Directors is constituted to specifically look into the matters of investors' grievances such as transfer, transmission, split and consolidation of investors' holding, replacement of lost / mutilated/stolen share certificates, dematerialization of shares, non-receipt of dividend / notices / annual reports and change of addresses, among others. The main object of the Committee is to strengthen investor relations. The Committee also evaluates the performance and service standards of the Registrar and Share Transfer Agent of the Company and also provides continuous guidance to improve the service levels for the investors.

The Committee meets from time to time for speedy disposal of investor grievances. The status of investor grievances received and redressed during the year are as under:

Complaints/Requests as on April 1, 2013: Nil

Received during the year: 45

Resolved during the year: 45

Pending as on March 31, 2014: Nil

The Committee consists of Two Independent Directors and One Executive Director and the Chairman is an independent director.

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 not received any complaints through SCORES system.

Name of the Company Secretary and Compliance Officer

Ms. D. Madhavi Latha  
8-2-293/82/A, Plot No. 1091,  
Road No. 41, Near Peddamma Temple,  
Jubilee Hills, Hyderabad - 500 033.  
Contact Telephone: +91-40-66222999  
E-mail: investorrelations@prajayengineers.com  
Fax: +91-40-66222966

**(i) General Body Meetings:**

The details of last three Annual General Meetings are as under:

Financial Year	Venue	Date & Time	Special Resolutions Passed
2012-13	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad - 500 016.	01.11.2013 At 3.00 P.M.	1. Approving Employee Stock Option Scheme for the eligible employees of the company
2011-12	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad - 500 016.	29.09.2012 At 3.00 P.M.	2. Appointment of Mr. D. Vijay Sen Reddy as Managing Director of the Company and to fix his remuneration.
2010-11	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad - 500 016.	30.09.2011 At 3.00 P.M.	Nil

**(ii) Postal Ballot**

For the year ended 31st March 2014 there were no resolutions passed through postal ballot and no special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting

**(iii) Subsidiary Companies**

The Company does not have any material non-listed Indian subsidiary company(ies) and hence, the requirement of inducting an Independent Director on the Board of Directors of the subsidiary company(ies) in terms of Clause 49 (III) of the listing agreement does not arise.

**(iv) Disclosures:**

- i) During the year, there were certain transactions with related parties. However, none of them were of material significance that had potential conflict with the Company's interests at large. The register of contracts / arrangements containing the transactions in which the Directors are interested is placed before the Board regularly for its approval. Statement in summary form of transactions with related parties is placed before the audit committee for review. In compliance with the Accounting Standard 18, transactions with related parties are disclosed in the notes to accounts.
- ii) The Company has a Risk Management Procedure to apprise the board of directors about the risk assessment and the same is reviewed periodically.
- iii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets; no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI during the last three years.
- iv) The Managing Director and the Chief Financial Officer have certified to the Board regarding compliance of matters specified in Clause 49(V) of the Listing Agreement for the financial year ended 31.3.2014 and the same forms part of this Corporate Governance Report.
- v) All the mandatory requirements of Clause 49 of the Listing Agreement on Corporate Governance have been complied with.

**(v) Code of Conduct:**

The Company has laid down a "Code of Conduct" for the Directors and the Senior Management Personnel. The code has been posted on the website of the Company at [www.prajayengineers.com](http://www.prajayengineers.com)

The members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as at 31st March 2014. A declaration to this effect signed by Mr. D. Vijay Sen Reddy, Managing Director is given in Annexure to this report.

**(vi) Means of Communication**

Quarterly & Annual Results	Quarterly and Annual results (Un-audited & Audited) 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 at <a href="http://www.prajayengineers.com">www.prajayengineers.com</a> .
Website	The company's corporate website <a href="http://www.prajayengineers.com">www.prajayengineers.com</a> provides comprehensive information about its portfolio of business.

**(vii) Management Discussion and Analysis Report**

The Management Discussion and Analysis Report forms part of this report and is provided elsewhere in this report.

**(viii) General Shareholder Information:**

**i) Annual General Meeting:**

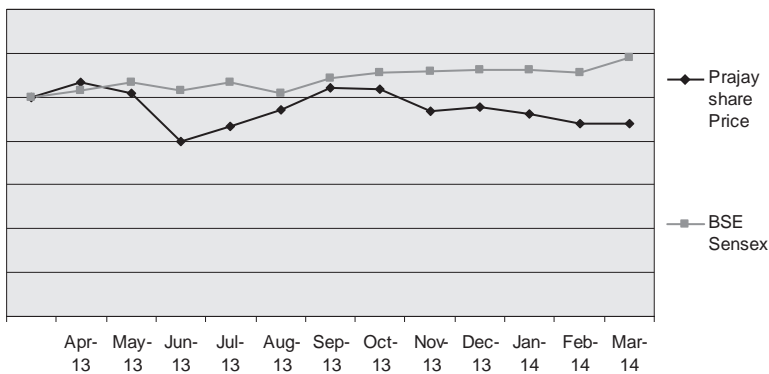
S.No	Item	Details
1.	AGM Date, Time & Venue	On Tuesday, the 30th day of September, 2014 At 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad - 500016.
2.	Financial Calendar	<ul style="list-style-type: none"> <li>● Financial Reporting for the first quarter ending 30.6.2014 - 2nd week of August 2014</li> <li>● Financial Reporting for the Second quarter ending 30.9.2014 - 2nd week of November 2014</li> <li>● Financial Reporting for the Third quarter ending 31.12.2014 - 2nd week of February 2015</li> <li>● Financial Reporting for the Last quarter/Year ending 31.03.2015 - last week of May 2015</li> </ul>
3.	Date of Book Closure	Monday 22nd day of September 2014 to Tuesday 30th day of September, 2014 (both days inclusive)
4.	Dividend Payment date	Not Applicable
5.	Listing on Stock Exchanges	<ol style="list-style-type: none"> <li>1. Bombay Stock Exchange (BSE) - 531746</li> <li>2. National Stock Exchange of India Limited (NSE) - PRAENG</li> </ol> <p>The Company has paid Listing Fee to both the Exchanges for the year 2014-15 and Custodial Fee to both the Depositories on the basis of no. of folios maintained by them as on 31st March 2014.</p>

**(ix) Market Price Data**

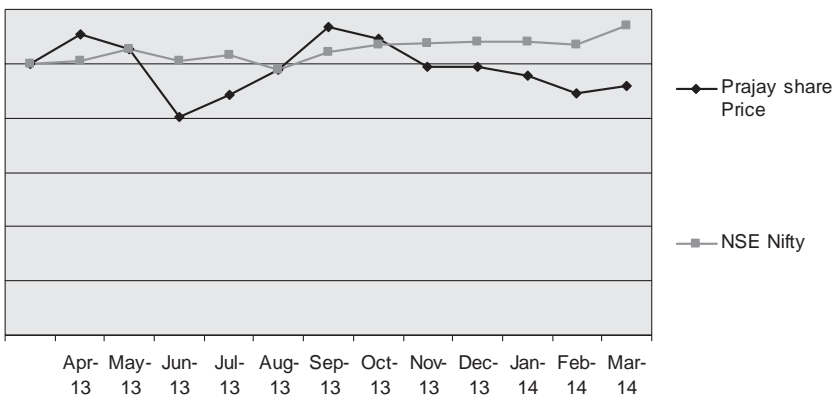
High, low (based on the closing prices) and number of shares traded during each month in the last financial year on BSE and NSE were as follows:

Month	BSE PRICE ₹			NSE PRICE ₹		
	High (₹)	Low (₹)	Volume traded in the month	High	Low	Volume traded in the month
April, 2013	9.65	7.52	268754	9.65	7.35	444842
May, 2013	9.19	6.85	254451	9.15	6.85	358344
June, 2013	7.20	5.86	197296	7.00	5.75	264321
July, 2013	7.84	6.00	231752	7.70	6.50	342866
August,2013	8.55	6.00	369759	8.50	6.00	596760
September, 2013	9.45	7.00	216931	9.85	6.70	462478
October, 2013	9.40	6.80	416290	9.50	6.75	1019128
November, 2013	8.45	7.03	181429	8.60	6.95	499643
December, 2013	8.65	7.25	261939	8.60	7.25	581805
January, 2014	8.34	7.00	271948	8.30	7.15	474062
February,2014	7.97	6.45	98544	7.75	6.45	233539
March, 2014	7.96	6.12	197494	8.00	6.20	281662

**(x) Relative stock performance in comparison to BSE Sensex:**



**(xi) Relative stock performance in comparison to NSE NIFTY:**



**(xii) Registrar and Transfer Agents**

M/s. Karvy Computershare Private Limited is Registrar & Transfer Agent of the Company. Any request pertaining to investor relations may be addressed to the following address:

Karvy Computershare Private Limited  
Plot nos.17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad (TG) 500 081 India.  
Tel : +91 40 44655000  
Fax: +91 40 23431551  
Toll Free: 1-800-3454001  
Investor Grievance ID: einward.ris@karvy.com  
Website: <http://karisma.karvy.com>

**Investor's correspondence may also be addressed to:**

Company Secretary & Compliance Officer  
Prajay Engineers Syndicate Limited  
2nd Floor, 3rd Block, My Home Hub  
Madhapur, Hyderabad (TG) - 500081  
Tel: 91-40-66760000 Fax: 91-40-23115145  
[investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com)

**(xiii) Share Transfer System**

Share transfers are processed by the Registrar and Share Transfer Agent and approved by the Share Transfer Committee depending on the volume of transfers. At present, the share transfers received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

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, is obtained from Mr. P. Konda Reddy, Practicing Company Secretary and submitted to Stock Exchanges within stipulated time.

**(xiv) Shareholding**

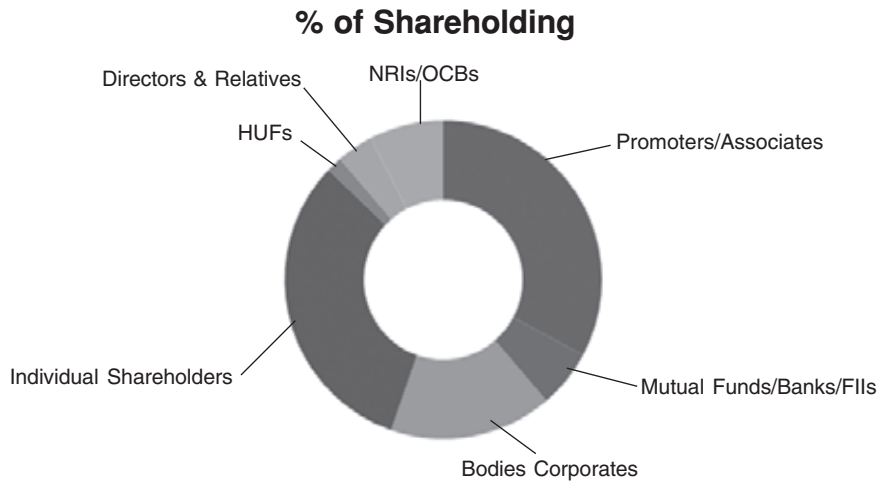
**a) Distribution of shareholding as on 31st March 2014**

Category	No. of shareholders		No. of shares		% of total shareholding	
	Physical (A)	Demat (B)	Physical (A)	Demat (B)	Physical (A)	Demat (B)
1-5000	267	13664	63294	2545778	0.09	3.64
5001-10000	96	2400	85200	2034575	0.12	2.91
10001-20000	10	1322	13800	2070920	0.02	2.96
20001-30000	11	503	25400	1314718	0.04	1.88
30001-40000	2	252	7500	902703	0.01	1.29
40001-50000	3	235	13600	1119518	0.02	1.60
50001-100000	3	312	23100	2321179	0.03	3.32
100001-above	2	319	299700	57094806	0.43	81.64
<b>Sub-Total</b>	<b>394</b>	<b>19007</b>	<b>531594</b>	<b>69404197</b>	<b>0.76</b>	<b>99.24</b>
<b>Grand Total (A+B)</b>	<b>19401</b>		<b>69935791</b>		<b>100.00</b>	

(xv) **Shareholding pattern as on 31st March 2014**

Category	No. of Shares held	Percentage of Shareholding
Promoters/Associates	22988018	32.87
Mutual Funds, Banks & FIIs	4139792	5.92
Bodies Corporate	11554330	16.52
Individual Shareholders	22271688	31.85
HUFs	1111679	1.59
Directors & relatives	2587227	3.70
NRIs/OCBs	5283057	7.55
<b>Total</b>	<b>69935791</b>	<b>100.00</b>

The graphical presentation of the shareholding pattern of the Company as on 31st March 2014 is herein under provided:



(xvi) **Dematerialization of shares and liquidity:**

Details of Shares Dematerialized as on March 31, 2014:

Particulars	No. of Shares	% of Issued Share Capital
NSDL	50143435	71.36
CDSL	19260762	27.41
Physical	531594	0.76
<b>Total</b>	<b>69935791</b>	<b>99.53</b>

In accordance with the stipulations of SEBI, Mr. P. Konda Reddy, 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 30.6.2013, 30.9.2013, 31.12.2013 and 31.3.2014.

On behalf of the Board of Directors

Place : Hyderabad  
Date : 14th August, 2014

Sd/-  
**D. Vijay Sen Reddy**  
Managing Director

Sd/-  
**Sumit Sen**  
Whole Time Director

## **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, 2014, 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 : 14.08.2014

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

## **CERTIFICATION AS REQUIRED UNDER CLAUSE 49(V) OF THE LISTING AGREEMENT**

We hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2014 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violate the company's code of conduct.
- c. 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 we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls and necessary steps have been taken to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee
  - i. that there are no significant changes in internal control over financial reporting during the period;
  - ii. that there are no significant changes in accounting policies during the period; and
  - iii. that there are no instances of significant fraud of the management or an employee having a significant role in the company's internal control system over financial reporting

Place: Hyderabad  
Date: 14.08.2014

**D. Vijay Sen Reddy**  
Managing Director

**P. Bhaskara Rao**  
Chief Financial Officer

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## **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, 2014.

Place : Hyderabad  
Date : 14.08.2014

**D. Vijay Sen Reddy**  
Managing Director

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Members of  
Prajay Engineers Syndicate Limited

### Report on the Financial Statements

I have audited the accompanying financial statements of Prajay Engineers Syndicate Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion and to the best of my information and according to the explanations given to me, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Emphasis of matter

I draw attention to the following:

- a) Note 37(a) of the Financial Statements, in respect of trade receivables considered good include an amount of ₹24,419.62 lacs due from customers which are outstanding for more than six months. For the reasons stated therein, I am unable to comment on the realization of the aforesaid receivables.
- b) Note 37(b) of the Financial Statements, in respect of advances amounting to ₹6,191.04 lacs given to landlords/developers, and ₹188.94 lacs given to suppliers, etc outstanding from earlier years in respect of which no provision has been made for the reasons stated therein.
- c) Note 24 and 25, in respect of 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.

My opinion is not qualified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of section 227 (4A) of the Act, I give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of my audit;
  - b) In my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In my opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
  - e) On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of section 274 (1)(g) of the Act.

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

Place: Secunderabad  
Date : May 30, 2014

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" 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 ₹3,277.50 lacs and the balance as at the year end is ₹3,276.08 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, but it is not commensurate with the size and nature of the business of the Company.
- (viii) I am informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) According to records of the Company, the Company is generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it. There are no arrears of the aforesaid dues as at 31st March, 2014 outstanding for a period of more than six months from the date they became payable.

There are no dues towards investor education and protection fund.

- (b) As at 31st March, 2014 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 (₹ lacs)	Period to which the amount relates	Forum where the dispute is pending
Income tax	15.45 289.20	2006-07 2009-10	Income Tax Appellate Tribunal Income Tax Appellate Tribunal
Service tax	1820.62	2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal
Value added tax	2.77 3.00	2010-11 2011-12	Appellate Deputy Commissioner Appellate Deputy Commissioner

- (x) The Company does not have accumulated losses as at 31st March, 2014. The Company has not incurred cash losses during the financial year ended on that date, and in the immediately preceding financial year.
- (xi) In my opinion and according to the information and explanations given to me, the company has defaulted in repayment of dues to banks. Principal amounts aggregating ₹2007.00 lacs are due from December 2012 to March 2014, and interest amounts aggregating ₹2088.86 lacs are due from April 2013 to March 2014. 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 : May 30, 2014

## BALANCE SHEET AS AT MARCH 31, 2014

(₹ in lacs)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	6,993.58	6,993.58
(b) Reserves and Surplus	3	59,387.46	59,590.37
<b>2 Non-current Liabilities</b>			
(a) Long-term borrowings	4	11,765.55	13,069.88
(b) Deferred Tax Liabilities (Net)	5	306.44	292.21
(c) Long-term provisions	6	33.84	46.79
<b>3 Current Liabilities</b>			
(a) Short-term borrowings	7	1,247.67	1,444.65
(b) Trade Payables	8	24,993.28	23,777.25
(c) Other current liabilities	9	9,552.33	6,966.76
(d) Short-term provisions	10	633.22	1,200.99
<b>TOTAL</b>		<b>114,913.37</b>	<b>113,382.47</b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		4,298.79	4,034.14
(ii) Intangible assets		5.22	7.78
(iii) Capital Work-In Progress		27,059.76	23,634.09
(b) Non-current investments	12	13,321.30	13,951.30
(c) Long-term loans & advances	13	7,058.74	8,722.89
<b>2 Current assets</b>			
(a) Inventories	14	34,490.36	33,059.18
(b) Trade receivables	15	25,052.58	28,052.79
(c) Cash and cash equivalents	16	279.22	840.52
(d) Short-term loans and advances	17	3,347.40	1,079.78
<b>TOTAL</b>		<b>114,913.37</b>	<b>113,382.47</b>
Notes forming part of the financial statements	1-40		

As per my report attached

For and on behalf of the Board

**S.V. Rangan**  
Chartered Accountant

**D. Vijay Sen Reddy**  
Managing Director

**Sumit sen**  
Whole Time Director

**P. Bhaskara rao**  
Chief Financial Officer

**D. Madhavi Latha**  
Company Secretary

Place : Hyderabad  
Date : 30.05.2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**  
(₹ in lacs)

Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
<b>I Revenue from operations</b>	18	<b>8,185.43</b>	13,691.64
<b>II Other Income</b>	19	<b>562.35</b>	84.89
<b>III Total Revenue (I + II)</b>		<b>8,747.78</b>	13,776.53
<b>IV Expenses:</b>			
1 Cost of Land, Plots, Constructed Properties and Contracts	20	<b>6,829.21</b>	10,431.96
2 Direct Cost Hotels & Resorts		<b>436.57</b>	530.90
3 Employee benefits expense	21	<b>615.42</b>	628.15
4 Finance costs	22	<b>87.44</b>	194.10
5 Depreciation and amortisation expense		<b>347.07</b>	323.33
6 Other expenses	23	<b>1,184.03</b>	1,158.93
<b>Total expenses</b>		<b>9,499.73</b>	13,267.37
<b>V Profit before Prior Period Items (III-IV)</b>		<b>(751.95)</b>	509.16
<b>VI Prior period Items (Net)</b>		<b>(45.97)</b>	39.67
<b>VII Profit before tax (V-VI)</b>		<b>(797.92)</b>	548.83
<b>VIII Tax expense</b>			
1 - Current Tax		-	171.64
2 - Prior period Tax		<b>(609.24)</b>	159.40
3 - Deferred Tax		<b>14.23</b>	19.18
<b>Total Tax Expense</b>		<b>(595.01)</b>	350.21
<b>IX Profit/(Loss) for the year (VI - VII)</b>		<b>(202.91)</b>	198.61
<b>Earnings per share (in ₹) (Note 32)</b>			
Basic		<b>(0.30)</b>	0.29
Diluted		<b>(0.30)</b>	0.29
Notes forming part of the financial statements	1-40		

As per my report attached

For and on behalf of the Board

**S.V. Rangan**  
Chartered Accountant

**D. Vijay Sen Reddy**  
Managing Director

**Sumit sen**  
Whole Time Director

**P. Bhaskara rao**  
Chief Financial Officer

**D. Madhavi Latha**  
Company Secretary

Place : Hyderabad  
Date : 30.05.2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before Taxation	(797.92)	548.83
<b>Adjustments for:</b>		
Depreciation and amortisation	347.07	323.33
(Profit)/Loss on sale of Investments	61.20	1.00
(Profit)/Loss on sale of Fixed Assets (Net)	(0.22)	4.09
Income from non trade investments	(0.26)	(0.43)
Interest Income	(7.78)	(12.63)
Interest and Finance Charges	87.44	194.10
<b>Operating Profit before working capital changes</b>	<b>487.45</b>	<b>509.46</b>
<b>Adjustments for:</b>		
Inventories	(1,431.18)	(1,620.68)
Trade Receivables	3,000.21	1,311.18
Loans and Advances	(2,055.41)	1,836.48
Trade and Other Payables	3,788.65	3,886.98
<b>Cash generated from Operations</b>	<b>2991.80</b>	<b>6,472.25</b>
Direct Taxes paid	(235.48)	(285.80)
<b>Net Cash Flows from Operating Activities (A)</b>	<b>2,756.32</b>	<b>6,186.45</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets/CWIP	(4,035.61)	(443.01)
Sale/adjustment of Fixed Assets	4.54	55.75
Purchase of Investments	-	(5.18)
Sale of Investments	630.00	-
Movement in long term advances	1,664.15	(177.08)
Income from non trade investments (dividend)	0.26	0.43
Interest income received	7.78	12.63
<b>Net Cash from/(used in) Investing Activities (B)</b>	<b>(1,728.88)</b>	<b>(556.46)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from long term borrowings	706.00	936.35
Repayment of long term borrowings	(2,010.33)	(2,666.46)
Repayment of short term borrowings	(196.98)	(3,322.60)
Interest Paid	(87.44)	(194.10)
<b>Net Cash flows from/(used in) Financing Activities (c)</b>	<b>(1,588.75)</b>	<b>(5,246.82)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(561.30)</b>	<b>383.18</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>840.52</b>	<b>457.35</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>279.22</b>	<b>840.52</b>

**Notes:** Cash and Cash Equivalents as on March 31, 2014 includes:

- ₹0.02 lacs in Escrow Account (31.03.2013 : ₹4.01 lacs)
- ₹35.17 lacs (31.03.2013 : ₹41.88 lacs) in bank deposits against which banks have issued guarantees.
- ₹9.41 lacs (31.03.13 : ₹14.68 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

**Sumit sen**  
Whole Time Director

Place : Hyderabad  
Date : 30.05.2014

**P. Bhaskara rao**  
Chief Financial Officer

**D. Madhavi Latha**  
Company Secretary

## 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 ₹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 recognized 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 recognized 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 cost 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, construction costs and development/construction materials, which is charged to the statement of profit and loss 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 statement of profit and loss 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 statement of profit and loss.

**j) Income Tax**

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

Deferred tax is recognized, 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 statement of profit and loss 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 statement of Profit and Loss.

**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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 2 SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Authorised</b>		
250,000,000 Equity shares of ₹10 each	<b>25,000.00</b>	25,000.00
	<b>25,000.00</b>	25,000.00
<b>Issued, Subscribed</b>		
70,267,291 Equity shares of ₹10 each	<b>7,026.72</b>	7,026.72
	<b>7,026.72</b>	7,026.72
<b>Paid up</b>		
69,935,791 Equity shares of ₹10 each fully paid	<b>6,993.58</b>	6,993.58
	<b>6,993.58</b>	6,993.58
<b>Reconciliation of Shares</b>	No. of shares	No. of shares
Equity Shares outstanding at the beginning of the year	<b>69,935,791</b>	69,935,791
Changes during the year	-	-
Equity Shares outstanding at the end of the year	<b>69,935,791</b>	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 ₹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 31.03.2014		As at 31.03.2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
D.S. Chandra Mohan Reddy	-	-	6,959,922	9.95
D.Hymavathi Reddy	<b>8,237,618</b>	<b>11.78</b>	-	-
D.Vijay Sen Reddy	<b>12,315,183</b>	<b>17.61</b>	9,629,755	13.77
N.Ravinder Reddy	-	-	10,400,000	14.87
CLSA (Mauritius) Limited	<b>4,010,455</b>	<b>5.73</b>	4,010,455	5.73

### Note 3 RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Share Premiun</b>		
Balance as per last account	<b>40,762.16</b>	40,762.16
Add: Amount received during the year	-	-
	<b>40,762.16</b>	40,762.16
<b>Capital Reserve</b>	<b>475.80</b>	475.80
<b>General Reserve</b>		
Balance as per last account	<b>1,999.08</b>	1,999.08
Add: Amount transferred from statement of Profit and Loss	-	-
	<b>1,999.08</b>	1,999.08
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last account	<b>16,353.32</b>	16,154.71
Profit/(Loss) for the year	<b>(202.91)</b>	198.61
Closing Balance	<b>16,150.41</b>	16,353.32
<b>Total Reserves</b>	<b>59,387.46</b>	59,590.37

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 4 LONG - TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>SECURED</b>		
<b>a) Term Loans</b>		
<b>From Banks</b>		
<b>- SBI Consortium:</b>		
- State Bank of India	2,193.58	2,793.58
- State Bank of India (SBS)	646.62	856.62
- State Bank of Mysore	1,027.65	1,312.65
- State Bank of Bikaner and Jaipur	1,026.85	1,311.85
- The Tamilnad Mercantile Bank Limited	756.29	1,050.29
- Punjab National Bank	1,335.55	1,710.55
[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>b) Loans and advances from related parties:</b>		
<b>Prajay Properties Pvt Ltd</b>	3,200.00	3,200.00
(Secured by Mortgage of 49,869 Sft of office premises at Begumpet, land admeasuring Ac 11 Gts 33 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 31-3-14) (see note 39)		
<b>c) Other loans and advances:</b>		
<b>-Indian Overseas Bank</b>	525.00	149.00
[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 20 quarterly installments of ₹37.50laks per quarter w.e.f.December2013]		
<b>-Indian Overseas Bank</b>	937.22	577.78
(Liquirent loan with a prime security of assignment of rent receivable for a period of 9 years commencing from March2013)		
<b>-Hire Purchase (Vehicle Loans)</b>	113.34	101.23
(Secured by hypothecation of vehicles and equipments acquired out of the said loan. The loans are repayable in 36 equated monthly instalments,except for one loan in 60 equated monthly installments)		
<b>UNSECURED</b>		
Deposits		
-Public deposits	3.46	6.33
	<b>11,765.55</b>	<b>13,069.88</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 5 DEFERRED TAX LIABILITY(NET)

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Arising on account of timing difference - depreciation	306.44	292.21
Net Deferred tax liability	306.44	292.21

### Note 6 LONG - TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Provision for employee benefits	33.84	46.79
	33.84	46.79

### Note 7 SHORT - TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Secured</b>		
Loans repayable on demand:		
<b>a) From other parties</b>		
-Life Insurance Corporation (Secured against the Keyman Insurance Policy)	42.49	23.72
<b>Unsecured</b>		
-Loans & advances from related parties*	1,124.66	1,235.46
<b>Deposits:</b>		
-Deposits (others)	70.00	70.00
-Public deposits	10.50	35.47
<b>Other loans and advances:</b>		
-Bharati Retail Limited	-	80.00
	1,247.67	1,444.65

includes from Subsidiaries\*

- (a) Prajay Retail Properties Pvt Ltd - ₹803.84 lacs  
(31.03.13 ₹744.48 lacs)
- (b) Prajay Holdings Pvt Ltd - ₹161.30 lacs  
(31.03.13 ₹233.68 lacs)

### Note 8 TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
(i) Due to micro, small and medium enterprises	-	-
(ii) Due to other creditors	24,993.28	23,777.25
	24,993.28	23,777.25

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 9 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Current maturities of Long term debt:</b>		
- Indian Overseas Bank	187.50	1,000.00
- Indian Overseas Bank (Liquirent Loan)	300.97	72.22
- HSBC	-	179.39
<b>- SBI Consortium:</b>		
- State Bank of India	1,080.00	480.00
- State Bank of India (SBS)	378.00	168.00
- State Bank of Mysore	513.00	228.00
- State Bank of Bikaner and Jaipur	513.00	228.00
- The Tamilnad Mercantile Bank Limited	420.00	168.00
- Punjab National Bank	675.00	300.00
(Note 4)		
<b>Current maturities of Hire Purchase obligations</b>	<b>181.58</b>	<b>194.52</b>
(Note 4)		
Interest Accrued and Due on IOB Loans	39.37	18.66
Interest Accrued and Due on SBI Consortium Loans	2,088.86	546.70
Interest Accrued and Due on LIC Loan	2.35	5.15
Interest Accrued and Due on HSBC Loan	-	9.88
Interest Accrued and Due on short term loan	3.19	8.81
<b>Other payables:</b>		
Advance from Customers	3,159.26	3,275.11
Income received in advance	0.87	69.65
Unclaimed Dividend @	9.39	14.68
	<b>9,552.33</b>	<b>6,966.76</b>

@There is no amount due to be credited to Investor Education and Protection Fund as at 31.03.14

### Note 10 SHORT -TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Provision for Income Tax	633.22	1,200.99
	<b>633.22</b>	<b>1,200.99</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note No. 11 FIXED ASSETS

(₹ in lacs)

Particulars	Cost			Depreciation and Amortisation				Net Block		
	As at 31.03.2013	Additions	Deductions	As at 31.03.14	As at 31.03.2013	For the Year	On Deduction	As at 31.03.14	As at 31.03.14	As at 31.03.2013
<b>TANGIBLE</b>										
1. LAND-FREE HOLD	430.85	-	-	430.85	-	-	-	-	430.85	430.85
2. BUILDINGS	2,052.06	33.35	-	2,085.41	401.91	42.97	-	444.88	1,640.53	1,650.14
3. LEASE HOLD IMPROVEMENTS	429.32	-	-	429.32	429.33	-	-	429.33	-	-
4. PLANT & MACHINERY	2,718.92	497.16	-	3,216.08	1,263.00	220.37	-	1,483.37	1,732.71	1,455.92
5. FURNITURE & FIXTURES	382.46	19.44	-	401.90	174.57	22.89	-	197.46	204.44	207.89
6. COMPUTERS	79.24	8.67	-	87.91	68.54	6.35	-	74.89	13.02	10.70
7. VEHICLES	592.50	51.32	4.54	639.28	313.87	51.93	3.76	362.04	277.24	278.63
<b>Sub Total</b>	6,685.35	609.94	4.54	7,290.75	2,651.22	344.51	3.76	2,991.97	4,298.79	4,034.13
<b>INTANGIBLE</b>										
8. Software	25.02	-	-	25.02	17.24	2.56	-	19.80	5.22	7.78
Total as on 31.03.2014	6,710.37	609.94	4.54	7,315.77	2,668.46	347.07	3.76	3,011.77	4,304.01	4,041.91
Total as on 31.03.2013	6,291.22	443.01	23.86	6,710.37	2359.35	323.33	14.22	2,668.46	4,041.91	
Capital Work-in-Progress	-	-	-	-	-	-	-	-	27,059.76	23634.09

**Note :** Plant & Machinery Costing ₹970.26 Lacs (31.03.13 ₹704.41 Lacs) and Vehicles Costing ₹204.43 Lacs (31.03.13 ₹208.57 Lacs) have been acquired on Hire Purchase, the legal Owner Ship of which will be transferred to the Company after the final payment.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 12 NON-CURRENT INVESTMENTS (AT COST)

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Non Trade - Quoted</b>		
<b>Investments in equity instruments :</b>		
Indian Overseas Bank		
9,500 Equity Shares of ₹10 each, fully paid	<b>2.28</b>	2.28
<b>Trade - Unquoted</b>		
<b>In Subsidiary Companies</b>		
<b>a) Investments in equity instruments:</b>		
Prajay Retail Properties Private Ltd.		
5,000 Equity Shares of ₹1,000 each, fully paid	<b>1,100.00</b>	1,100.00
Prajay Holdings Private Limited		
9,99,900 Equity Shares of ₹10 each, fully paid	<b>99.99</b>	99.99
<b>b) Investments in preference shares:</b>		
Prajay Holdings Private Limited		
6,44,38,944 Preferential Shares of ₹10 each, fully paid	<b>6,443.89</b>	6,443.89
<b>In associate Companies</b>		
<b>a) Investments in equity instruments :</b>		
Prajay Properties Private Limited		
64,597 Equity Shares of ₹10 each, fully paid	<b>6.46</b>	6.46
Genesis Capital Pvt Ltd, Mauritius	<b>5.18</b>	5.18
10,000 Equity Shares of US\$ 1 each fully paid		
<b>b) Investments in preference shares:</b>		
Prajay Properties Private Limited	<b>4,013.00</b>	4,013.00
4,01,300 Preferential Shares of ₹10,000 each, fully paid		
<b>Investment in Capital of Partnership Firm</b>		
Prajay Binjusaria Estates	<b>1,650.50</b>	2,280.50
(Note 38)	<b>13,321.30</b>	13,951.30
(i) Aggregate of Quoted Investments		
Cost	<b>2.28</b>	2.28
Market Value	<b>4.83</b>	6.18
(ii) Aggregate of Unquoted Investments (Cost)	<b>11,668.52</b>	11,668.52

### Note 13 LONG TERM LOANS & ADVANCES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Unsecured considered good</b>		
i. Security Deposits (a)	<b>608.36</b>	612.40
ii. Advance for purchase of land/development (b)	<b>6,370.23</b>	7,983.34
iii. Capital advances	<b>80.15</b>	127.15
	<b>7,058.74</b>	8,722.89

(a) includes deposit to Director ₹500 Lacs (31.03.13 ₹500 Lacs)

- (b) 1. includes advance to Partnership firms in which the company is partner ₹99.39 Lacs (31.03.13 ₹98.45Lacs)
2. includes advance to private companies in which any director is a director ₹1,862.60Lacs (31.03.13 ₹1,734.65)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 14 INVENTORIES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Land at Cost	14,193.15	14,824.07
Constructed Properties		
- Land and construction work in progress - at cost	20,288.86	18,224.53
Food and Beverages - at cost	8.35	10.58
	<u>34,490.36</u>	<u>33,059.18</u>

### Note 15 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Unsecured, Considered good</b>		
i. Outstanding for more than six months	24,419.62	27,195.98
ii. Other Debts	632.96	856.81
	<u>25,052.58</u>	<u>28,052.79</u>

### Note 16 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Balance with Scheduled Banks</b>		
On Current Account (a)	191.61	376.74
On Escrow Account	0.02	4.01
On Deposit Account (b)	35.17	41.88
Cash on Hand	52.43	417.88
	<u>279.22</u>	<u>840.52</u>

- a) includes unpaid dividend accounts ₹9.41 Lacs (31.03.13 : ₹14.68 Lacs)  
 b) includes against Bank Guarantees ₹22.64 Lacs (31.03.13 : ₹17.93 Lacs);  
 includes ₹10.14 Lacs (31.03.13 : ₹10.14 Lacs)  
 with more than 12 months maturity.

### Note 17 SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>(Unsecured considered good unless otherwise specified)</b>		
Loans and advances to related parties (a)	335.09	200.85
Others	2,423.31	502.14
Advance Tax	589.00	376.80
	<u>3,347.40</u>	<u>1,079.78</u>

- a) includes ₹213.52 Lacs (31-03-2013: ₹199.90 lacs)  
 to Private Companies having Common Director.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 18 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>Construction division</b>		
(a) Sale of Constructed Properties	653.23	3,446.25
(b) Revenue from Construction Contracts	6,085.47	9,073.49
(c) Sale of Land	611.05	237.22
<b>Hospitality division</b>		
(a) Sale of Rooms	166.71	205.25
(b) Food and Beverages	530.60	641.05
(c) Others	3.30	3.00
(d) Membership Fees	135.07	85.38
	<u>8,185.43</u>	<u>13,691.64</u>

### Note 19 OTHER INCOME

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Rental Income	384.77	16.50
Interest Income {includes TDS 0.51 Lacs (31.03.13 - 0.56 lacs)}	7.78	12.63
Dividend income	0.26	0.43
Profit on Sale of Fixed Assets	0.22	-
Miscellaneous	169.32	55.34
	<u>562.35</u>	<u>84.89</u>

### Note 20 COST OF LAND, PLOTS, CONSTRUCTED PROPERTIES & CONTRACTS

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Purchases, development/construction costs	2,980.46	4,244.21
Cost of construction contracts	5,282.16	7,821.60
Changes in inventories:		
- Closing stock		
- Land	14,193.15	14,824.07
- Constructed properties	20,288.86	18,224.53
<b>Sub total A</b>	<u>34,482.01</u>	<u>33,048.60</u>
Less: Opening stock		
- Land	14,824.07	15,043.11
- Constructed properties	18,224.53	37,076.49
<b>Sub total B</b>	<u>33,048.60</u>	<u>52,119.60</u>
<b>Sub total B-A</b>	<u>(1,433.41)</u>	<u>19,071.00</u>
	6,829.21	31,136.80
Adjustment on account of transfer of Inventory to CWIP	-	(20704.84)
<b>Total</b>	<u>6,829.21</u>	<u>10,431.96</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 21 EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Salaries, Wages and Bonus	1,010.40	897.96
Contribution to Provident Fund/Pension Fund and Gratuity	5.32	26.59
Staff Welfare	14.47	10.56
	<u>1,030.19</u>	<u>935.12</u>
Less: Allocated to Projects	414.77	306.97
	<u>615.42</u>	<u>628.15</u>

### Note 22 FINANCE COSTS

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Interest Expense		
-On Fixed Loans	2,514.33	2,731.36
-Others	44.14	34.71
Bank Charges	15.12	32.32
	<u>2,573.60</u>	<u>2,798.39</u>
Less: Allocated to Projects	2,486.16	2,604.29
	<u>87.44</u>	<u>194.10</u>

### Note 23 OTHER EXPENSES

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Rent (a)	232.71	461.06
Rates and Taxes	262.38	173.98
Insurance	27.22	24.63
Power and Fuel	401.20	323.33
Repairs and Maintenance		
- Building	3.81	0.12
- Plant & Machinery	50.47	6.78
- Others	27.20	23.16
Travelling Expenses	29.98	32.32
Printing and Stationery	17.67	23.60
Postage, Telegrams and Telephones	21.98	22.61
Professional Charges/Consultancy Charges	75.29	229.22
Advertisement	97.11	262.73
Commission on sales	8.35	6.40
Loss on Investments	61.20	1.00
Loss on sale of fixed assets	-	4.09
Miscellaneous Expenses	163.45	225.78
	<u>1,480.02</u>	<u>1,820.80</u>
Less: Allocated to Projects	295.99	661.86
	<u>1,184.03</u>	<u>1,158.93</u>

a) Includes rent paid to Directors : ₹219.46 Lacs  
(31.03.13 ₹345.22 Lacs).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### OTHER NOTES TO THE ACCOUNTS

- 24.** 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.
- 25.** 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 ₹6,085.47 lacs (31.03.2013 ₹9,073.49 lacs) is recognized as contract revenue by the company during the current financial year. The cost incurred in respect of the above is ₹5,282.16 lacs (31.03.2013 ₹7,821.60 lacs).

### 26. Trade Payables - Dues to Micro and small enterprises

Trade payables (Note 8) include ₹ Nil (31.03.2013 ₹ 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.

Particulars	(₹ in lacs)	
	2013-14	2012-13
<b>27. Value of Import of CIF Basis</b>		
Construction related equipment and material	<b>135.94</b>	-
<b>28. Expenditure in Foreign Currency</b>		
Investments	-	5.18
Others	<b>10.12</b>	2.23
<b>29. Auditors' Remuneration</b>		
For services as Auditor	<b>11.20</b>	11.20
For Tax Audit	<b>1.50</b>	1.50
For other Matters	<b>0.13</b>	0.19
For reimbursement of out of pocket expenses	<b>0.28</b>	0.17
For service tax	<b>1.57</b>	1.40

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(₹ in lacs)	
	2013-14	2012-13
<b>30. Contingent Liabilities (not provided for)</b>		
Guarantees given to banks (on behalf of Prajay Properties Pvt Ltd)	<b>12,130.00</b>	12,130.00
Service Tax demand*	<b>1,820.62</b>	1,820.62

\* 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 under 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. The Company has filed appeal on 08.04.2013 with CESTAT, Bangalore against order dated 04.01.13 of Commissioner of Service Tax.

**31.** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹520.39 lacs, (31.03.2013: ₹384.57 lacs); Other commitments Nil (31-03-2013: Nil).

### **32. Earnings Per Share (EPS):**

Particulars	2013-14	2012-13
a) Weighted average number of equity shares of ₹10 each		
i) Number of equity shares at the beginning of the year	<b>6,99,35,791</b>	6,99,35,791
ii) Number of equity shares at the end of the year	<b>6,99,35,791</b>	6,99,35,791
iii) Weighted average outstanding during the year	<b>6,99,35,791</b>	6,99,35,791
b) Net Profit/(Loss) available for equity share holders (₹in lacs)	<b>(202.91)</b>	198.61
c) Earnings per share (₹)		
i) Basic	<b>(0.30)</b>	0.29
ii) Diluted	<b>(0.30)</b>	0.29

**33. Segment Information as per Accounting Standard 17 on Segment Reporting notified by the Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2014.**

(₹ in Lacs)

Business Segment	2013-14			2012-13			Total
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	
Segment Revenue							
External	7,349.75	835.68	562.35	12,756.96	934.68	84.89	13,776.53
Total Revenue	7,349.75	835.68	562.35	12,756.96	934.68	84.89	13,776.53
Segment Result	(799.28)	(329.65)		1,076.57	(337.28)		739.30
Unallocated Corporate expenses net of unallocated income							49.09
Operating Profit							690.21
Interest Expense							194.10
Prior Period items							39.67
Interest Income							12.63
Dividend Income							0.43
Profit before Taxation							548.84
Income Tax							171.64
Prior period Tax							159.40
Deferred Tax							19.18
Net Profit							198.61
<b>Other Information</b>							
Segment Assets	71,683.77	29,319.30	13,910.30	73,121.73	25,932.64	14,328.10	113,382.46
Total Assets	71,683.77	29,319.30	13,910.30	73,121.73	25,932.64	14,328.10	113,382.46
Segment Liabilities	34,253.79	282.43	949.06	44,962.32	281.54	1,554.66	46,798.52
Total Liabilities	34,253.79	282.43	949.06	44,962.32	281.54	1,554.66	46,798.52
Capital Expenditure	503.93	106.00		439.91	3.10		443.01
Depreciation	237.43	109.64		216.75	106.58		323.33
Non Cash expense other than depreciation	60.98			4.09			4.09

**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

### 34. 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	
(a) Prajay Holdings Private Limited	Subsidiary	
Prajay Developers Private Limited	Step down - Subsidiary	
Prajay Retail Properties Private Ltd	Subsidiary	
Prajay Binjusaria Estates	Associate	
Prajay Properties Pvt Ltd	Associate	
Genesis Capital Pvt.Ltd.(Mauritius)	Associate	
<b>(b) Key Management Personnel</b>	<b>Designation</b>	<b>Relatives (Relation)*</b>
Mr. Vijay Sen Reddy	Managing Director	Mrs. Sharmila Reddy (Wife)
Mr. K. Ravi Kumar	Whole time Director	-
Mr. Sumit Sen	Whole time Director	Mrs. Rina Sen (Wife)
Mr.Ravinder reddy^	Director operations	

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

^ Resigned as director with effect from 21-09-2013.

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

Prajay Financial Services Limited  
 Prajay Lifestyle UPVC Windows Private Limited  
 Prajay Princeton Hotel Private Limited  
 Prajay Princeton Developers Private Limited  
 Prajay Chitfunds Private Limited  
 Prajay Velocity Developers Private Limited  
 Money Tree Investments & Holdings Pvt.ltd^  
 Money Tree Entertainment Limited^  
 Money Tree Life Style Destinations Private Limited^  
 Money Tree Media Ventures Private Limited^  
 Secunderabad Golf and Leisure Resorts Private Limited  
 Prajay Land Capital Private Limited  
 VijMohan Constructions Private Limited

^ceased to be under the control of key management with effect from 21-09-2013

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

Description	Name of the Related Party	Subsidiaries / Step Down Subsidiaries		Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives	
		31.3.2014	31.3.2013	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Sale of land, property, material and work done	Prajay Properties Private Limited				4,966.37		-
	Prajay Holdings Private Limited	<b>790.83</b>	4,107.11	<b>5,294.64</b>	-		-
Purchase of Materials	Prajay Lifestyle UPVC Windows Private Limited			<b>36.41</b>	27.35		
Remuneration paid			-		-	<b>57.00</b>	54.77
Rent paid			-		-	<b>219.46</b>	351.29
Investments made during the year	Genesis Capital Pvt.Ltd.(Mauritius)		-		5.18		-
Investments sold during the year	Prajay Binjusraria Estates			<b>630.00</b>			
	Prajay Developers Private Limited	<b>0.30</b>	0.01		-		-
	Prajay Land Capital Private Limited		-	<b>0.21</b>	0.01		-
Advances given	VijMohana Constructions Private Limited		-	<b>28.34</b>	154.29		-
	Secunderabad Golf and Leisure Private Limited		-	<b>127.70</b>	506.10		-
	Prajay Velocity Developers Private Limited		-	<b>0.25</b>	1.10		-
	Prajay Binjusraria Estates		-	<b>0.02</b>	10.22		-
	Prajay Lifestyle UPVC Windows Private Limited			<b>50.59</b>	113.00		
	Prajay Properties Private Limited		-	<b>1,327.19</b>	2,861.72		-
Repayment of Advances Taken	Prajay Holdings Private Limited	<b>1,096.02</b>	4,629.74				
	Prajay Retail Properties Private Ltd	<b>0.64</b>	5.12				
	Prajay Financial Services Limited	<b>0.01</b>					
	Key Management Personnel/relatives		-		-		140.82
	VijMohana Constructions Private Limited			<b>50.53</b>	151.98		
Repayment of Advances given	Prajay Lifestyle UPVC Windows Private Limited				115.00		
	Money Tree Media Ventures (P) Ltd	-			200.00		
	Prajay Properties Private Limited			<b>7,452.63</b>	9,653.15		
Advances Taken	Prajay Holdings Private Limited	<b>1,814.46</b>	6,187.06				
	Prajay Retail Properties Private Ltd	<b>30.00</b>	-				

(Contd.)

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

Description	Name of the Related Party	Subsidiaries / Step Down Subsidiaries		Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives	
		31.3.2014	31.3.2013	31.3.2014	31.3.2013	31.3.2014	31.3.2013
<b>Balance at the end of the year</b>							
	Prajay Developers Private Limited	<b>3.74</b>	3.45				
	Prajay Land Capital Private Limited			<b>0.38</b>	0.17		
	VijMohan Constructions Private Limited			<b>213.52</b>	235.71		
	Secunderabad Golf and Leisure Resorts Private Limited			<b>1,318.93</b>	1,191.23		
Loans & Advances	Prajay Velocity Developers Private Limited			<b>543.67</b>	543.42		
	Prajay Lifestyle UPVC Windows Private Limited			<b>120.37</b>	69.78		
	Prajay Binjusraria Estates			<b>89.40</b>	89.38		
	Key Management Personnel					<b>550.00</b>	550.00
	Key Management Personnel/relatives					<b>87.06</b>	167.18
Trade Payables & Others	Prajay Properties Private Limited			<b>3200.00</b>	3200.00		
Loan Outstanding	Prajay Holdings Private Limited	<b>161.30</b>	233.68				
	Prajay Properties Private Limited			<b>6395.78</b>	5564.99		
	Prajay Financial Services Limited			<b>76.07</b>	77.50		
	Prajay Retail Properties Private Ltd	<b>803.84</b>	774.48				

## NOTES FORMING PART OF THE 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 lessor

Details of assets given on operating lease:

(₹ in lacs)

Particulars	Gross Block		Accumulated Depreciation as on		Depreciation for the year	
	31.3.14	31.3.13	31.3.14	31.3.13	31.3.14	31.3.13
Building	88.58	88.58	21.40	19.96	1.44	1.44

#### (b) Hire Purchase:

- 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.
- Reconciliation between the total of minimum hire purchase payments at the balance sheet date and the present value:

(₹ in lacs)

Particulars	March 31, 2014			March 31, 2013		
	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	341.23	181.58	159.66	340.02	194.52	145.50
Less: Future Finance Charges	46.32	29.40	16.92	44.27	28.52	15.74
Present Value of minimum hire purchase payments at the Balance Sheet Date	294.92	152.18	142.74	295.75	166.00	129.76

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 36. Employee Benefits :

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

Particulars	Gratuity (Funded) (₹ in lacs)	
	31.03.2014	31.03.2013
<b>I. Expense recognized in the Statement of Profit and Loss Account for the year ended March 31, 2014</b>		
1. Current Service Cost	3.55	5.38
2. Interest	3.33	1.77
3. Expected return on plan assets	(2.46)	(2.37)
4. Actuarial Gain/(Loss)	(13.32)	14.14
<b>Total Expense</b>	<b>(8.89)</b>	<b>18.92</b>
<b>II. Net Asset/(Liability) recognized in the Balance Sheet as on March 31, 2014</b>		
1. Present Value of Defined Benefit Obligation as on March 31, 2014	33.84	42.94
2. Fair Value of plan assets as on March 31, 2014	(27.43)	(27.13)
3. Funded Status [Surplus/(Deficit)]	(6.41)	15.80
4. Net Asset/(Liability) as on March 31, 2014	(6.41)	15.80
<b>III. Change in Obligation during the year ended March 31, 2014</b>		
1. Present Value of Defined Benefit Obligation at the beginning of the year.	42.94	22.43
2. Current Service Cost	3.54	5.38
3. Interest Cost	3.33	1.77
4. Actuarial Gain/(Loss)	(13.42)	13.81
5. Benefit Payments	(2.56)	(0.46)
6. Present Value of Defined Benefit Obligation at the end of the year.	33.84	42.94
<b>IV. Change in Fair Value of Assets during the year ended March 31, 2014</b>		
1. Fair Value of plan assets at the beginning of the year	27.13	25.55
2. Expected return on plan assets	2.45	2.37
3. Contributions by employer	0.50	-
4. Actual benefits paid	(2.55)	(0.46)
5. Actuarial Gain/(Loss) Plan Assets	(0.10)	(0.33)
Fair Value on plan assets at the end of the year	27.43	27.13
<b>V. The major categories of plan assets as a percentage of total plan</b>		
Funded with LIC	100%	100%
<b>VI. Actuarial Assumptions</b>		
1. Discount Rate	8.00% p.a.	8.00% p.a.
2. Expected Rate of Return on Plan Assets	9.00% p.a.	9.00% p.a.
3. Mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
4. Turnover Rate	4.00 % p.a.	4.00 % p.a.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

37. (a) Trade Receivables (Note 15), unsecured considered good, includes ₹24,419.62 lacs (31-03-2013: ₹27,195.98 lacs), outstanding for more than six months. As a result of economic slowdown and recession in realty sector, the realizations from customers are slow.
- (b) Long Term Loans and Advances (Note 13) include advances given to Landlords/ developers towards certain projects amounting to ₹6,191.04 lacs (31-03-2013: ₹7,833.42 lacs) and Short Term Loans and Advances (Note 17) to suppliers, etc amounting to ₹188.94 lacs (31-03-2013: ₹275.58 lacs) outstanding from earlier years. Due to long term involvement in such projects, no provision has been considered necessary.
38. 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 ₹2055.50 lacs (31-03-2013 ₹2685.50 lacs)
- (c) 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

39. The Secured Loan of ₹3,200.00 Lacs from Prajay Properties Private Limited is continuing as Interest free by virtue of the agreement Dated 6th October '2009.

Since some of the statutory approvals for prajay megapolis project are yet to be obtained, crystallization of loan repayment time schedule has not taken place as on 31-03-2014.

40. Previous year's figures have been recast/restated, to conform to current year classification.

As per my report attached

For and on behalf of the Board

**S.V. Rangan**  
Chartered Accountant

**D. Vijay Sen Reddy**  
Managing Director

**Sumit sen**  
Whole Time Director

**P. Bhaskara rao**  
Chief Financial Officer

**D. Madhavi Latha**  
Company Secretary

Place : Hyderabad  
Date : 30.05.2014

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

₹ in Lakhs

Name of Subsidiary	Financial Year Ending of the Subsidiary	Number of Equity Shares	Extent of Holding	For the Financial Years ended 31.03.2014		For the Previous Financial Year ended 31.03.2013	
				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.	31.03.2014	999,000.00	77.99%	(179.26)	-	(366.97)	Nil
Prajay Developers Private Limited Note: Subsidiary of Subsidiary i.e Prajay Holdings Pvt. Ltd	31.03.2014	-	-	-	-	-	Nil
Prajay Retail Properties Pvt. Ltd.	31.03.2014	5,000.00	100%	0.37	-	0.27	Nil

**Summary of information of subsidiary companies for the financial year ended March'31 2014**

₹ in Lakhs

<b>Particulars</b>	<b>Prajay Holdings Private Limited</b>	<b>Prajay Developers Private Limited</b>	<b>Prajay Retail Properties Private Limited</b>
1. Issued and subscribed Equity Share Capital	128.21	2182.32	50.00
2. Reserves & Surplus	1258.42	(11.99)	(149.76)
3. Total Assests (Net)	26099.69	2216.07	995.59
4. Total Liabilities (Outside)	18264.03	46.05	1095.17
5. Details of Investments (Except in case of Investments in the Subsidiaries)	-	-	-
6. Turnover	-	-	-
7. Profit before Taxation	(161.26)	-	0.53
8. Provision for Taxation	18.00	-	0.16
9. Profit after Taxation	(179.26)	-	0.37
10. Proposed Dividend	Nil	Nil	Nil

# INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors of  
Prajay Engineers Syndicate Limited

I have audited the accompanying consolidated financial statements of Prajay Engineers Syndicate Limited (the "Company") and its subsidiaries and associates (which along with the "Company" constitute the "group") which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

## Auditor's responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Basis for Qualified Opinion

- a) Interest amounting to ₹1840.02 lacs, on Compulsorily Convertible Debentures [Note 35(c)] has not been provided for in the books of account. This constitutes a departure from the Accounting Standards notified under the Companies Act, 1956. Accordingly, had this interest been provided for and capitalized to inventories as done in earlier periods, Inventories and Current Liabilities would have been higher by ₹1840.02 lacs each.
- b) Included in Short Term Loans and Advances [Note 35(b)] is ₹510,00,000 due from two parties, which are outstanding for a long time. These unsecured advances are unlikely to be recovered and full provision should have been made. Accordingly, had full provision been made, provision for doubtful advances would have increased by ₹510,00,000, net profit and shareholders' funds would have decreased by ₹510,00,000 each.

## Opinion

In my opinion and to the best of my information and according to the explanations given to me, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and

associates referred to below in the Other Matter paragraph, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) 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
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Emphasis of matter**

I draw attention to the following:

- a) Note 35(a) of the Consolidated Financial Statements, in respect of trade receivables considered good include an amount of ₹24,419.62 lacs due from customers which are outstanding for more than six months. For the reasons stated therein, I am unable to comment on the realization of the aforesaid receivables.
- b) Note 35(b) of the Consolidated Financial Statements, in respect of advances amounting to ₹6,191.04 lacs given to landlords/developers and ₹217.09 lacs included in amount given to suppliers, etc outstanding from earlier years in respect of which no provision has been made for the reasons stated therein.
- c) Note 24 and 25, in respect of 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.

My opinion is not qualified in respect of these matters.

**Other Matter**

I did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets of ₹3,223.96 lacs as at 31st March 2014, total revenues of ₹0.89 lacs and net cash inflow amounting to ₹0.81 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 ₹2.88 lacs of certain associates and not audited by me. These financial statements have been audited, except for one foreign associate, by other auditors whose reports have been furnished to me by the Management, and my opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. The aforesaid group's share of net profit of ₹2.88 lacs includes a net profit of ₹Nil in respect of one foreign associate, whose financial statements are not audited but have been certified by Management and furnished to me.

My opinion is not qualified in respect of these matters.

Place : Secunderabad  
Date : May 30, 2014

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

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

(₹ in lacs)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	6,993.58	6,993.58
(b) Reserves and Surplus	3	58,466.43	59,682.72
<b>2 Minority Interest</b>		305.05	344.49
<b>3 Non-current Liabilities</b>			
(a) Long-term borrowings	4	25,258.20	25,512.53
(b) Deferred Tax Liabilities (Net)	5	316.89	300.81
(c) Long-term provisions	6	33.84	46.79
<b>4 Current Liabilities</b>			
(a) Short-term borrowings	7	282.51	436.49
(b) Trade Payables	8	25,558.50	24,814.93
(c) Other current liabilities	9	14,843.22	9,406.19
(d) Short-term provisions	10	638.55	1,201.13
<b>TOTAL</b>		<b>132,696.77</b>	<b>128,739.66</b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		4,431.85	4,172.01
(ii) Intangible assets		5.22	7.78
(iii) Capital Work-In Progress		27,059.76	23,634.09
(b) Non-current investments	12	5,668.66	6,295.78
(c) Long-term loans & advances	13	7,066.04	8,726.75
(d) Goodwill on Consolidation		1,075.70	1,075.70
<b>2 Current assets</b>			
(a) Inventories	14	57,814.32	53,607.98
(b) Trade receivables	15	24,361.90	28,052.79
(c) Cash and cash equivalents	16	670.71	1,148.91
(d) Short-term loans and advances	17	4,542.61	2,017.87
<b>TOTAL</b>		<b>132,696.77</b>	<b>128,739.66</b>
Notes forming part of the consolidated financial statements	1-37		

As per my report attached

For and on behalf of the Board

**S.V. Rangan**  
Chartered Accountant

**D. Vijay Sen Reddy**  
Managing Director

**Sumit sen**  
Whole Time Director

**P. Bhaskara rao**  
Chief Financial Officer

**D. Madhavi Latha**  
Company Secretary

Place : Hyderabad  
Date : 30.05.2014

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**  
(₹ in lacs)

Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
<b>I</b> Revenue from operations	18	<b>6,703.92</b>	9,584.53
<b>II</b> Other Income	19	<b>563.25</b>	85.54
<b>III Total Revenue (I+II)</b>		<b>7,267.17</b>	9,670.07
<b>IV Expenses:</b>			
1 Cost of Land, Plots, Constructed Properties and Contracts	20	<b>6,151.01</b>	6,865.92
2 Direct Cost Hotels & Resorts		<b>436.57</b>	530.90
3 Employee benefits expense	21	<b>615.42</b>	628.15
4 Finance costs	22	<b>134.18</b>	199.19
5 Depreciation and amortisation expense		<b>358.10</b>	332.54
6 Other expenses	23	<b>1,282.50</b>	1,503.26
<b>Total expenses</b>		<b>8,977.78</b>	10,059.96
<b>V Profit/(Loss) before Prior Period items, Tax &amp; Minority Interest (III-IV)</b>		<b>(1,710.61)</b>	(389.89)
<b>VI</b> Prior Period Items (Net)		<b>(45.97)</b>	39.67
<b>VII</b> Profit before tax (V-VI)		<b>(1,756.58)</b>	(350.22)
<b>VIII</b> Tax expense			
1 - Current Tax		<b>0.16</b>	171.76
2 - Prior period Tax		<b>(593.09)</b>	159.40
3 - Deferred Tax		<b>16.08</b>	27.78
<b>Total Tax Expense</b>		<b>(576.85)</b>	358.94
<b>IX Profit/(Loss) after tax &amp; before Minority Interest ( VII- VIII)</b>		<b>(1,179.73)</b>	(709.16)
<b>X</b> Minority interest adjustment		<b>39.44</b>	80.73
<b>XI</b> Share in Net Profit/(Loss) of Associate		<b>2.88</b>	(592.51)
<b>XII Profit/(Loss) after tax &amp; Minority Interest (IX-X-XI)</b>		<b>(1,216.29)</b>	(1,220.94)
Earnings per share (in ₹) (Note 30)			
Basic		<b>(1.74)</b>	(1.75)
Diluted		<b>(1.74)</b>	(1.75)
Notes forming part of the Consolidated financial statements	1-37		

As per my report attached

For and on behalf of the Board

**S.V. Rangan**  
Chartered Accountant

**D. Vijay Sen Reddy**  
Managing Director

**Sumit sen**  
Whole Time Director

**P. Bhaskara rao**  
Chief Financial Officer

**D. Madhavi Latha**  
Company Secretary

Place : Hyderabad  
Date : 30.05.2014

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**  
(₹ in lacs)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before Taxation	(1,756.58)	(350.22)
<b>Adjustments for:</b>		
Depreciation and amortisation	358.10	332.54
(Profit)/Loss on sale of Investments	61.20	1.00
(Profit)/Loss on sale of Fixed Assets (Net)	(0.22)	4.09
Income from non trade investments	(0.26)	(0.43)
Interest Income	(8.67)	(181.30)
Interest and Finance Charges	134.18	199.19
<b>Operating Profit before working capital changes</b>	<b>(1,212.25)</b>	4.87
<b>Adjustments for:</b>		
Inventories	(4,206.34)	(8,486.74)
Trade Receivables	3,690.89	1,311.18
Loans and Advances	(2,312.46)	1,795.65
Trade and Other Payables	6,167.65	5,860.66
<b>Cash generated from Operations</b>	<b>2,127.49</b>	485.62
Direct Taxes paid	(322.65)	(302.76)
<b>Net Cash Flows from Operating Activities (A)</b>	<b>1,804.84</b>	182.86
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets/CWIP	(4,041.85)	(514.07)
Sale/adjustment of Fixed Assets	4.54	55.75
Purchase of Investments	(2.88)	(5.18)
Sale of Investments	630.00	-
Movement in long term advances	1,660.71	(175.14)
Income from non trade investments (dividend)	0.26	0.43
Interest income received	8.67	181.30
<b>Net Cash from/(used in) Investing Activities (B)</b>	<b>(1,740.55)</b>	(456.91)
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from long term borrowings	1,756.00	936.35
Repayment of long term borrowings	(2,010.33)	(2,666.46)
Repayment of short term borrowings	(153.98)	(767.70)
Interest Paid	(134.18)	(199.19)
<b>Net Cash flows from/(used in) Financing Activities (C)</b>	<b>(542.49)</b>	(2,697.00)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(478.20)</b>	(2,971.05)
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>1,148.91</b>	4,119.95
<b>Cash and Cash Equivalents at the end of the year</b>	<b>670.71</b>	1,148.91

Notes: Cash and Cash Equivalents as on March 31, 2014 includes:

- ₹3.05 lacs in Escrow Account (31.03.2013: ₹4.01 lacs)
- ₹35.17 lacs (31.03.2013: ₹41.88 lacs) in bank deposits against which banks have issued guarantees.
- ₹9.41 lacs (31.03.13: ₹14.68 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

**Sumit sen**  
Whole Time Director

Place : Hyderabad  
Date : 30.05.2014

**P. Bhaskara rao**  
Chief Financial Officer

**D. Madhavi Latha**  
Company Secretary

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1

#### Significant Accounting Policies

- 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, 2014	Percentage of ownership interests as at March 31, 2013
Prajay Holdings Private Limited (PHPL).	Subsidiary	India	77.99	77.99
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 Properties Private Limited (PPPL).	Associate	India	49.50	49.50
Prajay Land Capital Private Limited.	Associate (Subsidiary of PPPL)	India	99.98	99.98
Genesis Capital Private Limited	Associate	Mauritius	50.0	50.0*

\*investment made on 09.04.2012

#### B. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Method of Accounting

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

##### 2. Use of Estimates

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

### 3. Fixed Assets

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

### 4. Depreciation and Amortisation

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 statement of profit and loss 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 statement of profit and loss 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 statement of profit and loss.

### 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 statement of profit and loss 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 Statement of Profit and Loss.

#### (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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 2 SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Authorised</b>		
250,000,000 Equity shares of ₹10 each	<b>25,000.00</b>	25,000.00
	<b>25,000.00</b>	25,000.00
<b>Issued, Subscribed</b>		
70,267,291 Equity shares of ₹10 each	<b>7,026.72</b>	7,026.72
	<b>7,026.72</b>	7,026.72
<b>Paid up</b>		
69,935,791 Equity shares of ₹10 each fully paid	<b>6,993.58</b>	6,993.58
	<b>6,993.58</b>	6,993.58
<b>Reconciliation of Shares</b>		
Equity Shares outstanding at the beginning of the year	No. of shares <b>69,935,791</b>	No. of shares 69,935,791
Changes during the year	-	-
Equity Shares outstanding at the end of the year	<b>69,935,791</b>	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 ₹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 31.03.2014		As at 31.03.2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
D.S. Chandra Mohan Reddy	-	-	6,959,922	9.95
D.Hymavathi Reddy	<b>8,237,618</b>	<b>11.78</b>	-	-
D.Vijay Sen Reddy	<b>12,315,183</b>	<b>17.61</b>	9,629,755	13.77
N.Ravinder Reddy	-	-	10,400,000	14.87
CLSA (Mauritius) Limited	<b>4,010,455</b>	<b>5.73</b>	4,010,455	5.73

### Note 3 RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Share Premium</b>	<b>42,898.08</b>	42,898.08
<b>Capital Reserve</b>	<b>1,058.88</b>	1,058.88
<b>General Reserve</b>	<b>1,999.08</b>	1,999.08
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last account	<b>13,726.68</b>	14,947.30
Profit/(Loss) for the year	<b>(1,216.29)</b>	(1,220.94)
Closing Balance	<b>12,510.39</b>	13,726.68
<b>Total Reserves</b>	<b>58,466.43</b>	59,682.72

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 4 LONG - TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>SECURED</b>		
<b>a) Term Loans</b>		
<b>From Banks</b>		
<b>- SBI Consortium:</b>		
- State Bank of India	2,193.58	2,793.58
- State Bank of India (SBS)	646.62	856.62
- State Bank of Mysore	1,027.65	1,312.65
- State Bank of Bikaner and Jaipur	1,026.85	1,311.85
- The Tamilnad Mercantile Bank Limited	756.29	1,050.29
- Punjab National Bank	1,335.55	1,710.55
[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>b) Loans and advances from related parties:</b>		
<b>Prajay Properties Pvt Ltd</b>	3,200.00	3,200.00
(Secured by Mortgage of 49,869 Sft of office premises at Begumpet, land admeasuring Ac 11 Gts 33 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 31-3-14) (See note 31)		
<b>c) Other loans and advances:</b>		
<b>-Indian Overseas Bank</b>	525.00	149.00
[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 20 quarterly installments of ₹37.50 lacs per quarter w.e.f. December, 2013]		
<b>-Indian Overseas Bank</b>	937.22	577.78
(Liquirent loan with a prime security of assignment of rent receivable for a period of 9 years commencing from March, 2013)		
<b>-Hire Purchase (Vehicle Loans)</b>	113.34	101.23
(Secured by hypothecation of vehicles and equipments acquired out of the said loan. The loans are repayable in 36 equated monthly instalments, except for one loan in 60 equated monthly installments.		

(Contd.)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### LONG - TERM BORROWINGS (Contd.)

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>UNSECURED</b>		
<b>-Compulsorily Convertible Debentures</b>		
Compulsorily Convertible Debentures Held by White Stock Limited	<b>12,442.65</b>	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 ₹1000 each carry interest rate of 11% p.a. (Net of with holding tax) 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.		
Debt application money	<b>1050.00</b>	-
<b>Deposits</b>		
-Public deposits	<b>3.46</b>	6.33
	<b>25,258.21</b>	25,512.53
<b>Note 5 DEFERRED TAX LIABILITY(NET)</b>		(₹ in Lacs)
<b>Particulars</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
Arising on account of timing difference - depreciation	<b>316.89</b>	300.81
Net Deferred tax liability	<b>316.89</b>	300.81
<b>Note 6 LONG - TERM PROVISIONS</b>		(₹ in Lacs)
<b>Particulars</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
Provision for employee benefits	<b>33.84</b>	46.79
	<b>33.84</b>	46.79

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 7 SHORT - TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Secured</b>		
Loans repayable on demand:		
a) <b>From Banks</b>	-	-
b) <b>From other parties</b>		
<b>-Life Insurance Corporation</b>	<b>42.49</b>	23.72
(Secured against the Keyman Insurance Policy)		
<b>Unsecured</b>		
-Loans & advances from related parties	<b>159.52</b>	227.30
<b>Deposits:</b>		
-Deposits (others)	<b>70.00</b>	70.00
-Public deposits	<b>10.50</b>	35.47
<b>Other loans and advances:</b>		
-Bharati Retail Limited	-	80.00
	<b>282.51</b>	436.49

### Note 8 TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
(i) Due to micro, small and medium enterprises	-	-
(ii) Due to other creditors	<b>25,558.50</b>	24,814.93
	<b>25,558.50</b>	24,814.93

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 9 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Current maturities of Long term debt:</b>		
-Indian Overseas Bank	187.50	1,000.00
-Indian Overseas Bank (Liquirent Loan)	300.97	72.22
- HSBC	-	179.39
<b>- SBI Consortium:</b>		
- State Bank of India	1,080.00	480.00
- State Bank of India (SBS)	378.00	168.00
- State Bank of Mysore	513.00	228.00
- State Bank of Bikaner and Jaipur	513.00	228.00
-The Tamilnad Mercantile Bank Limited	420.00	168.00
- Punjab National Bank (Note 4)	675.00	300.00
<b>Current maturities of Hire Purchase obligations (Note 4)</b>	<b>181.58</b>	<b>194.52</b>
Interest Accrued and Due on IOB Loans	39.37	18.66
Interest Accrued and Due on SBI Consortium Loans	2,088.86	546.70
Interest Accrued and Due on LIC Loan	2.35	5.15
Interest Accrued and Due on HSBC Loan	-	9.88
Interest Accrued and Due on short term loan	3.19	8.81
<b>Other payables:</b>		
Advance from Customers	7,410.14	4,674.53
Income received in advance	0.87	69.65
Other Advances	1,040.00	1,040.00
Unclaimed Dividend@	9.39	14.68
	<u>14,843.22</u>	<u>9,406.19</u>

@There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31-3-2014

### Note 10 SHORT -TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Provision for Income Tax	638.55	1,201.13
	<u>638.55</u>	<u>1,201.13</u>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note No. 11 FIXED ASSETS

(₹ in lacs)

Particulars	Cost			Depreciation and Amortisation				Net Block		
	As at 31.03.2013	Additions	Deductions	As at 31.03.14	As at 31.03.2013	For the Year	On Deduction	As at 31.03.14	As at 31.03.14	As at 31.03.2013
<b>TANGIBLE</b>										
1. LAND-FREE HOLD	430.85	-	-	430.85	-	-	-	-	430.85	430.85
2. BUILDINGS	2,052.06	33.35	-	2,085.41	401.93	42.97	-	444.90	1,640.51	1,650.13
3. LEASE HOLD IMPROVEMENTS	429.32	-	-	429.32	429.32	-	-	429.32	-	-
4. PLANT & MACHINERY	2,852.39	497.28	-	3,349.67	1,287.06	227.95	-	1,515.01	1,834.66	1,565.33
5. FURNITURE & FIXTURES	396.50	19.44	-	415.94	178.35	23.65	-	202.00	213.94	218.15
6. COMPUTERS	81.31	8.67	-	89.98	69.67	6.68	-	76.35	13.63	11.64
7. VEHICLES	613.76	57.44	4.54	666.66	318.04	54.29	3.76	368.57	298.26	295.72
<b>Sub Total</b>	6,856.19	616.18	4.54	7,467.83	2,684.37	355.54	3.76	3,036.15	4,431.85	4,171.82
<b>INTANGIBLE</b>										
8. Software	25.02	-	-	25.02	17.24	2.56	-	19.80	5.22	7.78
<b>Total as on 31.03.2014</b>	6,881.21	616.18	4.54	7,492.85	2,701.61	358.10	3.76	3,055.95	4,437.07	4,179.60
Total as on 31.03.2013	6,390.99	514.07	23.86	6,881.21	2383.27	332.55	14.22	2,701.61	4,179.60	
Capital Work-in-Progress	-	-	-	-	-	-	-	-	27,059.76	23634.09

**Note :** Plant & Machinery Costing ₹970.26 Lacs (31.03.13 ₹704.41 Lacs) and Vehicles Costing ₹204.43 Lacs (31.03.13 ₹208.57 Lacs) have been acquired on Hire Purchase, the legal Owner Ship of which will be transferred to the Company after the final payment.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 12 NON-CURRENT INVESTMENTS (AT COST)

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Non Trade - Quoted</b>		
<b>Investments in equity instruments :</b>		
Indian Overseas Bank 9,500 Equity Shares of ₹10 each, fully paid	2.28	2.28
<b>Trade - Unquoted</b>		
<b>In associate Companies</b>		
Prajay Properties Private Limited 64,597 Equity Shares of ₹10 each, fully paid	2.88	-
<b>Genesis Capital Pvt Ltd, Mauritius</b>		
10,000 Equity Shares of US\$1 each fully paid (reported at Nil Value as share of loss of associate exceeds carrying amount of Investment)	-	-
<b>b) Investments in preference shares:</b>		
Prajay Properties Private Limited 4,01,300 Preferential Shares of ₹10,000 each, fully paid	4,013.00	4,013.00
<b>Investments in Capital of Partnership Firm</b>		
Prajay Binjusaria Estates (Note 36)	1,650.50 5,668.66	2,280.50 6,295.78
(i) Aggregate of Quoted Investments		
Cost	2.28	2.28
Market Value	4.83	6.18
(ii) Aggregate of Unquoted Investments (Cost)	4,015.88	4,013.00

### Note 13 LONG TERM LOANS & ADVANCES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Unsecured considered good</b>		
i. Security Deposits (a)	612.96	617.00
ii. Advance for purchase of land/development (b)	6,372.93	7,982.60
iii. Capital advances	80.15	127.15
	7,066.04	8,726.75

(a) Includes deposit to Director ₹500 lacs (31.03.2013 ₹500 lacs)

(b) 1. Includes advance to Partnership firms in which the company is partner ₹99.39 lacs (31.03.2013 ₹98.45lacs)

2. Includes advances to private companies in which any director is director ₹1862.60 lacs (31.03.2013 ₹1734.65 lacs)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 14 INVENTORIES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Land at Cost	14,193.15	14,824.07
Constructed Properties		
- Land and construction work in progress - at cost	43,612.82	38,773.33
Food and Beverages - at cost	8.35	10.58
	<u>57,814.32</u>	<u>53,607.98</u>

### Note 15 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Unsecured, Considered good</b>		
i. Outstanding for more than six months	23,728.94	27,195.98
ii. Other Debts	632.96	856.81
	<u>24,361.90</u>	<u>28,052.79</u>

### Note 16 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Balance with Scheduled Banks</b>		
On Current Account (a)	512.78	637.23
On Escrow Account	48.72	4.01
On Deposit Account (b)	43.91	49.80
Cash on Hand	65.30	457.87
	<u>670.71</u>	<u>1,148.91</u>

- a) includes unpaid dividend accounts ₹9.41 lacs (31-3-2013: ₹14.68 lacs)  
b) includes against bank guarantees ₹22.64 lacs (31-3-2013 : ₹17.93 lacs); includes ₹10.14 lacs (31-3-2013: ₹10.14 lacs) with more than 12 months maturity

### Note 17 SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>(Unsecured considered good unless otherwise specified)</b>		
Loans and advances to related parties (a)	415.26	284.75
Others	3,464.70	1,282.75
Advance Tax	662.65	450.37
	<u>4,542.61</u>	<u>2,017.87</u>

- a) includes ₹231.52 lacs (31-03-2013: ₹199.90 lacs) to private companies having common director

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 18 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>Construction division</b>		
(a) Sale of Constructed Properties	653.23	3,446.25
(b) Revenue from Construction Contracts	4,603.96	4,966.38
(c) Sale of Land	611.05	237.22
<b>Hospitality division</b>		
(a) Sale of Rooms	166.71	205.25
(b) Food and Beverages	530.60	641.05
(c) Others	3.30	3.00
(d) Membership Fees	135.07	85.38
	<b>6,703.92</b>	<b>9,584.53</b>

### Note 19 OTHER INCOME

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Rental Income	384.77	16.50
Interest Income [includes TDS ₹ 0.51 lacs (31.03.2013 - ₹ 17.52 lacs)]	8.67	181.30
Dividend income	0.26	0.43
Profit on Sale of Fixed Assets	0.22	-
Miscellaneous	169.33	55.34
	<b>563.25</b>	<b>253.57</b>
Less: Allocated to Projects	-	168.03
	<b>563.25</b>	<b>85.54</b>

### Note 20 COST OF LAND, PLOTS, CONSTRUCTED PROPERTIES & CONTRACTS

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Purchases, development/construction costs	5,755.62	10,859.20
Cost of construction contracts	4,603.96	4,255.55
Changes in inventories:		
- Closing stock		
- Land	14,193.15	14,824.07
- Constructed properties	43,612.82	38,773.33
<b>Sub total A</b>	<b>57,805.97</b>	<b>53,597.40</b>
Less: Opening stock		
- Land	14,824.07	15,043.11
- Constructed properties	38,773.33	51,010.30
<b>Sub total B</b>	<b>53,597.40</b>	<b>66,053.41</b>
<b>Sub total B-A</b>	<b>(4,208.57)</b>	<b>12,456.01</b>
	<b>6,151.01</b>	<b>27,570.76</b>
Adjustment on account of transfer of inventory to CWIP	-	(20,704.84)
<b>Total</b>	<b>6,151.01</b>	<b>6,865.92</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 21 EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Salaries, Wages and Bonus	1,122.86	988.02
Contribution to Provident Fund/Pension Fund and Gratuity	6.44	28.15
Staff Welfare	16.91	14.01
	<u>1,146.21</u>	<u>1,030.18</u>
Less: Allocated to Projects	<u>530.79</u>	<u>402.03</u>
	<u>615.42</u>	<u>628.15</u>

### Note 22 FINANCE COSTS

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Interest Expense		
-On Fixed Loans	2,514.33	3,614.91
-Others	94.30	39.10
Bank Charges	17.11	33.02
	<u>2,625.74</u>	<u>3,687.03</u>
Less: Allocated to Projects	<u>2,491.56</u>	<u>3,487.84</u>
	<u>134.18</u>	<u>199.19</u>

### Note 23 OTHER EXPENSES

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Rent (a)	232.71	461.06
Rates and Taxes	274.36	174.39
Insurance	27.27	28.90
Power and Fuel	455.88	361.14
Repairs & Maintenance		
- Building	3.81	0.12
- Plant & Machinery	53.81	22.49
- Others	38.49	31.70
Travelling Expenses	32.09	34.85
Printing and Stationery	18.50	30.01
Postage, Telegrams and Telephones	22.63	22.67
Professional Charges/Consultancy Charges	96.81	242.30
Advertisement	180.05	585.60
Commission on sales	8.35	6.40
Loss on Investments	61.20	1.00
Loss on sale of fixed assets	-	4.09
Miscellaneous Expenses	169.22	231.57
	<u>1,675.18</u>	<u>2,238.29</u>
Less: Allocated to Projects	<u>392.68</u>	<u>735.03</u>
	<u>1,282.50</u>	<u>1,503.26</u>

a) Includes rent paid to directors ₹219.46 lacs (31.03.2013 : 345.22)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTES TO THE ACCOUNTS

24. As stated in Note 1 (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.
25. As stated in Note 1 (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 its 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.
26. Inventories of constructed properties, include land admeasuring 59 acres 21 guntas at Maheshwaram, Hyderabad, Andhra Pradesh for which the company has received approval vide letter no15903/HADA/GH/2007 dated 08.10.2008 for development of Group Housing layout, subject to certain conditions which include mortgage/charge on certain dwelling units to Hyderabad Metropolitan Development Authority (HMDA).

Particulars	(₹ in lacs)	
	2013-14	2012-13
<b>27. Contingent Liabilities</b> (not provided for)		
Guarantees given to Banks (on behalf of Prajay Properties Private Limited.)	12,130.00	12,130.00
Service Tax Demand*	1820.62	1820.62

\* 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. The Company has filed appeal on 08.04.2013 with CESTAT, Bangalore, against order dated 04.01.13 of Commissioner of Service Tax

28. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹520.39 lacs (31.03.2013: ₹384.57 lacs), Other commitments Nil (31.03.2013: Nil).

Particulars	(₹ in lacs)	
	March 31, 2014	March 31, 2014
<b>Deferred Tax Liability (A) :</b>		
Arising on account of timing difference - Depreciation	316.89	300.81
<b>Net Deferred Tax Liability</b>	<b>316.89</b>	<b>300.81</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	2013-14	2012-13
a) Weighted average number of equity shares of ₹10 each		
i) Number of equity shares at the beginning of the year	6,99,35,791	6,99,35,791
ii) Number of equity shares at the end of the year	6,99,35,791	6,99,35,791
iii) Weighted average outstanding during the year	6,99,35,791	6,99,35,791
b) Net Profit/(Loss) available for equity share holders (₹in lacs)	(1,216.29)	(1,220.94)
c) Earnings per share (₹)		
i) Basic	(1.74)	(1.75)
ii) Diluted	(1.74)	(1.75)

**Note:** Dilution in EPS on account of compulsorily convertible debentures has not been considered as the terms of the debenture subscription agreement indicate that the number of equity shares to be issued against each debenture shall be decided within 8 years from the date of issue. The conversion ratio/price, as of the balance sheet date has not been decided.

31. The Secured Loan of ₹3,200.00 lacs from Prajay Properties Private Limited is continuing as interest free by virtue of the agreement Dated 6th Oct, 2009.

Since some of the statutory approvals for Prajay Megapolis project are yet to be obtained, crystallization of loan repayment time schedule has not taken place as on 31-03-2014.

### 32. 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
(a) Prajay Holdings Private Limited	Subsidiary
Prajay Developers Private Limited	Step down - Subsidiary
Prajay Retail Properties Private Ltd	Subsidiary
Prajay Binjusaria Estates	Associate
Prajay Properties Pvt Ltd	Associate
Genesis Capital Pvt.Ltd.(Mauritius)	Associate

(b) Key Management Personnel	Designation	Relatives (Relation)*
Mr. Vijay Sen Reddy	Managing Director	Mrs. Sharmila Reddy (Wife)
Mr. K. Ravi Kumar	Whole time Director	-
Mr. Sumit Sen	Whole time Director	Mrs. Rina Sen (Wife)
Mr.Ravinder reddy^	Director operations	

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

^ Resigned as director with effect from 21-09-2013.

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

Prajay Financial Services Limited	Money Tree Entertainment Limited^
Prajay Lifestyle UPVC Windows Private Limited	Money Tree Life Style Destinations Private Limited^
Prajay Princeton Hotel Private Limited	Money Tree Media Ventures Private Limited^
Prajay Princeton Developers Private Limited	Secunderabad Golf and Leisure Resorts Private Limited
Prajay Chitfunds Private Limited	Prajay Land Capital Private Limited
Prajay Velocity Developers Private Limited	VijMohan Constructions Private Limited
Money Tree Investments & Holdings Pvt.ltd^	

^ceased to be under the control of key management with effect from 21-09-2013

**32 B. 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
		31.3.2014	31.3.2013	
Sale of land, property, material and work done	Prajay Properties Private Limited	5,294.64	4,966.37	
Purchase of Materials	Prajay Lifestyle UPVC Windows Private Limited	36.41	27.35	54.77
Remuneration paid				351.29
Rent paid				-
Investments made during the year	Genesis Capital Pvt.Ltd.(Mauritius)	-	5.18	-
Investments sold during the year	Prajay Binjuseria Estates	630.00		
	Prajay Land Capital Private Limited	0.21	0.01	
	VijMohan Constructions Private Limited	28.34	154.29	
Advances given	Secunderabad Golf and Leisure Private Limited	127.70	506.10	
	Prajay Velocity Developers Private Limited	0.25	1.10	
	Prajay Binjuseria Estates	0.02	10.22	
	Prajay Lifestyle UPVC Windows Private Limited	50.59	113.00	
Repayment of Advances Taken	Prajay Properties Private Limited	1,327.19	2,861.72	
	Key Management Personnel/relatives	-	-	140.82
Repayment of Advances given	VijMohan Constructions Private Limited	50.53	151.98	
	Prajay Lifestyle UPVC Windows Private Limited	-	115.00	
	Money Tree Media Ventures (P) Ltd	-	200.00	
Advances Taken	Prajay Properties Private Limited	7,452.63	9,653.15	
<b>Balance at the end of the year</b>				
	Prajay Land Capital Private Limited	0.38	0.17	
	VijMohan Constructions Private Limited	213.52	235.71	
	Secunderabad Golf and Leisure Resorts Private Limited	1,318.93	1,191.23	
Loans & Advances	Prajay Velocity Developers Private Limited	543.67	543.42	
	Prajay Lifestyle UPVC Windows Private Limited	120.37	69.78	
	Prajay Binjuseria Estates	89.40	89.38	
	Key Management Personnel	-	-	550.00
Trade Payables & Others	Key Management Personnel/relatives	-	-	87.06
Loan Outstanding	Prajay Properties Private Limited	3200.00	3200.00	
	Prajay Properties Private Limited	6395.78	5564.99	
	Prajay Financial Services Limited	76.07	77.50	

**33. 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, 2014**

(₹ in Lacs)

Business Segment	2013-14			2012-13			
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total
Segment Revenue							
External	5,868.23	835.69	563.25	8,649.85	934.68	85.54	9,670.07
Total Revenue	5,868.23	835.69	563.25	8,649.85	934.68	85.54	9,670.07
Segment Result	(1,723.84)	(329.65)		(166.17)	(337.28)	-	(503.45)
Unallocated Corporate expenses net of unallocated income							131.02
Operating Profit							(372.43)
Interest Expense							199.19
Prior Period Items							39.67
Interest Income							181.30
Dividend Income							0.43
Profit before Taxation							(350.22)
Income Tax							171.76
Prior period Tax							159.40
Deferred Tax							27.78
Minority Interest							80.73
Share of Net Profit/(Loss) of Associate							(592.51)
Net Profit							(1,220.94)
<b>Other Information</b>	2013-14			2012-13			
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total
Segment Assets	97,046.16	29,319.30	6,331.31	94,985.17	25,932.64	7,821.85	128,739.66
<b>Total Assets</b>	<b>97,046.16</b>	<b>29,319.30</b>	<b>6,331.31</b>	<b>94,985.17</b>	<b>25,932.64</b>	<b>7,821.85</b>	<b>128,739.66</b>
Segment Liabilities	40,188.77	282.43	964.83	59,873.92	281.54	1,563.41	61,718.87
<b>Total Liabilities</b>	<b>40,188.77</b>	<b>282.43</b>	<b>964.83</b>	<b>59,873.92</b>	<b>281.54</b>	<b>1,563.41</b>	<b>61,718.87</b>
Capital Expenditure	510.18	106.00		510.97	3.10		514.07
Depreciation	248.46	109.64		225.96	106.58		332.54
Non Cash expense other than depreciation	60.98			4.09			4.09

**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

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

#### (a) Operating Lease:

##### Where the Company is a lessor

Details of assets given on operating lease: (₹ in lacs)

	Gross Block		Accumulated Depreciation as on		Depreciation for the year	
	31.3.14	31.3.13	31.3.14	31.3.13	31.3.14	31.3.13
Building	88.58	88.58	21.40	19.96	1.44	1.44

#### (b) Hire Purchase:

- 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.
- Reconciliation between the total of minimum hire purchase payments at the balance sheet date and the present value:

(₹ in lacs)

	March 31st, 2014			March 31st, 2013		
	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	341.23	181.58	159.66	340.02	194.52	145.50
Less: Future Finance Charges	46.32	29.40	16.92	44.27	28.52	15.74
Present Value of minimum hire purchase payments at the Balance Sheet Date	294.92	152.18	142.74	295.75	166.00	129.76

- Trade Receivables - (Note 15) unsecured, considered good, includes ₹24,419.62 lacs, (31.03.2013: ₹27,195.98 lacs) outstanding for more than six months. As a result of economic slowdown and recession in realty sector the realizations from customers are slow.
- Long Term Loans and Advances - (Note 13) include advances given to Landlords/developers towards certain projects amounting to ₹6191.04 lacs (31.03.2013: ₹7833.42 lacs) and Short Term Loans and Advances (Note 17) to suppliers, etc., amounting to ₹727.09 lacs (31.03.2013: ₹787.37 lacs) outstanding from earlier years. Due to long term involvement in such projects, no provision has been considered necessary.
- Interest accrued ₹1840.02 lacs on compulsorily convertible debentures has not been provided for the period 24-11-2012 to 31-03-2014.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**36. 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 ₹2055.50 lacs (31-03-2013: ₹2685.50 lacs)  
 (c) 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

**37. Previous years figures have been recast/restated to conform to current year figures.**

As per my report attached

For and on behalf of the Board

**S.V. Rangan**  
Chartered Accountant

**D. Vijay Sen Reddy**  
Managing Director

**Sumit sen**  
Whole Time Director

**P. Bhaskara rao**  
Chief Financial Officer

**D. Madhavi Latha**  
Company Secretary

Place : Hyderabad  
Date : 30.05.2014

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# PRAJAY

**ATTENDANCE SLIP**

## Prajay Engineers Syndicate Limited

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

CIN : L45200AP1994PLC017384 | Phone: (+91-40)66222999 Fax: (+91-40) 66222966

email:- investorrelations@prajayengineers.com; website: - www.prajayengineers.com

**20th Annual General Meeting Tuesday, the 30th September, 2014 at 3.00 P.M.**

DP. ID* :
Client ID* :

Reg. Folio No :
No. of Shares :

Name and address of the Shareholder: .....

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 20th Annual General Meeting of the Company, on Tuesday, the 30th day of September 2014 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad - 500 016 (TG).

\_\_\_\_\_  
\*\* Member's/Proxy's name in Block Letters

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

Note: Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.

\* Applicable for Investors holding shares in electronic form.

\*\* Strike out whichever is not applicable.

## Prajay Engineers Syndicate Limited

**PROXY FORM**

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

CIN : L45200AP1994PLC017384 | Phone: (+91-40)66222999 Fax: (+91-40) 66222966

email:- investorrelations@prajayengineers.com; website: - www.prajayengineers.com

**FORM NO: MGT-11**

(Pursuant to Section 105(6) of Companies Act,2013, and Rule 19(3) of the Companies (Management and Administration) Rules,2014)

Name of the Company	Prajay Engineers Syndicate Limited (CIN : L45200AP1994PLC017384)	
Registered Office	8-2-293/82/A, Plot No. 1091, Road No. 41, Jubilee Hills, Hyderabad - 500 033	
Name of the Member(s)		
Registered Address		
Folio No./DP ID-Client ID		E-mail ID

I/We, being the member(s) holding \_\_\_\_\_ equity shares of the above named Company, hereby appoint.

1. Name : \_\_\_\_\_ Address: \_\_\_\_\_

E.mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him/her

2. Name : \_\_\_\_\_ Address: \_\_\_\_\_

E.mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him/her

3. Name : \_\_\_\_\_ Address: \_\_\_\_\_

E.mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_

As my/our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on Tuesday, 30th day of September, 2014, 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad - 500 016 and at any adjournment thereof.

Signed this ..... day of ....., 2014.

Please  
Affix ₹ 1/-  
Revenue  
Stamp

Note :1. Proxy need not be a member.

2. Proxy Form, complete in all respects, should reach the Registered Office of the Company not later than 48 hours before the time fixed for holding the Meeting.

Signature

# PRAJAY

## Prajay Engineers Syndicate Limited

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

CIN : L45200AP1994PLC017384 | Phone: (+91-40)66222999 Fax: (+91-40) 66222966

email:- investorrelations@prajayengineers.com; website: - www.prajayengineers.com

**20th Annual General Meeting Tuesday, the 30th September, 2014 at 3.00 P.M.**

### VOTING BY BALLOT

DP. ID* :
Client ID* :

Reg. Folio No :
No. of Shares :

Name and address of the Shareholder: .....

.....

Please indicate (✓) in the appropriate column against the Resolutions indicated in the box below:

SI No	Resolutions	Vote	
		For	Against
	<b>Ordinary Business:</b>		
1.	Consider and adopt Audited Financial Statements, Reports of Board of Directors & Auditors thereon		
2.	Re-appointment of Mr. K. Ravi Kumar as Director who retires by rotation.		
3.	Appointment of Auditor and authorizing the board to fix his remuneration.		
	<b>Special Business:</b>		
4.	Alteration of Clause 88 of the Articles of Association		
5.	Appointment of Mr. Vijay Kishore Mishra as an Independent Director.		
6.	Appointment of Mr. N. Nageshwar Rao as an Independent Director		
7.	Appointment of Mr. S.K. Rudresh as an Independent Director		
8.	Appointment of Mr. K. Ravi Kumar as Whole Time Director and to fix his remuneration.		
9.	To increase the borrowing limits to ₹1,000 crores		

Member's/Proxy's Signature



Prajay Virgin County Villas at Maheshwaram



Awarded No.1 in A.P. for best & affordable Villas at Maheshwaram

If undelivered, please return to:

**PRAJAY**

Prajay Engineers Syndicate Limited

CIN: L45200AP1994PLC017384

Registered Office:

8-2-293/82/A

Plot No. 1091 A, Road No. 41

Near Peddamma Temple, Jubilee Hills,

Hyderabad 500 033.

Phone: +91-40-66222999

Fax: +91-40-66222966