



Prajay Megapolis - Hafeezpet, near Hitech City

Annual Report
2015 - 2016



Prajay Gulmohar - Kuntloor, Hayathnagar



Prajay Virgin County Villas at Maheshwaram

COROPORATE INFORMATION

BOARD OF DIRECTORS

Mr. D. Vijay Sen Reddy	Managing Director
Mr. K. Ravi Kumar	Whole Time Director
Mr. Sumit Sen	Whole Time Director
Mr. Vijay Kishore Mishra	Independent Director
Mr. N. Nageshwara Rao	Independent Director
Mr. S.K. Rudresh	Independent Director
Mr. M. Raja Gopala Reddy	Non-Executive Director
Mrs. V. Padma	Independent Director (upto 30.6.2016)
Mrs. K. Padmaja	Independent Director (wef 14.6.2016)
Chief Financial Officer	P. Bhaskara Rao
Company Secretary	D. Madhavi Latha

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Registered Office

8-2-293/82/A, Plot No.1091, Road No.41,
Near Peddamma Temple, Jubilee Hills, Hyderabad-500 033.
Ph. 040-6622299.

Website

www.prajayengineers.com
investorrelations@prajayengineers.com

Auditors

M/s. Meenavalli & Associates

Chartered Accountants
7-1-636/24A, Model Colony,
Near E.S.I., Behind Bajaj Showroom,
Erragadda, Hyderabad-500038

Internal Auditors

M. Shanker, B.Com., MBA-Fin.
Hyderabad.

Bankers

Indian Overseas Bank, Secunderabad
Punjab National Bank, Hyderabad
State Bank of India, Hyderabad
The A.P. Mahesh Co-operative Urban Bank Ltd., Hyderabad

Registrar and Share Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500 032. Tel. Nos.: 040-67161606
Email: einward.ris@karvy.com

Listing

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

PROFILE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT TEAM

EXECUTIVE DIRECTORS

Mr. D. Vijay Sen Reddy (Managing Director)

Mr. Vijay Sen Reddy, a Semi-qualified Chartered Accountant, has got more than Three 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.

Mr. K. Ravi Kumar (Whole Time 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.

Mr. Sumit Sen (Whole Time Director - Marketing & Sales)

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

NON-EXECUTIVE & INDEPENDENT DIRECTORS

Mr. Vijay Kishore Mishra (Independent Director)

A qualified Chartered Accountant, with more than 27 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.

Mr. N. Nageshwara Rao (Independent Director)

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.

Mr. S.K.Rudresh (Independent Director)

Mr. Rudresh 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 help the company to explore new opportunities outside the state.

M. Raja Gopala Reddy (Non-Executive Director)

Mr. Raja 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.

Mrs. V. Padma – (Independent Director) (upto 30.06.2016)

Mrs. Padma is a Commerce Graduate and has good experience in the fields of management, administration, business strategy and her presence on the board helps the company to get benefitted from her experience and enables the company to strengthen its compliance functions.

Mrs. K. Padmaja – (Independent Director) (w.e.f. 14.06.2016)

Mrs. Padmaja is a Commerce Graduate and did her P.G. Diploma in Taxation and has more than 25 years of experience in Accounts and Taxation and her presence on the board helps the company to get benefitted from her experience and strengthen its compliance functions.

SENIOR MANAGEMENT**Mr. P. Bhaskara Rao** GM – (Fin. & Accounts) & CFO

A graduate in Law and a Member of ICWAI, Mr. Bhaskara Rao has got more than 33 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.

Mr. Jayadeva Sr. GM – Projects

Mr. Jayadeva is a graduate in Civil Engineering with more than 26 years of experience in building various High Rise Residential Towers, IT Parks, Commercial Buildings, Five Star Hotels, in reputed corporate like Raheja, Lodha, NCCL, Mind Space –IT Park. His rich experience of building high rise towers strengthens the technical team of the company.

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 more than 21 years of experience in administering EPC contracts of various mini and medium sized power projects.

Mr. G Dasu Sr. GM – MEP (Elec.)

Mr. Dasu is a B.Tech. Graduate with Electrical & Electronics as specialization and has more than 17 years of rich working experience with reputed companies viz. Lodha Group, Yashoda Hospitals, Jones Lang Lasalle.

Mr. D. Rohit Reddy – (Co-ordinator – Projects)

Mr. Rohit Reddy is a Graduate of Civil Engineering from Pennsylvania State University. As a project Coordinator, he oversees progress of the construction of work at all project sites in coordination with the project team. Meets work standards by following production, productivity, quality, and customer-service standards; resolving operational problems; identifying work process improvements. As a Project Coordinator, he is responsible for directing, organizing and controlling project activities.

Ms. Nayanika Reddy (Chief Technology Officer)

Ms. Nayanika holds an Under-Graduation Degree in Civil Engineering and a Masters Degree in Business Management from London School of Economics & Political Sciences. She possess both technical and management knowledge. Works to align the company's operational procedures with that of the company's goals by new optimization techniques and management of change control. She also monitors the Enterprise Resource Planning (ERP) system implementation which enables the company to implement efficient management practices.

Ms. Madhavi Latha (Company Secretary & Compliance Officer)

Commerce Graduate and a Fellow member of The Institute of Company Secretaries of India (ICSI) with more than 10 years of working experience in software and construction industry. Ms. Latha's experience of handling various issues under Companies Act, SEBI and Listing Regulations helps the company to have good compliance of corporate governance and other statues.

Notice

Notice is hereby given that the Twenty Second Annual General Meeting of Prajay Engineers Syndicate Limited will be held on Tuesday, the 16th day of August, 2016 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:
 - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Board of Directors and the Auditors thereon; and
 - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016, together with the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. D. Vijay Sen Reddy (DIN-00291185) who retires by rotation and being eligible offers himself for re-appointment.
3. To approve the appointment of Statutory Auditors in casual vacancy (for the F.Y. 2015-16) and in this regard, to pass , with or without modifications, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations of Audit Committee, M/s. Meenavalli & Associates, Chartered Accountants (Firm M.No.012208S) Hyderabad, be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of Mr. S.V. Rangan, Chartered Accountant, Secunderabad and to conduct the Statutory Audit for the period ended 31st March, 2016 on such remuneration as may be fixed by the Board of Directors in consultation with them.”

4. To appoint Statutory Auditors and to authorise the board to fix their remuneration and for that purpose 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 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations of Audit Committee, M/s. Meenavalli & Associates, Chartered Accountants, Hyderabad, bearing Firm Registration No. 012208S, be and are hereby appointed as Statutory Auditors of the Company for 4 years, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 26th Annual General Meeting of the company (subject to ratification at every subsequent Annual General Meeting).

RESOLVED FURTHER THAT the Board of Directors, or Audit Committee thereof, be and is hereby authorised to decide and finalise the terms and conditions of appointment, remuneration of the Statutory Auditors and out of pocket expenses as may be incurred by them during the course of audit.”

SPECIAL BUSINESS:

5. To appoint Mrs. K. Padmaja (DIN-07543055) as Independent Director of the Company and in this regard, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sec. 149, 152 and all other applicable provisions if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. K. Padmaja (DIN-07543055), be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 years with effect from the date of this AGM i.e. 16.08.2016 and whose period of office shall not be liable to retire by rotation.”

6. To approve transactions with related parties and in this regard, to pass, with or without modifications, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) / re-enactment thereof for the time being in force) and the rules made there under and Related Party Transactions Policy of the Company, confirmation and approval of the shareholders be and is hereby accorded to the existing material contracts / arrangements / transactions entered into by the Company with related parties given at Note No.34B to the stand alone financial statements.

RESOLVED FURTHER THAT approval of the shareholders be and is hereby accorded to the Board of Directors to enter into contracts / arrangements / transactions with the related parties, which may exceed the materiality threshold by an aggregate amount not exceeding Rs. 1,000 crores individually and / or collectively.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, matters, deeds and things and give all such directions as it may in its absolute discretion deem necessary, expedient or desirable, in order to give effect to this resolution.”

By order of the board of Directors
of **Prajay Engineers Syndicate Limited**

Sd/-

D. Vijay Sen Reddy
Chairman & Managing Director

Place : Hyderabad
Date : 14th July, 2016

NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts concerning the business under Item Nos. 3-6 of the Notice, is annexed hereto.
2. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 (“SEBI Listing Regulations”), of the persons seeking re-appointment/ appointment as Directors under Item No. 2 & 5 of the Notice are given in the report on corporate governance.
3. **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.**

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. Member 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.

4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution authority, as applicable together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
5. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 9.8.2016 (Tuesday) to 16.8.2016 (Tuesday) both days inclusive.
7. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company’s records which will help the Company and the Company’s Registrars and Transfer Agents, Karvy Computershare Private Limited (KCPL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to KCPL.

The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to KCPL.

8. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or KCPL for assistance in this regard.

9. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
 10. Members are requested to bring their copy of the Annual Report with them at the AGM and also bring the attendance slip duly filled and signed and submit at the entrance of the venue.
 11. Members, who wish to obtain any information on the Company or view the accounts for the Financial Year ended March 31, 2016 may visit the Company's website or send their queries at least 10 days before the AGM to the Company Secretary at the Registered Office of the Company.
 12. The route map showing directions to reach the venue of the 22nd AGM is annexed.
 13. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with DPs / KCPL. Members are requested to provide their e-mail address through SMS along with DP ID/Client ID to +91 9949736675 / email at investorrelations@prajayengineers.com / einward.ris@karvy.com and ensure that the same is also updated with their respective DP for their demat account(s). The registered e-mail address will be used for sending future communications.
 14. Members are requested to send all their 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
Unit: Prajay Engineers Syndicate Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District,
Nanakramguda, Hyderabad – 500 032. Tel. Nos.: 040-67161606 Email Id: einward.ris@karvy.com
 15. All documents referred to in the notice and explanatory statements 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.
 16. Electronic copy of the 22nd Annual Report ,Notice along with the attendance slip and Proxy form is being sent to all the members whose email address are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same.
Members are entitled to receive the said Annual Report & Notice in physical form upon sending a request in writing to the Company's registered office and / or sending an email to investorrelations@prajayengineers.com
Members whose email address is not registered, a physical copy of the said Annual Report and Notice is being dispatched in the permitted mode.
 17. Members may also note that the Notice of the 22nd Annual General Meeting and the Annual Report for FY 2015-16 will also be available on the Company's website at www.prajayengineers.com in a downloadable format.
 18. **Voting through electronic means:**
In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and as per Regulation 44 of SEBI Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide to its members, facility to exercise their right to vote on the resolutions proposed to be considered at the 22nd AGM by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the AGM (remote e-voting). The remote e-voting facility is made available by Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited ('KCPL' or 'Karvy') and is available at the link <https://evoting.karvy.com>.
The facility for voting through ballot paper shall be made available at the AGM and the members attending the AGM who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their vote again.
- General instructions:**
- i. The e-voting period will commence from 9.00 A.M. on Friday, 12th August, 2016 and will end at 5.00 P.M. on Monday, 15th August, 2016.
 - ii. The persons who have become Members of the Company after the dispatch of the Notice and Annual Report and their names appear in the Register of Members/List of Beneficial owners as on the Cutoff date may contact the Registrars & Share Transfer Agents to obtain the Notice of AGM and the login id and password for casting vote electronically or may cast their vote through physical ballot at the AGM. The Cut-off date for the purpose of remote e-voting is Monday, the 8th August, 2016.
 - iii. Mr. D. Raghavendar Rao, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

- iv. 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 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.
19. Once the vote on a resolution is cast by a shareholder, the Shareholders 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.
20. In case of members who are entitled to vote but have not exercised their right to vote by electronic means, the chairman may 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.
21. The Scrutinizer shall within a period not exceeding two (2) 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 if any, forthwith to the Chairman of the meeting
22. The results declared along with the scrutinizers' report (s) will be available on the website of the company at www.prajayengineers.com and on Karvy's website at <https://evoting.karvy.com> within two (2) days of passing of the resolutions and communication of the same be sent to the BSE Limited and NSE Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 3

Mr. S.V. Rangan, Chartered Accountant, Secunderabad has resigned on 13.5.2016 from the post of Statutory Auditor of the Company. A casual vacancy has arisen due to his resignation.

Pursuant to the provisions of Section 139 (8) of the Companies Act, 2013 and in order to complete the audit of the accounts of the company for the FY 2015-16 and based on the recommendations of the Audit Committee, the Board has appointed M/s. Meenavalli & Associates, Chartered Accountants, Hyderabad, (FRN: ICAI-012208S) as Statutory Auditors of the company at its board meeting held on 19.5.2016.

As per the provisions of Sec. 139(8) of Companies Act, 2013, in case a casual vacancy arises as a result of resignation of an existing auditor, the Board of Directors of the Company can fill up such casual vacancy within 30 days from such vacancy subject to the approval of shareholders within 3 months from the date of such appointment.

Therefore, the Board of Directors, recommends the Ordinary Resolution for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company is, in any way, financially or otherwise, concerned or interested in the resolution.

Item No.4

The Auditors M/s. Meenavalli & Associates, Chartered Accountants, Hyderabad, (FRN: ICAI-012208S) appointed as statutory auditors to fill the casual vacancy, have confirmed that they are eligible to be appointed as Statutory Auditors of the company as per the provisions of Sec. 139(2) of the Companies Act, 2013, Companies (Audit and Auditors) Rules, 2014 and fulfill the requirements of 141 of the said Act, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company has received necessary certificate and written consent from M/s. Meenavalli & Associates stating that their appointment, if made, shall be in accordance with the conditions as prescribed under the said Act and the rules made there under.

Your Directors, therefore, recommend the Ordinary Resolution for your approval.

None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company is, in any way, financially or otherwise, concerned or interested in the resolution.

Item No. 5: Appointment of Mrs. K. Padmaja as Independent Director

Mrs. V. Padma (DIN-07145633), Independent woman Director has resigned to her office of directorship on 14.6.2016 effective from 1.7.2016. The Board of Directors, on the recommendations of the Nomination and Remuneration Committee, appointed Mrs. K. Padmaja (DIN-07543055) as Additional Director (in capacity of Independent Director) at its meeting held on 14.6.2016 under section 161 of the Companies Act, 2013 and Regulation 25(6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mrs. K. Padmaja (DIN-07543055) meets the criteria of independence as required under the provisions of Sec. 149 of the Companies Act, 2013, possesses required skills and more than 25 years of experience in the fields of accounts and taxation.

Pursuant to the provisions of section 160 of the Act, a notice has been received from a shareholder signifying her intention to propose the appointment of Mrs. K. Padmaja along with a deposit of Rs.1,00,000 (Rupees one lakh) as required under the aforesaid section.

The names of companies and the committees in which Mrs. K. Padmaja is a director/member, the letter of appointment and terms and conditions of the appointment are available for inspection at the registered office of the company during normal business hours.

Except Mrs. K. Padmaja, none of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company is, in any way, financially or otherwise, concerned or interested in the resolution.

Your Directors, therefore, recommend the ordinary resolution for your approval.

Item No. 6

Your Company is primarily engaged in the business of development and sale of residential, commercial and retail properties. Some of the businesses are being operated through subsidiaries, joint ventures, associates, etc. The funding obligations of such entities are partially met out of the Company's cash flows.

In addition thereto, the Company also provides security(ies) and corporate guarantee(s) to secure the borrowings and other facilities being availed by subsidiary(ies)/joint venture(s)/associate(s). In certain cases, such subsidiaries/

joint ventures/associates have also extended security of their movable and/ or immovable assets to secure the borrowings/financial assistance availed by the Company.

In addition to the above, certain other transactions such as leasing, management services, building maintenance services, sale/purchase of material, transfer of rights, construction costs, etc. are also entered into by the Company.

In terms of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 all existing material related party contracts or arrangements (in excess of 10% of consolidated turnover of the Company as per the last audited financial statements) entered into prior to the date of notification of these regulations (2.9.2015) and which may continue beyond such date shall be placed for the approval of the shareholders in the first general meeting subsequent to notification of these regulations by way of special resolution except transactions with 100% owned subsidiary(ies) whose accounts are consolidated with the Company and are placed before the shareholders for approval.

The Company has existing contracts or arrangements with Subsidiaries, Associates and related parties as detailed in Form AOC 2 (attachment to the Directors' Report) and at Note No. 34B to stand alone audited financial statements.

As these are ongoing transactions, it is difficult to specifically assess the total value of such transactions at this stage, however, it is expected that the aggregate value of all such transactions together would be approx. Rs. 200 crores on an annual basis for the entire duration of such contracts/arrangements. These would include both sums payable from the Company to these related party entities and vice-versa.

Going forward and in the ordinary course of business, the Company may enter into new transactions of similar nature i.e. lending, providing and receiving corporate guarantee(s) and security(ies) for existing/ new credit facility(ies), leasing, management service(s), building maintenance service(s), sale/ purchase of material, transfer of right(s), construction cost(s), etc., with the aforesaid related party entities, which may exceed the materiality threshold by an amount not exceeding an aggregate value of Rs. 1000 crores individually and/or collectively. A significant proportion of this amount would comprise providing/availing of corporate guarantee(s) and/or security(ies).

Since some of the above transactions are not fixed for any particular term, it is not possible for the Company to ascribe an explicit monetary value to such transactions. However, approval of the Audit Committee and/or Board, wherever required, shall be obtained in terms of the provisions of the Companies Act, 2013 and Listing Agreement/ Regulations.

The approval of the shareholders is being sought by way of a special resolution in respect of the existing contracts / arrangements. Further, approval is also being sought for the proposed material transactions in a proactive manner.

The contracts/arrangements/ transactions with the above entities are necessary in the ordinary course and have a significant role in the Company's operations. Therefore, the Board of Directors recommend the resolution as set out at item no. 6 for your approval.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the resolution set out at item no. 6 except to the extent of their directorship and shareholding in respective related party(ies).

By order of the board of Directors
of **Prajay Engineers Syndicate Limited**

Sd/-

D. Vijay Sen Reddy
Chairman & Managing Director

Place : Hyderabad
Date : 14th July, 2016

DIRECTORS' REPORT

To the Members,

The Directors submit 22nd Annual Report of Prajay Engineers Syndicate Limited (the "Company" or "PESL") along with the audited financial statements for the financial year (FY) ended March 31, 2016. Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

FINANCIAL RESULTS:

Certain key aspects of your Company's performance (on standalone & consolidated basis) during the financial year ended March 31, 2016, as compared to the previous financial year are summarized below:

(₹ in Lakhs)

Particulars	Year ended 31 st March 2016		Year ended 31 st March 2015	
	Standalone	Consolidated	Standalone	Consolidated
Gross Turnover	8029.64	10022.26	5812.10	11150.04
Profit before interest and Depreciation	(162.48)	(617.26)	(1016.09)	(1089.05)
Depreciation	616.12	641.12	608.49	637.87
Profit before Tax	(2063.79)	(2554.59)	(2368.15)	(2482.67)
Provision for taxation	(279.84)	(275.99)	7.97	15.42
Profit / (Loss) after tax	(2343.63)	(2769.28)	(2360.18)	(2469.62)
Transfer to General Reserve	---	---	---	---
Dividend	---	---	---	---
EPS				
Basic	(3.35)	(3.96)	(3.37)	(3.53)
Diluted	(3.35)	(3.96)	(3.37)	(3.53)

Review of Operations:

In FY'16, your Company reported a consolidated Turnover of 10022.26 Lakhs, which is marginally less than that of previous year ₹ 11150.04 Lakhs and the loss after tax is increased by 12% from ₹ 2469.62 Lakhs during 2014-15 to ₹ 2769.28 Lakhs.

However, the stand alone gross turnover reported an increase of 38% from ₹ 5812 Lakhs in 2014-15 to ₹ 8029 Lakhs. The overall loss is declined marginally from (₹ 2360 Lakhs) during 2014-15 to (₹ 2343) Lakhs during 2015-16.

The real estate sector continued to face a challenging environment due to lackluster demand scenario, various policy hurdles, delay in approval cycle, continued high borrowing costs both for the industry and the customer.

Future Outlook:

With the real estate markets and customer sentiments being closely correlated to the overall growth in the Indian economy, the real estate sector is expected to improve with reduction in the cost of borrowing, overall economic growth and lowered inflationary pressures.

Some challenges like excess supply in the market and price correction would remain in the short term. However, the Company is committed to exceed the expectations of all its stakeholders. In order to achieve the same, the Company shall continue to build scale through value accretive new deals and capital efficient business models such as sourcing land under the Joint development models and the development management models.

The Company's business development strategy shall be aligned towards less capital intensive Projects, Sharing and Development Management models. Additionally, the Company will focus on sourcing land with large capital requirements in our target geographies under the Residential Co-investment platform with the Company acting as the development manager for these projects and sharing in the equity projects as well. On the operational front, timeliness of launches and execution shall continue to be a strong focus area for the Company. The Company will continue to improve its project execution capabilities through continuously improving internal processes and internal capability building. Optimizing return on capital and developing crisis and risk management capabilities will continue to remain the Company's focus area.

Extract of Annual Return:

The extract of the Annual Return in Form MGT-9 as provided under Section 92(3) of the Act is given as **Annexure 1** to this Report.

Board Meetings:

During the year 2015-16, 09 (Nine) meetings were held by the Board of Directors including one separate meeting of independent directors which was held on 18.3.2016.

The details of board meetings and the attendance of Directors are provided in the Corporate Governance Report.

Directors' Responsibility Statement:

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and the profit and loss of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Declarations by Independent Directors:

All Independent Directors have submitted declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Nomination & Remuneration Committee:

Your company has a Nomination and Remuneration Committee and further details are set out in the corporate governance report forming part of the Directors' Report.

The Company's policy on directors' appointment and remuneration and other matters provided in section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of this report.

Auditors:

Mr. S.V. Rangan, Chartered Accountant (M. No. 022037) has resigned to his position w.e.f. 13.5.2016. In order to complete the Audit for 2015-16, as per the provisions of Sec. 139(8) of the Companies Act, 2013, the board has appointed M/s. Meenavalli & Associates, Chartered Accountants (Firm Regn. No. 012208S) as statutory auditors to fill the casual vacancy caused by the resignation of S.V. Rangan.

The appointment of M/s. Meenavalli & Associates as statutory auditors is subject to the approval of the shareholders. Your board seeks approval of the appointment of statutory auditors for the year 2015-16 at the item no. 3 set out in the Notice of Annual General Meeting.

The company also proposes to appoint M/s. Meenavalli & Associates, Chartered Accountants, (Firm Regn. No. 012208S) as statutory auditors of the company from the conclusion of this Annual General Meeting until the conclusion of 26th Annual General Meeting of the Company, subject to ratification by shareholders at every subsequent annual general meeting of the company.

The written consent and a Certificate to the effect that their appointment, if made, would be in accordance with the conditions as prescribed under the Act, has been received by the company.

Your board recommends appointment of statutory auditors for 4 years (from 22nd AGM to 26th AGM) as set out in item no. 4 in the Notice of Annual General Meeting.

Auditors' Report:

- i) Emphasis of matter on Note 37(a) of the standalone Financial Statements - Due to economic slowdown and recession in realty sector, the realizations from customers are slow. Due to large volume of customers, the company could obtain confirmations from majority of them and is in the process of obtaining from the remaining customers.

- ii) Emphasis of matter on Note 37(b) of the standalone Financial Statements - Long term Loans and advances given to Landlords/ developers towards certain projects and short term loans and advances to suppliers are in the ordinary course of business due to long term involvement in such projects. Due to long gestational nature of the projects coupled with recession and low demand in realty sector, the settlements are taking longer period.
- iii) Emphasis of matter on Note 24 and 25 of the standalone Financial Statements – the explanation given in the note is self-explanatory.

Particulars of loans, guarantees or securities or investments under sec. 186:

The details of loans given, investments made, guarantees given and securities provided under Section 186 of the Companies Act have been provided in the notes to the standalone financial statements.

Particulars of Contracts or Arrangements with Related Parties:

All contracts or arrangements with related parties, entered into or modified during the financial year, were on arm's length basis and in the ordinary course of business. All such contracts or arrangements have been approved by the Audit Committee.

During the year, the Company had certain material transactions referred to in Section 188 of the Companies Act, 2013 with related parties. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is applicable and given as **Annexure 2** to this Report.

Attention of Members is drawn to the disclosure of transactions with related parties set out in Notes to Accounts – Note No. 34B forming part of the Standalone financial statements.

The company has formulated a policy on related party transactions in line with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and related parties. Pursuant to Reg. 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is seeking the approval of shareholders of the company for the existing and future related party transactions at this Annual General Meeting by way of a Special Resolution.

Dividend:

Considering the market conditions, company's performance during the year under review, reduced liquidity position in the market as a whole and with a view to conserve the resources for the smooth operations of the company in future, your Directors have not recommended any dividend for the year under review.

Material changes and commitments affecting the financial position of the company:

There were no material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2016 and the date of this Report.

Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo:

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is appended as **Annexure 3** to this Report.

Risk management:

The company has a risk management policy and framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives, and enhance the company's competitive advantage. This framework defines the risk management approach across the enterprise at various levels including documentation and reporting and further details are set out in the Corporate Governance Report forming part of Directors' Report.

Corporate Social Responsibility:

In compliance with section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2013 the company has constituted a Corporate Social Responsibility Committee and the details forms part of the Corporate Governance Report.

Board Evaluation:

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the chairman was also evaluated on the key aspects of his role.

Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgments.

Fixed Deposits:

The Company has not accepted any deposits from public in terms of Sec.73 of the Companies Act, 2013 and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet. However, an amount of ₹ 1,79,839/- (including interest) is still unclaimed by the old depositors.

Share Capital:

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

Directors & Key Management Personnel:

Pursuant to the provisions of section 149 of the Act, Mr. Vijay Kishore Mishra, Mr. N. Nageshwara Rao, Mr. S.K. Rudresh were appointed as independent directors at the annual general meeting of the Company held on September 30, 2014. They have submitted a declaration that each of them meets the criteria of independence as provided in section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Pursuant to the provisions of Sec. 152 of the Companies Act, 2013 and Article 86 of the Articles of Association of the Company, Mr. D. Vijay Sen Reddy (DIN-00291185) 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.

Pursuant to the provisions of Sec. 149, 161 of the Companies Act, 2013, rules made there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendations of the Nomination and Remuneration Committee, Board has appointed Mrs. K. Padmaja (DIN-07543055) as Additional Director (in the capacity of Independent Director) on 14.06.2016 and Mrs. K. Padmaja will be holding the office of Director till the date of Annual General Meeting of the Company. The Company has received notice under Section 160(1) of the Act from a member proposing her candidature for appointment as Director. Mrs. Padmaja possesses the required skills, more than 25 years of experience and knowledge in the fields of Accounts and Taxation. Your Board of Directors recommend for her appointment.

Pursuant to the provisions of Section 203 of the Act, the key managerial personnel of the Company are: Mr. D. Vijay Sen Reddy, Chief Executive Officer and Managing Director, Mr. P. Bhaskara Rao, Chief Financial Officer and Mrs. D. Madhavi Latha, Company Secretary. There has been no change in the key managerial personnel during the year.

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 Reg. 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as **Annexure 4** to this Report and also provided at an appropriate place in Report on Corporate Governance.

Changes in the Board of Directors:

There were no changes in the Directors during the year under review. However, Mrs. V. Padma, Independent Woman Director (DIN-07145633) has resigned to her Directorship in the company w.e.f. 1.7.2016 and the company places on record its' appreciation for the services rendered by her during her tenure.

Corporate Governance Report:

The Corporate Governance Report, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Report. The requisite certificate from the Practicing Company Secretary, Mr. P. Konda Reddy confirming compliance with the conditions of corporate governance as stipulated under the aforesaid regulations is attached to the Corporate Governance Report.

Transfer to the Investor Education & Protection Fund (IEPF):

During the year under review, dividend declared for 2007-08 and unclaimed for more than 7 years amounting to **5,28,725/-** (Rupees Five Lakhs Twenty Eight thousand Seven Hundred and Twenty Five only) has been transferred to the Investor Education and Protection Fund.

Industrial relations:

Your Directors are happy to report that the industrial relations have been cordial at all levels throughout the year. Your Directors record their appreciation for all the efforts, support and co-operation of all employees extended from time to time.

Policy to prevent Sexual Harassment at the work-place:

The Company is committed to create and maintain an atmosphere in which employees can work together, without fear of sexual harassment, exploitation or intimidation. Every employee is made aware that the company is strongly opposed to sexual harassment and that such behavior is prohibited both by law and by the Company. To redress complaints of sexual harassment, an Internal Complaints Committee (ICC) has been formed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made there under. Ms. D. Nayanika Reddy is the Chairperson of the Internal Complaints Committee.

During the year ended March 31, 2016, the ICC received NIL complaints pertaining to sexual harassment.

Listing at Stock Exchanges:

The equity shares of your Company are listed on NSE and BSE (the stock exchanges). The listing fees for the year 2016-17 have been paid to the stock exchanges.

CEO- CFO certification as per Reg. 17(8) of SEBI (LODR) Regulations, 2015:

As required by Reg. 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO and CFO certification on the Financial Statements and the Internal Control Systems for financial reporting has been obtained from Mr. D. Vijay Sen Reddy – Managing Director & Chief Executive Officer and Mr. P. Bhaskara Rao - Chief Financial Officer and the same was reviewed by the Board of Directors and is annexed to the Corporate Governance Report.

Internal Auditor:

The company has appointed Mr. M. Shanker, B.Com. and MBA-Finance, as Internal Auditor of the company and takes his suggestions and recommendations to improve and strengthen the internal control systems. His 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.

Internal financial control systems and their adequacy:

The company has been maintaining all its financial records in TALLY system all these days but in order to facilitate the requirements, increasing needs and compliance requirements, decided to shift to FOCUS platform.

The company has appointed internal auditors to check the internal controls and also check whether the workflow of the organization is in accordance with the approved policies of the company. In every quarter, during approval of financial statements, internal auditors will present to the audit committee, the internal audit report and management comments on the internal audit observations; and

The board of directors have adopted various policies like Related Party Transactions Policy, Whistle Blower Policy, Material Subsidiaries Policy, Corporate Social Responsibility Policy, Risk Management Policy, Dissemination of Material Events Policy, Documents Preservation Policy, Code of Conduct and Ethical policy and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Audit Committee:

The Composition of the Audit Committee is provided in the Corporate Governance Report forming part of this report. All the recommendations made by the Audit Committee were accepted by the Board.

Secretarial Auditor:

The Board has appointed Mr. P. Konda Reddy, Practicing Company Secretary, to conduct Secretarial Audit for the FY 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2016 is an **Annexure 5** to this Report.

Management Discussion & Analysis Report:

The Management Discussion and Analysis Report as required under Regulation 34 & Schedule V of Securities and Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Report.

Subsidiary Companies & Consolidated Financial Statements:

The Company has 3 subsidiaries (1 step down subsidiary) and 2 Associates as on March 31, 2016. There has been no material change in the nature of the business of the subsidiaries. The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with applicable accounting standards, issued by the Institute of Chartered Accountants of India, forms part of this Annual Report.

Pursuant to provisions of section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further, pursuant to the provisions of section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

In terms of Section 136 of the Companies Act, 2013 ('the Act'), financial statements of the subsidiary companies are not required to be sent to the members of the Company.

The Company shall provide a copy of the annual accounts of its subsidiary companies to the members of the Company on their request. The annual accounts of its subsidiary companies will also be kept open for inspection at the registered office of the Company during business hours.

Significant and material orders passed by the Regulators or Courts or Tribunals:

There were no significant material orders passed by the regulators/courts/tribunals which would impact the going concern status of your Company and its future operations.

Establishment of Vigil Mechanism:

The Company has adopted a whistle blower policy establishing a vigil mechanism to provide a formal mechanism to the directors and employees to report concern about unethical behavior, actual or suspected fraud or violation of code of conduct and ethics.

It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and provides direct access to the chairperson of the audit committee in exceptional cases. It is affirmed that no personnel of the company has been denied access to the audit committee. The policy of vigil mechanism is available on the company's website.

The vigil blower policy aims for conducting the affairs in a fair and transparent manner by adopting higher standards of professionalism, honesty, integrity and ethical behavior. All permanent employees of the company are covered under the whistle blower policy.

Particulars of Employees:

The percentage of increase in remuneration of each Director, Chief Financial Officer, and Company Secretary during the financial year 2015-16, ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2015-16 and the comparison of remuneration of each KMP against the performance of the company are as under:

Sl. No.	Name of the director/KMP and designation	Remuneration of director/ KMP for financial year 2015-16	% increase in remuneration in the financial year 2015-16	Ratio of remuneration of each director/ to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the company
1.	Mr. D. Vijay Sen Reddy – Managing Director	42,00,000	75%	35.00:1	The remuneration of the Directors & KMPs is well within the industry limits and in tandem with the performance of the company
2.	Mr. K. Ravi Kumar – Whole Time Director	18,00,000	Nil	15.00:1	
3.	Mr. Sumit Sen- Whole Time Director	14,40,000	Nil	12.00:1	
4.	Mr. P. Bhaskara Rao –CFO	11,22,000	7.5%	9.35:1	
5.	Ms. D. Madhavi Latha –CS	6,36,000	Nil	5.30:1	

During the period under review, no employee of the company is employed throughout the year and in receipt of ₹ 60 Lakhs or more, or employed for part of the year and in receipt of ₹ 5 lacs or more a month, under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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.

Code of Conduct and Declaration by MD & CEO:

Your Company has laid down a Code of Conduct for all Board members, Senior Management and Independent Directors of the company in line with the provisions of Securities and Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule V to Companies Act, 2013. The Code of Conduct has been posted on the website of the Company.

Acknowledgements:

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the vendors and stakeholders including financial institutions, banks, Central and State Government authorities, customers, joint venture partners and other business associates, who have extended their valuable and sustained support and encouragement during the year under review. It will be the Company’s endeavour to build and nurture these strong links with its stakeholders.

Your Directors wish to place on record their sincere appreciation to all the employees for their dedication and commitment. The hard work and unstinting efforts of the employees have enabled the Company to sustain and further consolidate its position in the industry.

On behalf of the Board of Directors
of **Prajay Engineers Syndicate Limited**

Sd/-

D. Vijay Sen Reddy
Chairman & Managing Director

Place : Hyderabad
Date: 14th July, 2016

FormNo.MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.3.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L45200AP1994PLC017384
ii.	Registration Date	19-04-1994
iii.	Name of the Company	Prajay Engineers Syndicate Limited
iv.	Category/Sub-Category of the Company	Public Limited company
v.	Address of the Registered office and contact details	8-2-293/82/A, Plot No.1091, Road No. 41, Jubilee Hills, Hyderabad – 500 033. Tel.: 040-66222999, Fax:040-66222966 www.prajayengineers.com
vi.	Whether listed company	Yes at NSE & BSE
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Phone:040-67161606 Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Construction and Real Estate Development	4100	89.56%
2	Hospitality – Hotels & Resorts	55101	10.44%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Prajay Holdings Private Limited H. No. 1-10-63 & 64, Prajay Corporate Office, Chikoti Gardens, Begumpet, Hyderabad - 500016.	U51909TG2006PTC053715	Subsidiary	78	2 (87) (ii)
2.	Prajay Retail Properties Private Limited 8-2-293/82/A, Plot No.1091, Road No.41, Near Peddamma Temple, Jubilee Hills, Hyderabad-500 033	U70109TG1977PTC002176	Subsidiary	100	2 (87) (ii)
3.	Prajay Properties Private limited 8-2-293/82/A, Plot No.1091, Road No.41, Near Peddamma Temple, Jubilee Hills, Hyderabad-500 033	U70102TG2007PTC053296	Associate	49.49	2 (6)
4.	Genesis Capital Private Limited C/o. ABAX Corporate Services Limited 6 th Floor, Tower A, 1 Cyber city, Ebene, Republic of Mauritius	N.A.	Associate	50	2 (6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during The year	
	Demat	Physical	Total	% of Total Shares	Dem at	Physical		Total
A. Promoter								
1) Indian								
a) Individual/ HUF	22312782	0	22312782	31.90	22312782	0	22312782	31.90
b) Central Govt.	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0
d) Bodies Corp.	675236	0	675236	0.97	675236	0	675236	0.97
e) Banks / FI	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0
Sub-total(A)(1):-	22988018	0	22988018	32.87	22988018	0	22988018	32.87
2) Foreign								
g) NRIs-Individuals	0	0	0	0	0	0	0	0
h) Other-Individuals	0	0	0	0	0	0	0	0
i) Bodies Corp.	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0
k) Any Other....	0	0	0	0	0	0	0	0
Sub-total(A)(2):-	0	0	0	0	0	0	0	0
B. Public Shareholding								
1. Institutions								
a) Mutual Funds	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0
g) FIIs	1103199	0	1103199	1.58	0	0	0	-1.58

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during The year
	Demat	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(1)	1103199	0	1103199	1.58	0	0	0	0	-1.58
2. Non Institutions									
a) Bodies Corp.	11654771	4300	11659071	16.67	11809002	4300	11813302	16.90	+0.23
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	11219142	226984	11446126	16.36	13678954	240184	13919138	19.90	+3.54
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	10580261	299700	10879961	15.56	9093992	285700	9379692	13.41	-2.15
c) Others									
NBFCs Registered with RBI	0	0	0	0	8300	0	8300	0.01	+0.01
Clearing Members	35101	0	35101	0.05	51902	0	51902	0.07	+ 0.02
Non Resident Indians	6813105	0	6813105	9.74	6788141	0	6788141	9.71	-0.03
HUFs	885413	0	885413	1.27	861501	0	861501	1.23	-0.04
Directors & Their Relatives	4124297	0	4124297	5.90	4124297	0	4124297	5.90	Nil
Trusts	1500	0	1500	0	1500	0	1500	0	Nil
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Sub-total(B)(2)	45313590	530984	45844574	65.56	46417589	530184	46947773	67.13	1.58
Total Public Shareholding (B)=(B)(1)+ (B)(2)	46416789	530984	46947773	67.13	46417589	530184	46947773	67.13	Nil
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	69404197	531594	69935791	100	69405607	530184	69935791	100	Nil

ii. *Shareholding of Promoters*

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	D. Vijay Sen Reddy	12315183	17.61	18.27	12315183	17.61	18.27	Nil
2.	D. Hymavathi Reddy	8237618	11.78	8.86	8237618	11.78	8.86	Nil
3.	D. Sharmila Reddy	1759981	2.52	49.89	1759981	2.52	49.89	Nil
4.	Vijmohan Constructions Pvt. Ltd.	674936	0.96	0.00	674936	0.96	0.00	Nil
5.	Prajay Chit Fund Pvt. Ltd.	300	0.00	0.00	300	0.00	0.00	Nil
	Total	22988018	32.87	16.78	22988018	32.87	16.78	Nil

iii. *Change in Promoters' shareholding (please specify, if there is no change*

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	22988018	32.87		
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	NIL		There is no change in the shareholding of the promoters during the year under review.	
	At the End of the year	22988018	32.87		

(iv) *Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)*

Sl. No.	Name	Shareholding at the beginning of the year 01.04.2015		Bought during the year	Sold during the year	Shareholding at the end of the year 31.03.2016	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company
1.	Shalini Rodrigo Torbol	3496789	5.00	0	0	3496789	5.00
2.	Ultimate Money Makers India Pvt.ltd.	3428905	4.90	0	0	3428905	4.90
3.	Claus Christian Torbol	1700000	2.43	0	0	1700000	2.43
4.	M Abhinav Reddy	1537000	2.20	0	0	1537000	2.20
5.	Vansh Value Realty Pvt. Ltd.	1500000	2.14	0	0	1500000	2.14
6.	Maplenet Technologies Pvt. Ltd.	1500000	2.14	0	0	1500000	2.14
7.	VDB Projects Private Limited	1438451	2.06	0	0	1438451	2.06
8.	Money Tree Media Ventures Private Limited	1000000	1.43	0	0	1000000	1.43
9.	Naga Sreenu Gollapalli	800797	1.15	162703	0	963500	1.38
10.	Arun Kumar Kedia	411389	0.59	316346	0	727735	1.04

(v) Shareholding of Directors and Key Managerial Personnel (KMP)

Sl. No.	Name of the Director/KMP	Shareholding at the beginning of the year 01.04.2015		Bought during the year	Sold during the year	Shareholding at the end of the year 31.03.2016	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company
1.	Sumit Sen	1468693	2.10	0	0	1468693	2.10
2.	K. Ravi Kumar	50000	0.07	0	0	50000	0.07
3.	N. Nageshwara Rao	500	0.00	0	0	500	0.00
4.	Vijay Kishore Mishra	1063034	1.52	0	0	1063034	1.52
5.	P. Bhaskara Rao	5410	0.01	2000	0	7410	0.01
6.	D. Madhavi Latha	0	0	5700	0	5700	0.008

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (in Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1580899868	7606988	7000000	1595506856
ii) Interest due but not paid	449053153	0	179839	449232992
iii) Interest accrued but not due	317366	0	0	317366
Total(i+ii+iii)	2030270387	7606988	7179839	2045057214
Change in Indebtedness during the financial year				
- Addition	10000000	2000000	0	12000000
- Reduction	35861218	2000000	0	37861218
Net Change	(25861218)	0	0	(25861218)
Indebtedness at the end of the financial year				
i) Principal Amount	1555038650	7606988	7000000	1569645638
ii) Interest due but not paid	733921069	0	179839	734100908
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	2288959719	7606988	7179839	2303746546

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		D. Vijay Sen Reddy-MD & CEO	K. Ravi Kumar-WTD	Sumit Sen-WTD	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	42,00,000	18,00,000	14,40,000	74,40,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
6.	Total(A)	42,00,000	18,00,000	14,40,000	74,40,000
	Ceiling as per the Act				1,80,00,000

B. Remuneration to other Directors: The Company is not paying any remuneration to other directors other than Whole Time Directors.

C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	6,36,000	11,22,000	17,58,000
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit -others, specify...	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
6.	Total	Nil	6,36,000	11,22,000	17,58,000

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for breach of any Section of the Companies Act, 1956 / 2013 against the Company or its Directors or other officers in default, if any, during the year.

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Prajay Engineers Syndicate Limited (the Company) has not entered into any contract / arrangement / transaction with its related parties which is not in the ordinary course of business or at arm's length during FY 2015-16. The Company has laid down policies and processes / procedures so as to ensure compliance to the subject section in the Companies Act, 2013 ("Act") and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts / arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- (f) Date(s) of approval by the Board: Not Applicable
- (g) Amount paid as advances, if any: Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a	Name (s) of the related party & nature of relationship	Prajay Properties Pvt. Ltd, Associate Company
b	Nature of contracts/ arrangements/transaction	Construction related services
c	Duration of the contracts / arrangements / transaction	Joint Development Agreement was entered on 01.06.2010 and valid till the completion of the project
d	Salient terms of the contracts or arrangements or transaction including the value, if any	To construct a residential project comprising of high rise apartment blocks including car parking, club houses, and recreational facilities as per the development plan valuing ₹ 808 crores
e	Date of approval by the Board	The agreement is entered on arm-length basis, hence not required any board's approval
f	Amount paid as advances, if any	Nil

3. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a	Name (s) of the related party & nature of relationship	Prajay Holdings Pvt. Ltd, Subsidiary Company
b	Nature of contracts/ arrangements/transaction	Construction related services
c	Duration of the contracts/ arrangements/transaction	Work Order has been issued by subsidiary company on 25.09.2012 and valid till the completion of the project.
d	Salient terms of the contracts or arrangements or transaction including the value, if any	To provide Infra works, Road Works, Civil & Allied works for Villas at project site Prajay Virgin County. The value of the Work Order is ₹ 66.54 Crores
e	Date of approval by the Board	The agreement is entered on arm-length basis, hence not required any board's approval
f	Amount paid as advances, if any	Nil

Information Pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

A. CONSERVATION OF ENERGY

I. (A) Steps taken for conservation of energy:

- (a) Company is using CFL lamps with electronic ballasts in place of normal tube lights in staircases and terrace, which are saving 60% energy consumption than that of normal tube lights
- (b) In corridors of typical floors, we are using all LED light fixtures of lesser wattage, which is less in wattage by 50%
- (c) In the basement and external areas, we are using LED light fixtures which are less in wattage with high efficiency compared to normal conventional metal halide, sodium vapour & mercury vapour light fixtures. By using LEDs we will be able to save 50% energy consumption compared to that of CFL fixtures and 60-65% than the normal conventional light fixtures as mentioned above
- (d) Using high efficiency motors to save power consumption. Fire fighting pumps, PHE pumps which generally run continuously are of higher capacities and will consume more power. By using high efficiency motors, the power consumption will be saved by 18-20% than that of normal regular pumps.
- (e) Creating more number of fresh air paths to the basements to reduce utilization of mechanical ventilation system, resulting in reducing power consumption of forced ventilation system

II. Steps taken by the Company for utilizing alternate sources of energy:

- (i) We are in planning of using Solar energy systems for street lighting, garden lighting & power to common loads like water pumps, fire pumps & basement ventilation fans which consumes more energy
- (ii) DG power supply is one more alternative source of power supply to the premises in case of either shortage of power supply or in case of power failures. Even these generators are also of low emission with high efficiency alternators and engines to give longer span of life
- (iii) Commitment to a minimum level of certification under a green building rating will ensure that our customers are able to enjoy the benefits of clean fuels and lower energy bills.
- (iv) Innovative and intelligent planning and energy modeling is a core feature of our design practices. Orientation of our buildings coupled with appropriate fenestration significantly decreases the energy requirements for cooling and lighting.
- (v) Solar rooftop reduces the energy requirement for common area lighting. Solar water heating reduces the energy requirement for hot water in residential buildings.
- (iii) The capital investment on energy conservation equipments, if any:
There was no capital investment made on energy conservation equipments during the year under review.

B. TECHNOLOGY ABSORPTION

I. The efforts made towards technology absorption

(a) Technical Initiatives:

- Deployment of machines to substitute partly or fully manual work.
- Use of pre-fabrication fully or partly at site to increase reliability.
- Solar technologies for common area, parking and street lighting.
- Solar water heating for residential buildings.

(b) Process Initiatives:

- The organization of the work with the help of scheduling, structuring of work force in tandem with job descriptions and closing time gaps to ensure efficiency.
- In depth planning of construction activities/procedures which in turn will result in stable levels of quality, shorter time lines and reduced consumptions of man and material at site.
- The usage of special sub-contractors/consultants to realize tasks efficiently.

- II. The benefits derived like product improvement, cost reduction, product development or import substitution: -
- Cross learnings and best practices already implemented are being replicated across all projects to optimize the construction process in terms of cost and time.
 - The cost of materials has been optimized through a revision of the procurement strategy while maintaining quality.
 - Materials with less embodied energy are being included as alternate materials.
- III. Information regarding imported technology (imported during last 3 years)
The Company has not imported any technology during last 3 years.
- IV. Expenditure incurred on Research & Development: N.A.
- C. Foreign Exchange earnings and outgo**
- During the financial year 2015-16, there was no expenditure in foreign currency. The Company has not earned any foreign exchange during the year.

Annexure 4

Profile of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting

Name of Director	Mr. D. Vijay Sen Reddy	Mrs. K. Padmaja
Date of Birth	03.12.1956	03.05.1962
Director's Identification Number(DIN)	00291185	07543055
Date of Appointment	19.4.1994	14.6.2016
Experience in specific functional area	More than three decades of rich experience in construction industry at all levels and in formulation of business strategies.	More than two and half decades of experience in Accounts and Taxation
Qualification	C.A. Inter	Graduate of Commerce & PG Diploma Holder in Taxation
Relationship with Directors	Nil	Nil
Board membership of other Indian Companies as on 31.3.2016 *	11	Nil
Chairman/member of the committee of the Board of Directors as on 31.3.2015 **	Nil	Nil
Chairman / Member of the committees in other companies in which he/she is a Director as on 31.3.2016**	Nil	Nil
Number of shares held in the company as on 31st March 2016	1,23,15,183	Nil

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

FORM NO. MR 3**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

Prajay Engineers Syndicate Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Prajay Engineers Syndicate Limited (hereinafter called ('the Company')). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed there under;
- (iv) Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made there under to the extent applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 (Not applicable to the Company during the Audit Period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with Stock Exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda was sent at least 7 days in advance. Detailed notes on agenda was not sent seven days in advance, however the same were circulated at the commencement of the Board Meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Hyderabad
Date : 14.07.2016

P Konda Reddy
Practising Company Secretary
UIN: 12001AP190300
FCS No. 4384, C P No: 3634

Annexure to Secretarial Audit Report

The Members

Prajay Engineers Syndicate Limited

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Corporation nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Hyderabad
Date : 14.07.2016

For **P Konda Reddy**
Practising Company Secretary
UIN: 12001AP190300
FCS – 4384.CP No.: 3634

MANAGEMENT DISCUSSION & ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

INDIAN ECONOMY – AN OVERVIEW:

The Indian economy has been reporting a growth of GDP greater than 7% for the last two years. The growth of GDP increased from 7.2% in FY 2014-15 to 7.6% in FY 2015-16. The gradual recovery of the economy has been supported by improving macro-economic fundamentals.

Following the downward trend in global commodity prices, retail inflation average is expected to remain below the Reserve Bank of India (RBI) inflation target of 6 percent. This has allowed RBI to cut its policy rate by 125 basis points since the start of 2015, which is expected to boost domestic demand. Falling oil prices have provided a major boost to India's public finances.

The International Monetary Fund (IMF) has retained India's growth forecast for the next two years even as it pared the global estimate citing subdued demand and diminished prospects in the latest update of the World Economic Outlook. The IMF expects the Indian economy to grow by 7.5% in FY17 and FY18, the fastest among major economies.

OVERVIEW OF THE REAL ESTATE INDUSTRY:

Real estate has forward and backward linkages with more than 250 different sectors and is the second largest employment generator in India after agriculture.

The real estate market has been amongst the sectors worst hit by the economic downturn. The residential space continues to face headwinds in the form of muted sales and subdued consumer demand. Furthermore, the sector has been challenged by frequent delays in project completion and a complex approval process. This has resulted in developers curtailing new project launches and focusing on executing existing projects to deliver within the committed timeframe. Beyond the short term demand factors, there is immense potential for residential real estate in India.

The government is focussed on working to deliver on its promise of 'Housing for All' by 2022. The Real Estate (Regulation and Development) Act is a landmark reform for the real estate sector which has the potential to address long standing issues which have plagued the growth of the sector. Further policy announcements, and reforms to revive the real estate space including the relaxation of Foreign Direct Investment (FDI) norms, introduction of 100 smart cities, direct and indirect tax benefits for affordable housing projects, Real Estate Investment Trusts (REITs) etc. have helped in generating a positive outlook for the real estate market.

(i) Residential Real Estate:

Residential demand has lagged behind supply in major cities across India which has led to high unsold inventories and in turn resulting in the fall of newly launched units. According to property research firm knight Frank, 2015 ended with the lowest number of new launches and sales volumes across the top eight cities of India since 2010. While the sales volume during the year was similar to that in 2014, new launches fell sharply by 21%.

Affordability in Indian residential real estate is at a 5 year high as income growth over last 5 years (10 – 12%) p.a has outpaced property price inflation (-10 to 10%). Further mortgage rate cuts have come off by over 125bps since 2015 and are expected to decline further through the year. Developers too have reduced unit configurations to smaller sizes to start addressing this demand.

(ii) Commercial Real Estate:

Positive market sentiments and a gradual macro-economic recovery continue to support India's commercial real estate segment. India's office space absorption stood at 3.25 million square meters during 2015 – the second highest figure in the country's history after 2011.

Large commercial developers have reported strong leasing trends last year and rents have started to appreciate across markets. Rentals are expected to grow strongly over next 1-2 years due to low vacancy levels and positive absorption trends. Going forward, office leasing demand is expected to remain steady backed by expansionary activities from technology firms and domestic financial institutions. The office segment has also seen a huge interest from private equity players and a large number of office deals have been announced last year primarily for completed projects.

Given the low supply and continued demand for commercial spaces, corporate occupiers will continue to firm up their expansion plans.

(iii) Retail Real Estate:

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.

In 2016, more mature investors will come in and buy built-up retail spaces. Once they have the relevant experience and foothold in India, they will start investing in 'greenfield' assets. Retailers are maturing as competition heats with the entry of bigger brands into the country.

(iv) Tourism and Hospitality – Real Estate:

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. The third-largest sub-segment of the services sector comprising trade, repair services, hotels and restaurants.

Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country.

The tourism and hospitality sector is among the top 15 sectors in India to attract the highest Foreign Direct Investment (FDI). During the period April 2000–September 2015, the hotel and tourism sector attracted around US\$ 8.48 billion of FDI, according to the data released by Department of Industrial Policy and Promotion (DIPP).

Rating agency ICRA Ltd estimates the revenue growth of Indian hotel industry strengthening to 9-11 percent in 2015-16.

The growth potential of tourism and hotel industry in turn bring huge demand for hotel real estate.

2. OPPORTUNITIES, THREATS & CHALLENGES:

A. OPPORTUNITIES:

Demand for Housing

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

Easing of Monetary Norms

The real estate sector performance is directly bound by the country's economic fundamentals and monetary policies. The Reserve Bank of India cut its benchmark repo rate by 25 bps to 6.5 percent during the meeting held in April 2016. Monetary easing initiatives will provide an impetus to housing demand. A roll back in rates can positively impact sentiments and encourage home buyers and real estate developers.

Push for affordable housing

The implementation of Real Estate (Regulation and Development) Act, 2016 is likely to improve confidence of buyers in the sector, as it improves transparency, provides for various buyer-friendly measures and encourages timely completion of projects.

The government's announcement in Budget 2016 on allowing 100 per cent deduction for housing projects building units up to 30 square meters in the four metro cities and 60 square meters in other cities is expected to benefit supply of affordable homes.

Construction of affordable houses up to 60 square meters under any scheme of the Central or State Government including PPP Schemes will also be exempt from service tax. First time home buyers will get deduction for additional interest of INR 50,000 per annum for loans up to INR 35 lakh sanctioned in 2016-17, where the cost of the unit does not exceed INR 50 lakhs. This will help developers to shift their focus to a segment that has been largely ignored owing to business viability issues.

Relaxation in FDI norms

The government has further relaxed foreign direct investment (FDI) norms in the construction sector by removing two major conditions related to minimum built up area as well as capital requirement thereby improving the ease of doing business in the real estate sector. Removal of minimum thresholds will encourage investment in small projects.

The new FDI norms will also help to ease the entry and exit for foreign investors. A foreign investor will now be permitted to exit and repatriate foreign investment before the completion of project under automatic route,

provided a lock-in-period of three years and calculated with reference to each tranche of foreign investment has been completed. Exit is permitted at any time if project or trunk infrastructure is completed before the lock-in-period. With clarity in exit norms, each phase of the construction development project would be considered as a separate project. It will pave way for an easier exit for foreign funds who will now be allowed to exit with completion of each phase wherein they have invested.

Real Estate Investment Trusts (REITs)

The Union Budget 2016 cleared the way for REITs to finally list in India. The government accepted the industry's long standing demand of DDT exemption on income distributed from the SPV. SPV controlled by REITs prior to the amendment was subject to double taxation in the form of corporate tax rate and DDT Tax which nullified the tax pass through status given to REITs. With DDT exemption, SPV distribution will not attract distribution tax and will not be part of total income for unit holder for tax calculation.

With an aim to make REITs more attractive to investors and real estate players, SEBI had decided to relax its norms to allow these trusts to invest more in under construction assets and have a larger number of sponsors.

Real Estate (Regulation and Development) Act

As per the Ministry of Finance's Economic Survey 2015-16, about 25 percent of residential real estate projects are delayed due to poor project management, lack of capital commitment by developers and delay in seeking regulatory approvals. The Real Estate (Regulation and Development) Act is a landmark reform for the real estate sector which has the potential to address these issues which have paralysed its growth for the last few years. The Act is expected to modify traditional practices and bring out a more professional approach amongst developers.

B. THREATS & CHALLENGES:

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.

Funding Problems

The RBI has set sectoral caps for the total maximum exposure of banks to real estate, including individual housing loans and lending to developers for construction finance which is quite low and is curtailing the growth of the sector. Absence of long term funding from banks is forcing developers to look at alternative sources of funds, most of which do not offer affordable interest rates.

Shortage of Manpower & Technology

Despite being the second largest employer in the country the construction sector as a whole faces manpower shortage. Further the sector is heavily dependent on manual labour which increases the timelines for construction companies and results in supply getting deferred. Hence, technologically less labour intensive alternative methods of construction need to be adopted on a large scale through training and skill development of manpower.

3. SEGMENT WISE – PRODUCT WISE PERFORMANCE:

A detailed status of projects being implemented by the company is given below:

Prajay Waterfront City situated at Murharpally Village, Shamirpet – Water front City is spread across 72 acres of premium property, nearby 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 is completed 95% in all respects and got 5% bookings during the year thereby aggregating to 90% bookings 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 95% of sales in villa segment. As regards, Apartment segment, due to continuing slump in the real estate industry with the post bifurcation of the State of A.P. there are no sales under the said segment during the period under review.

All the infrastructure works in the villa parcel are completed and around 70 villas have been handed over and families are staying with all the amenities provided at the site including club house.

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 its kind coming up on a spread of 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 with 9 towers consisting 1113 flats of different sizes. During the year under review only 7 flats have been sold (after accommodating the cancellations in second phase).

Construction work in Three Blocks (comprising of 9 Towers) is in advanced stage and it is planned to hand over possession of first 3 towers by September in a livable condition and 3 towers are already given for interiors and in balance towers construction work is in progress.

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 tough 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 and families are staying with all amenities in place.

All the villas have been handed over and 75% of the apartment's portion is sold already.

Prajay Homes Extension – The project has come on a spread of 4.5 acres of land within the vicinity of Celebrity Club, emerging Biotech Hubs and top notch multinational companies like Zenotech, SP Biotech, ICICI Knowledge park, Alexandria and many other prestigious schools, colleges besides hospitals.

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, 5th 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 are sold. Third & fourth floors are occupied by Future Lifestyle (Brand Factory), first & second floors are vacant.. 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.

Hyderabad Real Estate:

A well known IT hub, Hyderabad has been witnessing a strong demand for office space for some years now. Resultantly, the demand for homes in the city has also grown over the years – barring the period of political turmoil.

According to CBRE India's latest report 'The Comeback of Hyderabad' - Hyderabad is regaining prominence as one of the leading destinations for real estate in South India. Political stability, the state government's proactive policies, growing occupier demand, improved infrastructure, quality educational institutions and the availability of a large talent pool have helped bring back attention to the city's real estate market and will make it a destination of choice for a number of corporates looking to expand or enter the South India Market.

Industry sectors such as IT/ITeS are likely to remain the dominant demand drivers for office space in the Hyderabad, with banking / financial services, pharmaceuticals and outsourcing sectors being the other active sectors that are likely to generate demand for corporate real estate space.

As in the case of other cities, commercial development and growth not only influences residential real estate, but also pushes the development of retail. Over the past decade, Hyderabad has witnessed its fair share of demand for high quality organized retail.

Various National highways passing through Hyderabad make it a central point for warehousing activity, while the city's location is ideally suited for the export and import industry. Rents in Hyderabad are the most affordable in the Southern region and occupiers which left the city during the political crisis are once again revisiting their options here. The Telangana government recently passed the Telangana State Industrial Project Approval

and Self-Certification System (TS-IPASS) Bill, which provides speedy processing and clearance for various licenses and certificates required for establishing industries through a single-window system. This is expected to boost industrial / manufacturing / warehousing growth in and around the city.

The resurgence of investment activity coupled with new government initiatives has prompted the revival of leasing activity over the last couple of years. Hyderabad will be the city to watch over the next few years as the potential of real estate development is huge and is yet largely unrealized.

4. OUTLOOK:

The real estate sector is on the cusp of a recovery supported by an improvement in macroeconomic fundamentals and policy environment. The combination of strong sales, weak market conditions that support rapid business development and a strengthening commercial market provide us with a great opportunity to generate strong free cash flows and disproportionately scale our business in FY17.

Our performance for the year underlines the effectiveness of our resilient business model that is anchored by the strength of the Prajay group and the ability that gives us to attract partners and customers. Our strong brand equity will help us to pioneer in the years ahead.

Real estate industry is cyclical and we anticipate that we are at the end of the cycle of slowdown. The wave of positive sentiments is quite evident and recovery is getting stronger. With the real estate regulatory amendments, credibility and positivity is building up confidence in the minds of investors who will sooner or later get drawn back into the market.

5. RISKS AND CONCERNS:

Industry Cyclicity

The real estate market is inherently a cyclical market and is affected by macroeconomic conditions, changes in applicable governmental schemes, changes in supply and demand for projects, availability of consumer financing and illiquidity. Your Company has attempted to hedge against the inherent risks through a business model comprising joint ventures, residential platforms and development management. However, any future significant downturn in the industry and the overall investment climate may adversely impact business.

Statutory Approvals

The real estate sector in India is heavily regulated by the central, state and local governments. Real estate developers are required to comply with a number of laws and regulations, including policies and procedures established and implemented by local authorities in relation to land acquisition, transfer of property, registration and use of land. These laws often vary from state to state. Several of your company's projects are in preliminary stages of planning and any delay in obtaining approvals could warrant revised scheduling of project timelines.

The real estate sector, which is a major job creator and wealth generating avenue, has also been saddled with drawbacks like inventory pile-up, high prices, regulatory inefficiency and dwindling sales.

Low lendings by Banks

Growth in bank credit to the real estate sector has slowed down to single digits in 2015 from the earlier double digits growth seen in 2014. Many companies are relying on higher-cost funding from non-banking finance companies and private investors to refinance bank loans, which only shifts the stress to the future. Environmental and construction exposures, catastrophic modeling, stricter lender requirements, and complex requirements involving distressed banks are just some of the issues facing the real estate industry.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your company has optimal internal control systems and procedures in place with regard to the purchasing of stores and other raw materials.

Your company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled effectively.

7. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS PERFORMANCE:

Revenue / loss from Operations:

The company revenues are increased to ₹ 8029.64 Lakhs during the year as against ₹ 5812.10 Lakhs during the previous year, an increase of 38 %.

The company has incurred a loss of ₹ 2343.63 Lakhs during the year as against loss of ₹ 2360.18 Lakhs for the corresponding previous year.

Operational Cost:

The increase in operating cost was primarily due to higher volume of operations and cost of key inputs.

EBIDTA :

EBIDTA stood at ₹ (162.48) Lakhs in the financial year 2015-16 as against ₹ (1180.03) Lakhs in the financial year 2014-15.

The reason 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 increase in cost of key inputs.

Profits & ratios:

The company has incurred a loss of ₹ 2343.63 Lakhs during the financial year as against ₹ 2360.18 Lakhs for the corresponding previous year.

The basic earnings per share stood at ₹ (3.35) for the current financial year as against ₹ (3.37) for the previous financial year.

However, the current ratio of the company for the year 2015-16 stood at 1.35.

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 ₹ 612.95 crores.

Loan Funds:

The company continues to get the support from its bankers and financial institutions. The debt to equity position of the company remains at a comfortable position of 0.37 when compared to acceptable level of 2:1. The secured borrowings of the company stood at ₹ 228.91 crores at the end of the financial year.

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

Human capital continues to be the key driver for growth, effectiveness and success of our company. As on 31.3.2016, your company employs around 260 Employees.

Your company believed that the quality of these employees is the key to its success and is committed to providing necessary human resource development and training opportunities to equip employees with additional skills to enable them to adapt to contemporary technological advancements.

Industrial relations during the year continued to be cordial and the Prajay group is committed to maintaining good industrial relations through effective communication, meetings and negotiation.

CAUTIONARY STATEMENT:

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

CORPORATE GOVERNANCE REPORT

Report pursuant to Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, in compliance with the requirements of corporate Governance is set out below:

A. RELATED PARTY DISCLOSURE:

Transactions with related parties are disclosed in the notes to accounts in the annual report and all the transactions with the related parties are at arms' length and in compliance with the Companies Act, 2013, the rules made there under and SEBI (LODR) Regulations, 2015.

The register of contracts containing transactions if any, in which directors are interested, is placed before the board regularly. All related party transactions are entered in to by the company only after the prior approval of audit committee and board of directors.

In terms of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has adopted a policy to determine related party transactions and material subsidiaries.

The policies are placed on the company's website at: <http://www.prajayengineers.com/investors/corporate-governance>.

B. MANAGEMENT DISCUSSION AND ANALYSIS (MDA) REPORT:

1. Report on MDA is annexed to the Directors' Report and forms part of this Annual Report
2. Disclosure of accounting treatments:

The company has followed the accounting standards in preparation of its financial statements.

C. CORPORATE GOVERNANCE:

1. Company's philosophy on Code of Corporate Governance

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors, which was revised during the year to align with changing cultural and regulatory norms across the multiple jurisdictions in which the Company conducts its business. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("Act"). These codes are available on the Company's website.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreements with the Stock Exchanges.

2. Board of Directors

The composition of the Board represents a healthy blend and optimal mix of professionalism, knowledge and experience which enables the Board to discharge its responsibilities and provide effective leadership for long term vision and to achieve the highest level of governance.

As on March 31, 2016, the Company has Eight Directors. Of the Eight Directors, Five (i.e. 62.5%) are Non-Executive Directors (of which Four i.e. 50% are Independent Directors). The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.

a. Composition and Category of Directors as on 31st March 2016:

Sl. No.	Name of the Director	Designation	Category
1.	D. Vijay Sen Reddy	Chairman & Managing Director	Whole Time Director
2.	K. Ravi Kumar	Director	Whole Time Director
3.	Sumit Sen	Director	Whole Time Director
4.	Vijay Kishore Mishra	Director	Independent director
5.	N. Nageshwara Rao	Director	Independent director
6.	M. Raja Gopala Reddy	Director	Non-Executive Director
7.	S.K. Rudresh	Director	Independent Director
8.	V. Padma (upto 30.6.2016)	Director	Independent Director
9.	K. Padmaja (DoJ-14.6.2016)	Director	Independent Director

b. Attendance of each Director at the Board Meetings and at the last Annual General Meeting.

The details of attendance of the directors at the board meetings held during the year ended 31st March, 2016 and at the last Annual General Meeting (AGM) are given below (including separate meeting of Independent Directors) :

Name of the Director	No. of Board Meetings during 2015-16		Attendance at the last AGM held on 30.09.2015
	Held	Attended	
D. Vijay Sen Reddy	09	08	Yes
K. Ravi Kumar	09	08	Yes
Sumit Sen	09	08	Yes
Vijay Kishore Mishra	09	08	Yes
N. Nageshwara Rao	09	05	No
M. Raja Gopala Reddy	09	03	No
S.K. Rudresh	09	06	No
V. Padma (upto 30.6.2016)	09	04	No

c. Other Directorships and Committee Positions:

None of the Directors on the Board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2016 have been made by the Directors.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

The number of director ships and memberships in the committees of other companies held by the directors as on 31st march, 2016 are as under:

Name of the Director	Category	Relationship between directors inter-se	Other Director ships *	Committee positions in other companies**	
				Member-ships	Chairman-ships
D. Vijay Sen Reddy	Managing Director	None	11	Nil	Nil
K. Ravi Kumar	Whole Time Director	None	Nil	Nil	Nil
Sumit Sen	Whole Time Director	None	5	1	Nil
Vijay Kishore Mishra	Independent Director	None	Nil	Nil	2
N. Nageshwara Rao	Independent Director	None	1	2	Nil
S.K.Rudresh	Independent Director	None	Nil	1	Nil
M. Raja Gopala Reddy	Non-Executive Director	None	3	1	Nil
V. Padma (upto 30.6.2016)	Independent Director	None	Nil	Nil	Nil

Note:

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

d. Number of Board meetings

A minimum of four Board Meetings are held every year and they are usually held at the Registered Office of the Company. Notices of Board Meetings were sent to the Directors as required under Section 173 of the Companies Act, 2013 well in advance. The Agenda along with the explanatory notes are sent in advance to the Directors. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Additional meetings of the Board are held when deemed necessary; to address the specific needs of the Company.

Eight Board Meetings were held during the year and the gap between any two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held:

12th May, 2015; 30th May, 2015; 14th August, 2015; 27th October, 2015; 14th November, 2015; 9th January, 2016; 13th February, 2016 and 29th March, 2016.

The necessary quorum was present for all the meetings. During the year 2015-16, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration.

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

During the year one meeting of the Independent Directors was held on March 18, 2016. The Independent Directors, *inter-alia*, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

The Board periodically reviews the compliance reports of all laws applicable to the Company.

e. Disclosure of relationships between directors inter-se:

None of the Directors is related to other Director on the Board.

f. Shares held by Non-Executive Directors:

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 2016:

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. Nageshwara Rao	500	0.00
3.	V. Padma	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

g. Details of familiarization programmes imparted to independent directors

Senior management of the company make presentations to the board members on periodical basis, briefing them on the operations of the company, plans, strategy, risks involved, new initiatives etc. and seek their opinion and suggestions on the same.

Any new director who joins the board is presented with a brief background of the company, its operations and is informed of the important policies of the company including the code of conduct for directors and senior management personnel and the code of conduct for prevention of insider trading, policy on related party transactions, policy on remuneration, policy on material events, policy on material subsidiaries, whistle blower policy, risk management policy and corporate social responsibility policy.

Further, statutory auditors and senior management make a presentation to the board of directors on regulatory changes while approving the quarterly financial results.

The details of familiarization programme is made available on the website at: <http://www.prajayengineers.com/investors/corporate-governance>

Brief details of the Director(s) appointed / re-appointed at this Annual General Meeting of the Company are as under:

Mr. D. Vijay Sen Reddy

Mr. D. Vijay Sen Reddy, aged about 57 years is one of the core promoters of the company and has been associated with the company in its long journey as a private limited company to its present mark in the industry. He is the driving force behind the whole team of the company.

Mr. Vijay Sen Reddy has got more than 3 decades of rich experience in the industry and plays vital role in formulating business and expansion strategies of the company. He also plays a crucial role in guiding the company in formulating its operational policies and their implementing.

His updated knowledge about market trends, government and semi – governmental policies pertaining to the realty industry, cordial relations with the market players helps the company to chalk out strategies regarding new projects of the company and in deciding the demographic locations of the new ventures. He oversees the entire construction division of the company and guides the hospitality division.

Mrs. K. Padmaja

Mrs. Padmaja is a Commerce Graduate and did her P.G. Diploma in Taxation and has more than 25 years of experience in Accounts and Taxation and her presence on the board would help the company to get benefitted from her experience and to enable the company to strengthen its compliance functions.

3. Audit Committee

a. Brief description of terms of reference

The terms of reference of audit committee are as under:

- i) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- iii) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- v) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi) reviewing, with the management, the statement of uses / application of funds raised through an issues like public issue, rights issue, preferential issue, etc. and the statement of funds utilized for purposes other than those stated in the offer documents
- vii) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- viii) approval or any subsequent modification of transactions of the listed entity with related parties;
- ix) scrutiny of inter-corporate loans and investments;
- x) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- xi) evaluation of internal financial controls and risk management systems;
- xii) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv) discussion with internal auditors of any significant findings and follow up there on;
- xv) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii) to review the functioning of the whistle blower mechanism;
- xix) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- xx) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- xxi) Monitoring the end use of funds raised through public offers and related matters.

- xxii) to review the management discussion and analysis of financial condition and results of operations;
- xxiii) to review the statement of significant related party transactions (as defined by the audit committee), submitted by management;
- xxiv) to review management letters / letters of internal control weaknesses issued by the statutory auditors;
- xxv) to review the internal audit reports relating to internal control weaknesses; and
- xxvi) to review the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- xxvii) to review the statement of deviations of following:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- xxviii) the audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the board and may also discuss any related issues with the internal and statutory auditors and the management of the company; and
- xxix) the audit committee shall have authority to investigate into any matter in relation to the items specified above or referred to it by the board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.
- xxx) the auditors of the company and the key managerial personnel shall have a right to be heard in the meetings of the audit committee when it considers the auditors' report but shall not have the right to vote.

b. Composition, name of members and chairperson

The composition of the Audit Committee of the Company is in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name of the Director	Category	Member / chairperson
Mr. Vijay Kishore Mishra	Independent	Chairperson
Mr. N. Nageshwara Rao	Independent	Member
S.K. Rudresh	Independent	Member

c. Audit committee meetings and attendance during the year ended 2015-16

The Committee met 4 (Four) times during the Financial Year ended March 31, 2016, i.e. on May 30, 2015, August 14, 2015, November 14, 2015, and February 13, 2016. Table below gives composition and the attendance record for the aforesaid meetings of the Audit Committee:

Name of the Director	category	Number of meetings during the year 2015-16	
		Held	Attended
Mr. Vijay Kishore Mishra	Chairman-Independent	4	4
Mr. N. Nageshwara Rao	Member-Independent	4	4
S.K. Rudresh	Member-Independent	4	2

4. Nomination & Remuneration Committee

a. Brief description of terms of reference

- i) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board their appointment and removal;
- ii) Carry on the evaluation of every directors' performance
- iii) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

- iv) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- v) devising a policy on diversity of board of directors
- vi) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- vii) Any other matter as the board may decide from time to time

Mrs. Madhavi Latha, Company Secretary acts as the Secretary of the Nomination & Remuneration Committee.

The minutes of meetings of nomination and remuneration are circulated to all the members of the board.

b. Compositions, name of members and chairperson

The nomination and remuneration committee was constituted by the board with 2 independent directors and 1 non-executive director with independent director as its chairman.

Name of the Director	Category	Member / chairperson
Mr. Vijay Kishore Mishra	Independent Director	Chairperson
Mr. M. Raja Gopala Reddy	Non-Executive Director	Member
Mr. N. Nageshwara Rao	Independent Director	Member

c. Meetings and attendance during the year:

The committee has met two times during the year on 26th June, 2015 and 14th August, 2015.

Name of the Director	category	Number of meetings during the year 2015-16	
		Held	Attended
Mr. Vijay Kishore Mishra	Independent Director	2	2
Mr. M. Raja Gopala Reddy	Non-Executive Director	2	2
Mr. N. Nageshwara Rao	Independent Director	2	2

d. Nomination and Remuneration policy of the Company:

The Board has formulated a Nomination and Remuneration Policy for Directors, Key Managerial Personnel (KMPs) and Senior Management in terms of the provisions of Section 178 of the Companies Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Policy outlines the appointment criteria and qualifications, positive attributes, the term / tenure of the Directors on the Board of the company and the matters related to remuneration of the Directors, KMPs & Senior Management. Detailed policy is posted on the website of the company at <http://www.prajayengineers.com/investors/corporate-governance>

The compensation of the Executive Directors comprises of fixed component and commission. The compensation is determined based on the remuneration prevailing in the industry and the performance of the company. The remuneration package of the executive directors is periodically reviewed and suitable revision is recommended to the board by the nomination & remuneration committee. At present the company is not paying any remuneration to the Non-Executive Directors.

The Nomination & Remuneration Committee submits its recommendations to the Board, which, after consideration of the recommendation, takes decision on the remuneration payable to the Managing Director and the Executive Director(s) within the overall limits prescribed under the Companies Act, 2013 subject to the approval of the share holders, wherever required.

e. Performance evaluation of Directors and criteria

Pursuant to applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board, in consultation with the nomination and remuneration committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the independent directors, board of directors, committees of board, individual directors including Managing Director and Non-Executive Directors.

f. Separate meeting of Independent Directors

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

5. Remuneration of Directors

- a. there were no pecuniary transactions with any non-executive directors of the company.
- b. Non-Executive Directors are not paid any sitting fee for attending the board and committee meetings.
- c. The Company does not have any Employee Stock Option Scheme
- d. none of the non-executive directors, have any pecuniary relationship or transactions with the Company.
- e. the remuneration paid to the Whole Time Directors during the year is as follows (in Rupees)

Name	Category	Salary	Perquisites	Commission	Total
Mr. D. Vijay Sen Reddy	Managing Director	42,00,000	Nil	Nil	42,00,000
Mr. K. Ravi Kumar	Whole Time Director	18,00,000	Nil	Nil	18,00,000
Mr. Sumit Sen	Whole Time Director	14,40,000	Nil	Nil	14,40,000

6. Stakeholders Relationship Committee

a. Terms of reference

The Stakeholders Relationship Committee, looks into redressal of grievances of Security holders viz., shareholders, debenture holders and fixed deposit holders including investors' complaints relating to transfer of shares, issue of duplicate/consolidated share certificates, review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of dividends declared.

It is responsible for reviewing the process and mechanism of redressal of investor complaints and suggesting measures for improving the existing system of redressal of investor grievances. This Committee is also responsible for approval of transfer of shares, including power to delegate the same to the Registrar and Transfer Agents.

The Committee meets from time to time for speedy disposal of investor grievances.

b. Composition

The constitution and scope of the Stakeholder Relation Committee of the Board of Directors is in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Securities and Exchange board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name of the Director	Category	Member / Chairperson
Mr. Vijay Kishore Mishra	Independent Director	Chairperson
Mr. M. Raja Gopala Reddy	Non-Executive Director	Member
Mr. N. Nageshwara Rao	Independent Director	Member
Mr. Sumit Sen	Whole Time Director	Member

c. Name and designation of compliance officer

Mrs. D. Madhavi Latha Company Secretary is the Compliance Officer of the Company.

d. Number of shareholders' complaints received so far during the year - 29

e. Number of complaints not resolved to the satisfaction of shareholders – Nil

f. Pending complaints as at the year end - Nil

The Company has not received any investor's complaints through SEBI Compliant Redress System (SCORES) during the year under review.

7. Corporate Social Responsibility Committee

As per the provisions of Sec. 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2013 the company has constituted a Corporate Social Responsibility Committee and the members of the committee are as under.

Sl. No.	Name of the Director	Category	Member / Chairperson
1.	D. Vijay Sen Reddy	Whole Time Director	Chairperson
2.	K. Ravi Kumar	Whole Time Director	Member
3.	Sumit Sen	Whole Time Director	Member
4.	Vijay Kishore Mishra	Independent Director	Member

Although Committee on Corporate Social Responsibility is formed, the company could not spend any amounts on any of the activities mentioned in Schedule VII of Companies Act, 2013 or any other activity related to those mentioned in the said schedule, due to the losses incurred for the past few years.

However, the company is committed to adhere to the provisions of the Companies Act, 2013 and the rules made there under on Corporate Social Responsibility, once the company starts reporting profits in the coming years.

8. General Body Meetings

a. Details of date, location of the last 3 Annual General Meetings held are as under:

Financial Year	Venue	Date & Time
2014-15	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad – 500 016.	30.09.2015 At 3.00 P.M.
2013-14	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad – 500 016.	30.09.2014 At 3.00 P.M.
2012-13	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad – 500 016.	01.11.2013 At 3.00 P.M.

b. Special resolutions passed during the previous three annual general meeting

Sl.No.	Date of AGM	Special Resolutions passed
1.	30.09.2015	1. To re-appoint Mr. Sumit Sen as Whole-Time Director for 2 years 2. To re-appointment Mr. D. Vijay Sen Reddy as Managing Director of the company for 2 years.
2.	30.09.2014	1. Alteration of Articles of Association of the Company 2. Appointment of Mr. Vijay Kishore Mishra as Independent Director of the company for 5 years. 3. Appointment of Mr. N. Nageshwara Rao as Independent Director of the company for 5 years. 4. Appointment of Mr. S.K.Rudresh as Independent Director of the company for 5 years. 5. Re-appointment of Mr. K. Ravi Kumar as Whole Time Director for 3 years.
3.	01.11.2013	1. Approving Employee Stock Option Scheme for the eligible employees of the company

c. Special resolutions passed / proposed to be passed through postal ballot - Nil

9. Means of communication

a. Quarterly results

The quarterly results of the company are published in accordance with the requirements of SEBI (LODR) regulations, 2015 and the companies Act, 2013, in widely circulated newspapers namely Business Standard (English daily) and Prajashakti (Telugu daily).

b. News papers wherein results normally published

The quarterly results of the company are published in accordance with the requirements of SEBI (LODR) regulations, 2015 in widely circulated newspapers namely Business Standard (English daily) and Prajashakti (Telugu daily).

c. Any website, where displayed

The results of the company are displayed on the company's website at:

<http://www.prajayengineers.com/investors/quarterly-results>

d. Whether it also displays official news releases

Official news releases, if any, of the company are displayed on the company's website at:
<http://www.prajayengineers.com/media/events>

e. Presentations made to institutional investors or to the analysts

Presentations, if any, made to the investors / analysts are placed on the company's website at:
<http://www.prajayengineers.com/media/press-releases>

10. General Shareholders' Information

a. Annual General Meeting

Day & Date : Tuesday, 16th day of August, 2016
Time : at 3.00 P.M.
Venue : Prajay Corporate House
1-10-63 & 64, Begumpet, Hyderabad – 500 016.

b. Financial calendar:

For the Quarter ending 30.6.2016 - July / August, 2016
For the Quarter ending 30.9.2016 - October / November, 2016
For the Quarter ending 31.12.2016 - January / February, 2017
For the Quarter / Year ending 31.03.2017 - April / May, 2017

c. Dividend payment date : - NIL

d. Listing on stock exchanges

Name and address of the stock exchange	Scrip code
BSE Limited P.J. Towers, Dalal Street, Fort, Mumbai - 400001	531746
National Stock Exchange of India Limited Bandra Kurla Complex, Bandra (East), Mumbai – 400051.	PRAENG

The listing fee for the year 2016-17 has been paid to the above stock exchanges.

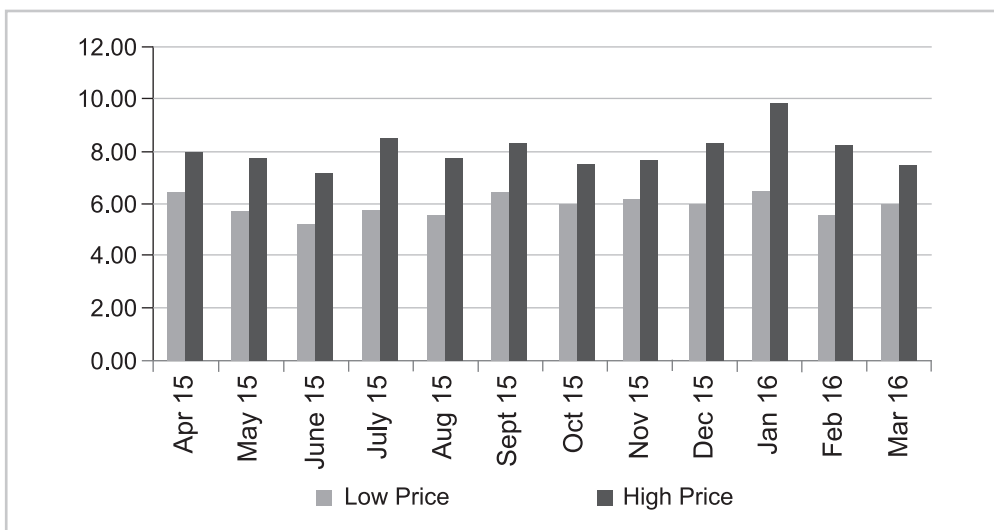
e. Stock code:

Name of the stock exchange	Scrip code
BSE Limited	531746
National Stock Exchange of India Limited	PRAENG

f. Market price data – high, low during each month in last financial year

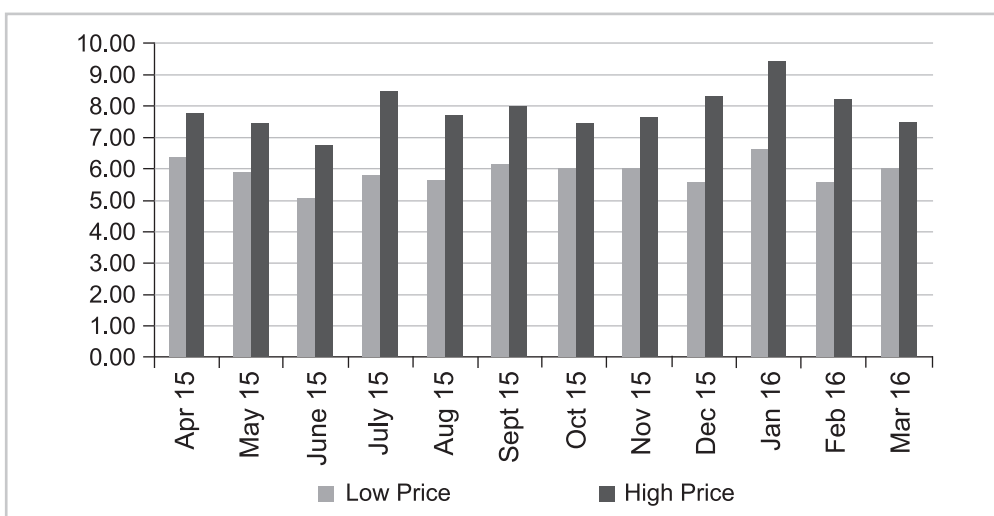
(i) BSE Limited:

Month 2014-15	BSE PRICE ₹		
	High (₹)	Low (₹)	Volume traded in month
April, 2015	8.00	6.41	209490
May, 2015	7.75	5.75	222226
June, 2015	7.20	5.21	212601
July, 2015	8.52	5.78	716829
August, 2015	7.75	5.55	218785
September, 2015	8.35	6.45	153766
October, 2015	7.50	6.00	231099
November, 2015	7.74	6.20	139920
December, 2015	8.34	6.02	1255039
January, 2016	9.90	6.50	985922
February, 2016	8.29	5.57	240279
March, 2016	7.50	6.05	264528

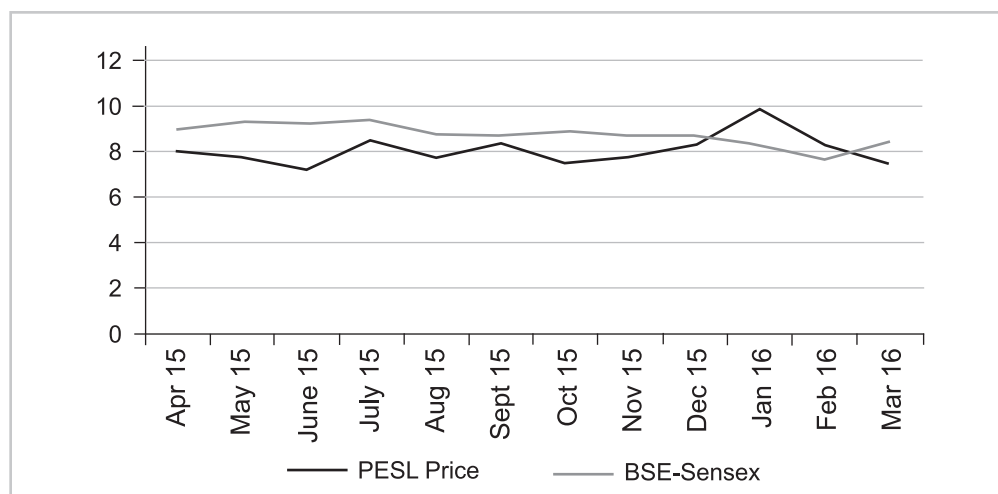


(ii) National Stock Exchange of India Limited (NSE):

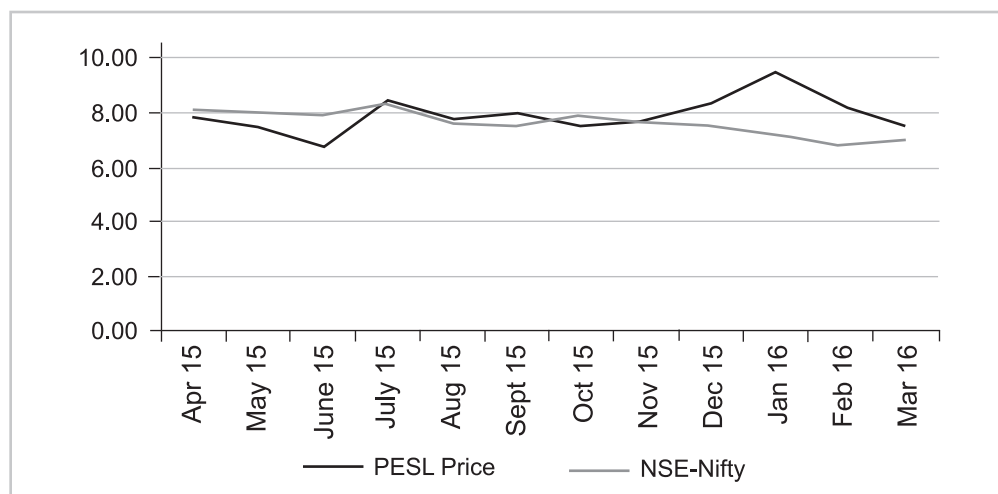
Month 2015-16	NSE PRICE ₹		
	High	Low	Volume traded in month
April, 2015	7.80	6.40	225153
May, 2015	7.50	5.90	210952
June, 2015	6.75	5.05	1289086
July, 2015	8.50	5.80	1034686
August, 2015	7.75	5.65	400703
September, 2015	8.00	6.20	304408
October, 2015	7.50	6.05	485642
November, 2015	7.70	6.05	449841
December, 2015	8.35	5.55	2364742
January, 2016	9.50	6.65	1859195
February, 2016	8.25	5.60	644008
March, 2016	7.50	6.05	889454



g. Performance in comparison to broad based indices of BSE Sensex:



Performance in comparison to broad based indices of Nifty:



h. There was no suspension of trading in securities of the company during the year under review

i. Registrar and Share Transfer Agents

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

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500 032. Tel. Nos.: 040-67161606, Email: einward.ris@karvy.com

j. Share transfer system

Share transfers are processed by the Registrar and Share Transfer Agent M/s. Karvy Computershare Private Limited and approved by the Stakeholders Relationship Committee. 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.

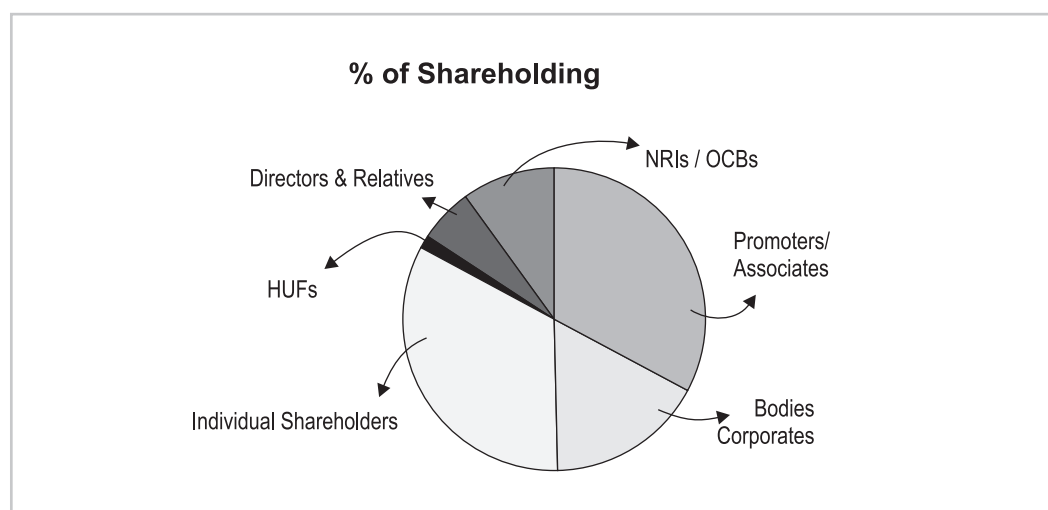
A certificate on half yearly basis confirming due compliance of share transfer formalities by the Company as required under Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is obtained from Mr. P. Konda Reddy, Practicing Company Secretary and submitted to Stock Exchanges within stipulated time.

k. Distribution of shareholding

Category	No. of shareholders		No. of shares		% of total shareholding	
	Physical (A)	Demat (B)	Physical (A)	Demat (B)	Physical (A)	Demat (B)
1-5000	264	12347	62684	2310465	0.09	3.30
5001-10000	95	2336	84400	2007481	0.12	2.87
10001-20000	10	1363	13800	2164115	0.02	3.09
20001-30000	11	534	25400	1397291	0.04	2.00
30001-40000	2	257	7500	930825	0.01	1.33
40001-50000	3	251	13600	1201671	0.02	1.72
50001-100000	3	360	23100	2685748	0.03	3.84
100001-above	2	359	299700	56708011	0.43	81.09
Sub-Total	390	17807	530184	69405607	0.76	99.24
Grand Total (A+B)	18197		69935791		100.00	

Categories of equity shareholders as on March 31, 2016

Category Name	Number of shares held	Percentage of Shareholding
Promoters/Associates	22988018	32.87
Bodies Corporate	11813302	16.89
Individual Shareholders	23298830	33.31
Clearing Members	51902	0.07
Trusts	1500	0.00
NBFCs registered with RBI	8300	0.01
HUFs	861501	1.23
Directors & relatives	4124297	5.90
NRIs/OCBs	6788141	9.71
Total	69935791	100.00



i. Dematerialization of shares and liquidity

Details of Shares Dematerialized as on March 31, 2016:

Particulars	No. of Shares	% of Issued Share Capital
NSDL	52924820	75.32
CDSL	16480787	23.45
Physical	530184	0.76
Total	69935791	99.53

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 the listed capital and the reports have been submitted to the exchanges within stipulated time for the quarter ended 30.6.2015, 30.9.2015, 31.12.2015 and 31.3.2016.

m. There are no outstanding Global Depository Receipts / American Depository Receipt or warrants or any convertible instruments as on the date of 31.3.2016.

n. Commodity price risk or foreign exchange risk and hedging activities - NIL

o. The companies do not have any plants.

p. Address for correspondence

Prajay Engineers Syndicate Limited

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

Hyderabad- 500 033. Ph.: +91 040 6622299 Fax: +91 040 -66222966

Mail: investorrelations@prajayengineers.com

11. Other Disclosures

a. Disclosures on materially significant related party transactions

All material transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and at arm's length. These have been approved by the audit committee. However, no material transaction with related party had potential conflict with the interests of the company.

The board has approved a policy for Related Party Transactions which has been uploaded on the Company's website at the following link: <http://www.prajayengineers.com/investors/corporate-governance>

b. Details of non-compliance, etc.:

The company has paid a nominal penalty of ₹ 5,000/- to each of the stock exchanges for delay in submission of quarterly un-audited Financial Results during the year under Review.

c. Details of establishment of vigil mechanism (whistle blower policy)

The board of directors of the company had adopted the whistle blower policy and appointed an ombudsman. Employees can report to the management concerned unethical behaviour, act or suspected fraud or violation of the company's code of conduct.

A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of code of conduct and ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the chairperson of the audit committee in exceptional cases.

The audit committee reviews periodically the functioning of whistle blower mechanism.

No personnel has been denied access to the audit committee. A copy of the whistle blower policy is also available on the website of the company at:

<http://www.prajayengineers.com/investors/corporate-governance>

The ombudsman has not received any complaint during the financial year ended 31st march, 2016.

d. details of compliance with mandatory requirements and adoption of non-mandatory requirements

The company has complied with all the mandatory requirements of the Schedule V on corporate governance report sub-paras (2) to (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015.

e. **policy on determining 'material' subsidiaries is available on the website of the company at:**

<http://www.prajayengineers.com/investors/corporate-governance>

f. **Policy on dealing with Related Party Transactions is available on the website of the company at:**

<http://www.prajayengineers.com/investors/corporate-governance>

g. **Disclosure of commodity price risks and commodity hedging activities - NIL**

12. Compliance of discretionary requirements as specified in Part E of Schedule II

The Company has not complied with any discretionary requirements as specified in part E of schedule II to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

13. Disclosure of compliance with corporate governance requirements specified in regulation 17-27 and clauses (b) to (i) of regulation 46 are as under

The Company has complied with all the mandatory requirements of corporate governance as per Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 and Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to corporate governance

14. Code of conduct

The board has laid down a code of conduct covering the ethical requirements to be complied with covering all the board members and senior management personnel and all employees of the company.

A declaration by the Managing Director & CEO stating that all the Board Members and senior management personnel have affirmed their compliance with the Code of Conduct for the financial year ended March 31, 2016, is annexed to the Corporate Governance Report.

15. CEO and CFO certification

The Managing Director and CFO have given a certificate to the board as contemplated in schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is separately annexed.

16. Disclosure with respect to demat suspense account / unclaimed suspense account – not applicable to the company

17. Proceeds from public issues, rights issues, preferential issues, etc. – Not Applicable.

18. The company has adopted a policy on dissemination of information on the material events to stock exchanges in accordance with the regulation 30 of the SEBI (LODR) Regulations, 2015. The said policy is available on the website of the company at:

<http://www.prajayengineers.com/investors/corporate-governance>

19. The company has adopted the policy on preservation of documents in accordance with the regulation 9 of the SEBI (LODR) Regulations, 2015. The documents preservation policy is available on the website of the company at: <http://www.prajayengineers.com/investors/corporate-governance>

On behalf of the Board of Directors
of **Prajay Engineers Syndicate Limited**

Sd/-
D. Vijay Sen Reddy
Managing Director

Sd/-
Sumit Sen
Whole Time Director

Place : Hyderabad

Date : 14th July, 2016

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

We hereby certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2016 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 year 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, if any, of which we are aware and the steps taken or proposed to be take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee that there are no:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Place : Hyderabad
Date : 14.06.2016

D. Vijay Sen Reddy
Chief Executive Officer

P. Bhaskara Rao
Chief Financial Officer

AUDITORS' CERTIFICATE

ON COMPLIANCE WITH THE CONDITIONS OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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 Regulations.

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: 14.07.2016

P. Konda Reddy

Company Secretary in Practice

C. P. No: 4384

DECLARATION ON CODE OF CONDUCT

As provided under Schedule – V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board of directors and the senior management personnel have confirmed compliance with the code of conduct and ethics for the financial year ended 31st March, 2016.

Place : Hyderabad

Date : 14.07.2016

D. Vijay Sen Reddy

Chief Executive Officer

Independent Auditor's Report

**To the Members of
M/s. Prajay Engineers Syndicate Limited**

Report on the Financial Statements

We have audited the accompanying Standalone financial statements of M/s. Prajay Engineers Syndicate Limited ("**the Company**") which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, of the state of affairs of the Company as at March 31, 2016, and its Loss and its Cash Flow for the year ended on that date.

Emphasis of matter

We draw attention to the following:

- a) Note 37(a) of the Standalone Financial Statements, in respect of trade receivables considered good include an amount of ₹ 21498.92 Lakhs due from customers which are outstanding for more than six months. We are unable to comment on the realization of these receivables in the absence of confirmation from the concerned parties. An amount of ₹ 1246.96 Lakhs is set aside towards provision for trade receivables considered as doubtful.

- b) Note 37(b) of the Standalone Financial Statements, in respect of Loans and advances amounting to ₹ 5355.14 Lakhs towards purchase of land/ development towards certain projects of long term nature, and an amount of ₹ 1387.86 Lakhs given to suppliers etc. outstanding from earlier years. We are unable to comment on the realization of these advances. An amount of ₹ 700 Lakhs is set aside towards provision for advances considered as doubtful.
- c) Note 24 and 25 (c) 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 us.

Further, with effect from 01.04.2012, ICAI has issued Guidance Note on Accounting for real estate Transactions (revised 2012), where "Project costs incurred" method is the preferred method for computation of revenue. This is not being followed.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid (Standalone) financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position- refer Note 30 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of

Meenavalli & Associates
Chartered Accountants
FRN: 012208S

CA. Machar Rao. M
Partner
M.No: 218836

Place : Hyderabad
Date : 14.06.2016

“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
 - (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
 - (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
 - (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, except as given below.

Statement of disputed dues:

Particulars	Amount (₹ Lakhs)	Period to which the amount relates (FY)	Forum where the dispute is pending
Income tax	15.45	2006-07	Income Tax Appellate Tribunal
	289.20	2009-10	Income Tax Appellate Tribunal
	841.49	2010-11	Income Tax Appellate Tribunal
	103.75	2011-12	Commissioner of Income Tax (Appeals)
Service tax	1820.62	2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal

- 8) In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks. Principal amounts aggregating ₹ 5816.53 Lakhs are due from December 2012 to March 2016, and interest amounts aggregating ₹ 7328.36 Lakhs are due from April 2013 to March 2016. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of

Meenavalli & Associates
Chartered Accountants
FRN: 012208S

CA. Machar Rao. M
Partner
M.No: 218836

Place : Hyderabad
Date : 14.06.2016

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of M/s Prajay Engineers Syndicate Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of

Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the standalone financial statements of the company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of M/s.Prajay Engineers Syndicate Limited (“the Company”) for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For and on behalf of

Meenavalli & Associates

Chartered Accountants

FRN: 012208S

CA. Machar Rao. M

Partner

M.No: 218836

Place : Hyderabad

Date : 14.06.2016

BALANCE SHEET AS AT MAR 31, 2016

(₹ in Lakhs)

Sl. No.	Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I	EQUITY AND LIABILITIES			
1	Shareholders' Funds			
	(a) Share Capital	2	6,993.58	6,993.58
	(b) Reserves and Surplus	3	54,301.46	56,645.08
2	Non-current Liabilities			
	(a) Long-term borrowings	4	7,005.12	9,108.32
	(b) Deferred Tax Liabilities (Net)	5	578.31	298.47
	(c) Long-term provisions	6	52.75	54.60
3	Current Liabilities			
	(a) Short-term borrowings	7	2,501.20	2,430.39
	(b) Trade Payables	8	23,534.18	24,727.46
	(c) Other current liabilities	9	18,659.54	14,414.28
	(d) Short-term provisions	10	633.22	633.22
	TOTAL		114,259.36	115,305.40
II	ASSETS			
1	Non-current assets			
	(a) Fixed assets	11		
	Tangible assets		13,823.19	14,460.64
	Intangible assets		0.91	0.92
	Capital Work-In Progress		19,698.28	18,046.69
	(b) Non-current investments	12	13,321.30	13,321.30
	(c) Long-term loans & advances	13	6,231.34	6,813.70
2	Current assets			
	(a) Inventories	14	36,229.27	35,490.19
	(b) Trade receivables	15	21,511.16	23,584.11
	(c) Cash and cash equivalents	16	150.41	130.91
	(d) Short-term loans and advances	17	3,293.50	3,456.94
	TOTAL		114,259.36	115,305.40
	Notes forming part of the financial statements	1-40		

As per our report attached

For and on behalf of the Board

For **Meenavalli & Associates**

Chartered Accountants

Reg.No.012208S

Machar Rao. M

M.No.218836

Partner

D.Vijay Sen Reddy

Managing Director

(DIN No. 00291185)

Sumit Sen

Whole Time Director

(DIN No 01028417)

Place : Hyderabad

Date : 14.06.2016

P.Bhaskara Rao
 Chief Financial Officer
 (M No. 9445)

D. Madhavi Latha
 Company Secretary
 (M No. F7394)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MAR 31, 2016 (₹ in Lakhs)

Sl. No.	Particulars	Note No.	Year ended 31.03. 2016	Year ended 31.03. 2015
I	Revenue from operations	18	7,266.72	5,577.79
II	Other Income	19	762.92	234.31
III	Total Revenue (I + II)		8,029.64	5,812.10
IV	Expenses:			
1	Cost of Land, Plots, Constructed Properties and Contracts	20	5,336.93	3,918.00
2	Direct Cost Hotels & Resorts		455.34	453.76
3	Employee benefits expense	21	617.78	589.16
4	Finance costs	22	1,285.19	579.63
5	Depreciation and amortisation expense		616.12	608.49
6	Other expenses	23	1,782.07	1,867.27
	Total expenses		10,093.43	8,016.31
V	Profit before Prior Period Items (III - IV)		(2,063.79)	(2,204.21)
VI	Prior period Items (Net)		-	(163.94)
VII	Profit before tax (V- VI)		(2,063.79)	(2,368.15)
VIII	Tax expense			
1	Current Tax		-	-
2	Prior period Tax		-	-
3	Deferred Tax		279.84	(7.97)
	Total Tax Expense		279.84	(7.97)
IX	Profit / (Loss) for the year (VI- VII)		(2,343.63)	(2,360.18)
	Earnings per share (in ₹) (Note 32)			
	Basic		(3.35)	(3.37)
	Diluted		(3.35)	(3.37)
	Notes forming part of the financial statements	1-40		

As per our report attached

For and on behalf of the Board

For **Meenavalli & Associates**

Chartered Accountants

Reg.No.012208S

Machar Rao. M

M.No.218836

Partner

D.Vijay Sen Reddy

Managing Director

(DIN No. 00291185)

Sumit Sen

Whole Time Director

(DIN No 01028417)

Place : Hyderabad

Date : 14.06.2016

P.Bhaskara Rao
Chief Financial Officer
(M No. 9445)**D. Madhavi Latha**
Company Secretary
(M No. F7394)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A Cash Flow from Operating Activities:		
Net Profit before Taxation	(2,063.79)	(2,368.15)
Adjustments for:		
Depreciation and amortisation	616.12	608.49
Provision for Doubtful Debts and Advances towards purchase of Land	1,050.00	896.96
(Profit)/Loss on sale of Fixed Assets (Net)	-	(12.34)
Income from non trade investments	-	(0.05)
Interest Income	(5.60)	(6.03)
Interest and Finance Charges	1,285.19	579.63
Operating Profit before working capital changes	881.91	(301.49)
Adjustments for:		
Inventories	(739.06)	(999.83)
Trade Receivables	1,722.96	571.51
Loans and Advances	362.06	(8.32)
Trade and Other Payables	(1,539.96)	(152.19)
Cash generated from Operations	687.91	(890.32)
Direct Taxes paid	(198.62)	(101.22)
Net Cash Flows from Operating Activities(A)	489.29	(991.54)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets / CWIP	(1,697.37)	(11,250.94)
Sale/adjustment of Fixed Assets	67.11	9,128.10
Movement in long term advances	(117.64)	245.04
Income from non trade investments (dividend)	-	0.05
Interest income received	5.60	6.03
Net Cash from / (used in) Investing Activities (B)	(1,742.30)	(1,871.72)
C Cash Flow from Financing Activities		
Increase/(Decrease) of long term borrowings	2,486.89	2,111.84
Increase/(Decrease) of short term borrowings	70.81	1,182.72
Interest Paid	(1,285.19)	(579.63)
Net Cash from/(Used in) Financing Activities (C)	1,272.51	2,714.93
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	19.50	(148.32)
Cash and Cash Equivalents at the beginning of the year	130.91	279.22
Cash and Cash Equivalents at the end of the year	150.41	130.91

Notes: Cash and Cash Equivalents as on March 31, 2016 includes :

- ₹ 0.16 Lakhs in Escrow Account (31.03.2015 : ₹ 0.02 Lakhs)
- ₹ 19.57 Lakhs (31.03.2015 : ₹ 32.59 Lakhs) in bank deposits against which banks have issued guarantees.
- ₹ Nil (31.03.15 : ₹ 5.46 Lakhs) in unclaimed dividend account.

As per our report attached

For and on behalf of the Board

For **Meenavalli & Associates**

Chartered Accountants

Reg.No.012208S

Machar Rao. M

M.No.218836

Partner

D.Vijay Sen Reddy

Managing Director

(DIN No. 00291185)

Sumit Sen

Whole Time Director

(DIN No 01028417)

Place : Hyderabad

Date : 14.06.2016

P.Bhaskara Rao

Chief Financial Officer

(M No. 9445)

D. Madhavi Latha

Company Secretary

(M No. F7394)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting

The financial statements are prepared under the historical cost convention in conformity with the Generally Accepted Accounting Principles in India, applicable Accounting Standards specified under section 133 of the companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

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

Effective 1st April, 2014, Depreciation on fixed assets is provided on straight-line method and based on useful life of assets as prescribed in Schedule II to the Companies Act, 2013 as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(v) In respect of membership (club) sales, revenue is recognized as under:

- Life membership, Permanent membership and Time-share membership over a period of 15 years.
- Long-term membership over a period of 3 years.
- Health club membership fully in the year of receipt.

h) Cost of Construction

Cost of constructed properties includes cost of land (including land under agreements to purchase), estimated internal development costs, external development charges, constructions costs and development/ construction materials, which is charged to the 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 Lakhs)

Particulars	As at	
	31.03.2016	31.03.2015
Authorised		
250,000,000 Equity shares of ₹10 each	25,000.00	25,000.00
	25,000.00	25,000.00
Issued, Subscribed		
70,267,291 Equity shares of ₹10 each	7,026.72	7,026.72
	7,026.72	7,026.72
Paid up		
69,935,791 Equity shares of ₹10 each fully paid	6,993.58	6,993.58
	6,993.58	6,993.58
Reconciliation of Shares	No. of shares	No. of shares
Equity Shares outstanding at the beginning of the year	69,935,791	69,935,791
Changes during the year	-	-
Equity Shares outstanding at the end of the year	69,935,791	69,935,791

Of the above:

2,972,787 shares have been allotted pursuant to a contract without payment 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 31.03.2016		As at 31.03.2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
- D.Hymavathi Reddy	8,237,618	11.78	8,237,618	11.78
- D.Vijay Sen Reddy	12,315,183	17.61	12,315,183	17.61

NOTE : 3 RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	As at	
	31.03.2016	31.03.2015
Share Premium		
Balance as per last account	40,762.16	40,762.16
Add: Amount received during the year	-	-
	40,762.16	40,762.16
Capital Reserve	475.80	475.80
General Reserve		
Balance as per last account	1,999.08	1,999.08
Add: Amount transferred from statement of Profit and Loss Account	-	-
	1,999.08	1,999.08
Surplus in Statement of Profit and Loss		
Balance as per last account	13,408.03	16,150.41
Add/(Less): Additional Depreciation pursuant to enactment of Schedule II of the Companies Act,2013	-	(382.19)
Profit/(Loss) for the year	(2,343.63)	(2,360.18)
Closing Balance	11,064.40	13,408.03
Total Reserves	54,301.46	56,645.08

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE : 4 LONG - TERM BORROWINGS

(₹in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
SECURED		
a) Term Loans :		
From Banks		
- SBI Consortium:		
- State Bank of India	883.58	1,473.58
- State Bank of India (SBS)	170.62	394.62
- State Bank of Mysore	381.65	685.65
- State Bank of Bikaner and Jaipur	381.10	685.10
-The Tamilnad Mercantile Bank Limited	281.49	504.29
- Punjab National Bank	563.55	931.55
[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) Loans and advances from related parties:		
Prajay Properties Pvt Ltd	3,200.00	3,200.00
(Secured by Mortgage of 49,869 Sft of office premises at Begumpet, land admeasuring 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 31-3-16) (See note 39)		
c) Other loans and advances:		
-Indian Overseas Bank	270.15	374.92
[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 per quarter w.e.f. December 2013]		
-Indian Overseas Bank	779.02	825.53
(Liquirent loan with a prime security of assignment of rent receivable for a period of 9 years commencing from March,2013)		
-Equipment / Auto Loans.	93.96	33.08
(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)		
UNSECURED		
Deposits		
-Public deposits	-	-
	7,005.12	9,108.32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 5 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Arising on account of timing difference - depreciation	578.31	298.47
Net Deferred tax liability	578.31	298.47

NOTE : 6 LONG - TERM PROVISIONS

Particulars	As at 31.03.2016	As at 31.03.2015
Provision for employee benefits	52.75	54.60
	52.75	54.60

NOTE : 7 SHORT - TERM BORROWINGS

Particulars	As at 31.03.2016	As at 31.03.2015
Secured		
Loans repayable on demand:		
From other parties		
-Life Insurance Corporation	42.49	42.49
(Secured against the Keyman Insurance Policy)		
-Emami Realty Limited	100.00	-
(Secured against mortgage of 4 villas at Celebrity Villas)		
Unsecured		
-Loans & advances from related parties*	2,286.91	2,316.10
Deposits:		
-Deposits (others)	70.00	70.00
-Unclaimed Public deposits	1.80	1.80
	2,501.20	2,430.39

includes from Subsidiaries *

(a) Prajay Retail Properties Pvt Ltd - ₹ 821.62 Lakhs (31.03.15 ₹ 814.75 Lakhs)

(b) Prajay Holdings Pvt Ltd - ₹ 1360.47 Lakhs (31.03.15 ₹ 1274.18 Lakhs)

NOTE : 8 TRADE PAYABLES

Particulars	As at 31.03.2016	As at 31.03.2015
Due to creditors, other than Micro, Small & medium enterprises	23,534.18	24,727.46
	23,534.18	24,727.46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE : 9 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Current maturities of Long term debt:		
-Indian Overseas Bank	300.67	216.30
-Indian Overseas Bank (Liquirent Loan)	302.72	351.11
- SBI Consortium:		
- State Bank of India	2,280.00	1,800.00
- State Bank of India (SBS)	852.11	630.00
- State Bank of Mysore	1,137.22	855.00
- State Bank of Bikaner and Jaipur	1,137.22	855.00
-The Tamilnad Mercantile Bank Limited	879.95	672.00
- Punjab National Bank (Note 4)	1,418.50	1,079.00
Current maturities of Equipment / Auto Loans (Note 4)	94.39	199.78
Interest Accrued and Due on IOB Loans	150.07	75.76
Interest Accrued and Due on SBI Consortium Loans	7,178.29	4,408.15
Interest Accrued and Due on LIC Loan	10.85	6.60
Interest Accrued and Due on short term loan	-	3.19
Other payables:		
Advance from Customers	2,917.42	3,256.07
Income received in advance	0.13	0.87
Unclaimed Dividend@	-	5.45
	18,659.54	14,414.28

@ There is no amount due to be credited to Investor Education and Protection Fund as at 31.03.16

NOTE : 10 SHORT - TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Provision for Income Tax	633.22	633.22
	633.22	633.22

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 11 FIXED ASSETS

₹ Lakhs

Sl. No	Particulars	Cost			Depreciation & Amortisation				Net Block	
		As On 31.03.2015	Additions	Deductions	As On 31.03.16	Retained Earnings	For The Year	On Deduction	As On 31.03.16	As On 31.03.15
	T A N G I B L E									
1	LAND-FREE HOLD	430.85	-	-	430.85	-	-	-	430.85	430.85
2	BUILDINGS	12,243.05	-	81.56	12,161.49	555.52	14.45	729.09	11,432.40	11,687.53
3	LEASE HOLD IMPROVEMENTS	429.32	-	-	429.32	429.32	-	429.32	-	-
4	PLANT & MACHINERY	4,159.86	45.32	-	4,205.18	2,090.30	-	347.89	2,438.20	2,069.56
5	FURNITURE & FIXTURES	402.00	-	-	402.00	306.36	-	22.16	328.52	95.64
6	COMPUTERS	90.36	0.45	-	90.81	83.30	-	4.48	87.78	7.06
7	VEHICLES	598.55	-	-	598.55	428.54	-	53.56	482.10	170.00
	Sub Total	18,353.99	45.77	81.56	18,318.20	3,893.34	14.45	616.11	4,495.01	14,460.64
	I N T A N G I B L E									
8	Software	25.02	-	-	25.02	24.10	-	0.01	24.11	0.92
	Total as on 31.03.2016	18,379.01	45.77	81.56	18,343.22	3,917.44	14.45	616.12	4,519.12	14,461.56
	Total as on 31.03.2015	7,315.77	11,250.94	187.70	18,379.01	3,011.76	85.01	608.49	3,917.45	14,461.56
	Capital Work in Progress								19,698.28	18,046.69

Note:

Plant & Machinery costing ₹ 329.68 Lakhs (31.03.2015 ₹ 402.86 Lakhs) and Vehicles costing ₹ 219.47 Lakhs (31.03.2015 ₹ 284.80 Lakhs) have been acquired on Equipment / Auto loans, the legal ownership 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 Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Non Trade - Quoted		
Investments in equity instruments :		
Indian Overseas Bank		
9,500 Equity Shares of ₹ 10 each, fully paid	2.28	2.28
Trade - Unquoted		
In Subsidiary Companies		
a) Investments in equity instruments :		
Prajay Retail Properties Private Ltd.		
5,000 Equity Shares of ₹ 1,000 each, fully paid	1,100.00	1,100.00
Prajay Holdings Private Limited		
9,99,900 Equity Shares of ₹ 10 each, fully paid	99.99	99.99
b) Investments in preference shares:		
Prajay Holdings Private Limited		
6,44,38,944 Preferential Shares of ₹ 10 each, fully paid	6,443.89	6,443.89
In associate Companies		
a) Investments in equity instruments :		
Prajay Properties Private Limited		
64,597 Equity Shares of ₹ 10 each, fully paid	6.46	6.46
Genisis Capital Pvt Ltd, Mauritius	5.18	5.18
10,000 Equity Shares of US\$ 1 each fully paid		
b) Investments in preference shares:		
Prajay Properties Private Limited	4,013.00	4,013.00
4,01,300 Preferential Shares of ₹ 10,000 each, fully paid		
Investments in Capital of Partnership Firm		
Prajay Binjusaria Estates	1,650.50	1,650.50
(Note 38)	13,321.30	13,321.30
(i) Aggregate of Quoted Investments		
Cost	2.28	2.28
Market Value	2.85	4.02
(ii) Aggregate of Unquoted Investments (Cost)	11,668.52	11,668.52

Note : 13 LONG TERM LOANS AND ADVANCES

Particulars	As at 31.03.2016	As at 31.03.2015
Unsecured considered good		
i. Security Deposits (a)	705.62	607.43
ii. Advance for purchase of land/ development (b)	6,083.43	6,065.79
iii. Capital advances	142.29	140.49
	6,931.34	6,813.70
Less Provision against advances for Purchase of land/development	700.00	-
	6,231.34	6,813.70

(a) includes deposit to Director ₹ 595.97 Lakhs (31.03.15 ₹ 500 Lakhs)

(b) 1. includes advance to Partnership firms in which the company is partner ₹ 89.65 Lakhs (31.03.15 ₹ 100.05 Lakhs)

2. includes advance to private companies in which any director is a director ₹ 1,960.46 Lakhs (31.03.15 ₹ 1,932.42 Lakhs)

3. includes advance to Director ₹ 50 Lakhs (31.3.15 ₹ 50 Lakhs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 14 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Land at Cost	14,193.15	14,193.15
Constructed Properties		
- Land and construction work in progress - at cost	22,025.01	21,287.42
Food and Beverages - at cost	11.11	9.63
	36,229.27	35,490.19

NOTE : 15 TRADE RECEIVABLES

Particulars	As at 31.03.2016	As at 31.03.2015
Unsecured , Considered good		
i. Outstanding for more than six months	21,498.93	23,519.03
ii. Other Debts	12.23	65.08
	21,511.16	23,584.11
Unsecured, Considered doubtful		
Outstanding for more than six months	1,246.96	896.96
Less: Provision for doubtful debts	1,246.96	896.96
	21,511.16	23,584.11

NOTE : 16 CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2016	As at 31.03.2015
Balance with Scheduled Banks		
On Current Account (a)	56.40	36.82
On Escrow Account	0.16	0.16
On Deposit Account (b)	19.57	32.59
Cash on Hand	74.28	61.34
	150.41	130.91

a) includes unpaid dividend accounts - Nil (31.03.15 : ₹ 5.46 Lakhs)

b) includes against Bank Guarantees ₹ 17.60 Lakhs (31.03.15 : ₹ 30.99 Lakhs); includes ₹ 14.33 Lakhs (31.03.15: ₹ 14.33 Lakhs) with more than 12 months maturity.

NOTE : 17 SHORT-TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
(Unsecured considered good unless otherwise specified)		
Loans and advances to related parties (a)	307.26	332.08
Others	2,097.39	2,434.63
Advance Tax	888.85	690.23
	3,293.50	3,456.94

a) includes ₹ 307.26 Lakhs (31-03-2015: ₹ 332.08 Lakhs) to Private Companies having Common Director.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 18 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Construction division		
(a) Sale of Constructed Properties	567.22	457.36
(b) Revenue from Construction Contracts	5,606.12	4,193.58
(c) Sale of Land	127.42	12.30
Hospitality division		
(a) Sale of Rooms	313.32	199.07
(b) Food and Beverages	386.67	552.06
(c) Others	95.49	2.97
(d) Membership Fees	170.48	160.45
	7,266.72	5,577.79

NOTE : 19 OTHER INCOME

Particulars	As at 31.03.2016	As at 31.03.2015
Rental Income	589.73	130.15
Interest Income	5.60	6.03
Dividend income	-	0.05
Profit on Sale of Fixed Assets	-	13.69
Miscellaneous	167.59	84.39
	762.92	234.31

NOTE : 20A COST OF LAND, PLOTS, CONSTRUCTED PROPERTIES & CONTRACTS

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Purchases, development/construction costs	1,232.31	1,154.28
Cost of construction contracts	4,842.22	3,762.27
Changes in inventories:		
- Closing stock		
- Land	14,193.15	14,193.15
- Constructed properties	22,025.01	21,287.42
Sub total A	36,218.16	35,480.56
Less : Opening stock		
- Land	14,193.15	14,193.15
- Constructed properties	21,287.42	20,288.86
Sub total B	35,480.56	34,482.01
Sub total B-A	(737.60)	(998.55)
Total	5,336.93	3,918.00

NOTE : 20B Direct Cost of Hotels & Resorts

Particulars	As at 31.03.2016	As at 31.03.2015
Cost of food & others	310.08	308.91
Other Direct Expenditure	145.26	144.85
Total	455.34	453.76

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 21 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Salaries, Wages and Bonus	906.77	839.67
Contribution to Provident Fund/ Pension Fund and Gratuity	6.66	29.86
Staff Welfare	20.74	8.01
	934.17	877.54
Less: Allocated to Projects	316.39	288.38
	617.78	589.16

NOTE : 22 FINANCE COSTS

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Interest Expenses		
-On Fixed Loans	4,155.39	2,993.24
-Others	36.91	33.19
Bank Charges	10.07	9.66
	4,202.37	3,036.09
Less: Allocated to Projects	2,917.18	2,456.46
	1,285.19	579.63

NOTE : 23 OTHER EXPENSES

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Rent (a)	91.73	221.84
Rates and Taxes	187.11	291.19
Insurance	20.53	26.05
Power and Fuel	264.55	349.22
Repairs and Maintenance		
- Building	12.05	-
- Plant & Machinery	34.88	30.78
- Others	5.29	10.50
Travelling Expenses	7.31	14.24
Printing and Stationery	14.98	18.14
Postage, Telegrams and Telephones	14.87	16.72
Professional Charges/Consultancy Charges	37.57	247.58
Advertisement	14.99	58.80
Loss on sale of fixed assets	-	1.35
Provision for Doubtful Debts	350.00	896.96
Provision against advances for Purchase of land/development	700.00	-
Miscellaneous Expenses	187.58	202.52
	1,943.44	2,385.87
Less Allocated to Projects	161.37	518.60
	1,782.07	1,867.27

a) Includes rent paid to Directors ₹ 100.56 Lakhs (31.03.15 ₹ 210.73 Lakhs).

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 ₹ 5,606.12 Lakhs (31.03.2015 ₹ 4,193.58 Lakhs) is recognized as contract revenue by the company during the current financial year. The cost incurred in respect of the above is ₹ 4,842.22 Lakhs (31.03.2015 ₹ 3,762.27 Lakhs).

26. Trade Payables – Dues to Micro and small enterprises

Trade payables (Note 8) include ₹ Nil (31.03.2015 ₹ 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.

27. Value of Import of CIF Basis (₹ in Lakhs)

Particulars	2015-16	2014-15
Construction related equipment and material -	Nil	9.64

28. Expenditure in Foreign Currency (₹ in Lakhs)

Particulars	2015-16	2014-15
Investments	-	-
Others	-	-

29. Auditors' Remuneration (₹ in Lakhs)

Particulars	2015-16	2014-15
For services as Auditor	11.20	11.20
For Tax Audit	3.00	1.50
For other Matters	--	0.22
For reimbursement of out of pocket expenses	0.47	0.40
For service tax	1.88	1.60

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

30. Contingent Liabilities (not provided for)

(₹ in Lakhs)

Particulars	2015-16	2014-15
Guarantees given to banks (on behalf of Prajay Properties Pvt Ltd)	12,130.00	12,130.00
The following disputed liabilities are under appeal by the Company:		
Service tax*	1,820.62	1,820.62
Income Tax	791.71	791.71
VAT	Nil	5.77

* The company has disputed the liability and replied to the show cause notice, that the short payment of service tax, if any, demanded by the Service Tax Authorities is not maintainable 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. CESTAT has pronounced stay against recovery during the pendency of appeal.

31. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 311.80 Lakhs (31.03.2015: ₹ 466.79 Lakhs); Other commitments Nil (31-03-2015: Nil).

32 Earnings Per Share (EPS):

(₹ in Lakhs)

Particulars	2015-16	2014-15
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 Lakhs)	(2343.63)	(2360.18)
c) Earnings per share (in ₹)		
i) Basic	(3.35)	(3.37)
ii) Diluted	(3.35)	(3.37)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33 Segment Reporting	(₹ in Lakhs)										
	Business Segment	2015-16					2014-15				
		Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total		
Segment Revenue											
External	6,300.76	965.96	762.92	8,029.64	4,663.23	914.56	234.31	5,812.10			
Total Revenue	6,300.76	965.96	762.92	8,029.64	4,663.23	914.56	234.31	5,812.10			
Segment Result	(1,353.03)	(79.06)		(1,432.09)	(1,442.01)	(302.92)		(1,744.93)			
Unallocated Corporate expenses net of unallocated income				(647.89)				(114.26)			
Operating Profit				(784.20)				(1,630.67)			
Interest Expense				1,285.19				579.63			
Prior Period Adjustments				-				(163.94)			
Interest Income				5.60				6.03			
Dividend Income				-				0.05			
Profit before Taxation				(2,063.79)				(2,368.16)			
Income Tax				-				-			
Prior period Tax				-				-			
Deferred Tax				279.84				(7.97)			
Net Profit				(2,343.63)				(2,360.18)			
Other Information											
Segment Assets	78,789.28	21,259.93	14,210.15	114,259.36	81,442.58	19,849.48	14,011.53	115,303.60			
Total Assets	78,789.28	21,259.93	14,210.15	114,259.36	81,442.58	19,849.48	14,011.53	115,303.60			
Segment Liabilities	41,969.82	223.90	1,211.53	43,405.25	38,907.00	229.30	937.14	40,073.44			
Total Liabilities	41,969.82	223.90	1,211.53	43,405.25	38,907.00	229.30	937.14	40,073.44			
Capital Expenditure	38.33	7.44	-	45.77	11,222.01	28.93	-	11,250.94			
Depreciation	496.34	119.78		616.12	423.72	184.77		608.49			
Non Cash expense other than depreciation	-			-	(12.34)			(12.34)			

Notes:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

34. Related Party Disclosures:

A. List of Related Parties

	Party	Relationship	
(a)	Prajay Holdings Private Limited Prajay Developers Private Limited Prajay Retail Properties Private Ltd Prajay Binjusaria Estates Prajay Properties Pvt Ltd Genesis Capital Pvt.Ltd.(Mauritius)	Subsidiary Step down – subsidiary Subsidiary Associate Associate Associate	
(b)	Key Management Personnel	Designation	Relatives (Relation)*
	Mr. Vijay Sen Reddy	Managing Director	Mrs. Sharmila Reddy (Wife)
			Mr.Rohit Reddy (Son)
	Mr. K. Ravi Kumar	Whole time Director	-
	Mr. Sumit Sen	Whole time Director	Mrs. Rina Sen (Wife)
* Relatives of key management personnel with whom there were transactions during the year			

(c) Other entities under the control of key management personnel and their relatives
Prajay Financial Services Limited
Prajay Lifestyle UPVC Windows Private Limited
Prajay Princeton Hotel Private Limited
Prajay Princeton Developers Private Limited
Prajay Velocity Developers Private Limited
Prajay Chit Funds Pvt.Ltd.
Secunderabad Golf and Leisure Resorts Private Limited
Prajay Land Capital Private Limited
VijMohan Constructions Private Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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	
		Subsidiaries / Step Down Subsidiaries		Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives			
		31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015		
Sale of land, property, material and work done	Prajay Properties Private Limited			5,606.12	4,193.57				
Purchase of Materials	Prajay Lifestyle UPVC Windows Private Limited			1.42	-				
Remuneration paid								74.22	48.46
Rent paid								100.56	210.67
Advances Given						53.79	69.73		
Repayment of Advances Taken		444.45	338.51	759.74	554.88				
Repayment of Advances given				48.06	6.01				
Advances Taken		537.62	1,462.30	4,838.86	4,808.78				
Balance at the end of the year									
Debit balances outstanding	Prajay Developers Private Limited	3.74	3.74						
	Prajay Land Capital Private Limited			0.38	0.38				
	VijMohan Constructions Private Limited			184.45	207.84				
	Secunderabad Golf and Leisure Resorts Private Limited			1,411.40	1,384.02				
	Prajay Velocity Developers Private Limited			545.33	544.65				
	Prajay Lifestyle UPVC Windows Private Limited			121.61	123.03				
	Prajay Princeton Developers Pvt. Ltd			0.42	0.42				
	Prajay Princeton Hotels Pvt. Ltd			0.41	0.41				
	Prajay Kamanwala Developers			-	10.65				
	Prajay Binjusaria Estates			89.65	89.40				
	Key Management Personnel							645.97	550.00
Credit balances outstanding	Prajay Properties Private Limited			3200.00	3200.00				
	Prajay Holdings Private Limited	1360.47	1274.18						
	Prajay Properties Private Limited			4943.12	6456.12				
	Prajay Financial Services Limited			76.07	76.07				
	Prajay Retail Properties Private Ltd	821.63	814.75						
	Prajay Kamanwala Developers			2.54					
	Key Management Personnel/relatives							53.82	156.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

35. LEASES:

Equipment / Auto Loans:

- (i) The Company has taken plant and machinery, motor vehicles under Equipment / Auto Loan arrangements for which the legal ownership will be transferred to the Company at the end of the Loan period.
- (ii) Reconciliation between the total of minimum equipment/auto loan payments at the balance sheet date and the present value:

(₹ in Lakhs)

	March 31, 2016			March 31, 2015		
	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	226.37	93.90	132.46	257.45	185.76	71.69
Less: Future Finance Charges	38.02	22.70	15.32	24.60	16.87	7.73
Present Value of minimum hire purchase payments at the Balance Sheet Date	188.35	71.20	117.14	232.85	168.89	63.96

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
36. Employee Benefits :

(₹ in Lakhs)

Particulars	Gratuity (Funded)	
	31.03.2016	31.03.2015
I. Expense recognized in the Statement of Profit and Loss Account for the year ended March 31, 2016		
1. Current Service Cost	4.26	4.68
2. Interest	4.14	2.67
3. Expected return on plan assets	(2.50)	(2.69)
4. Actuarial (Gain)/ Loss	1.79	14.67
Total Expense	7.69	(19.33)
II. Net Asset/(Liability) recognized in the Balance Sheet as on March 31, 2016		
1. Present Value of Defined Benefit Obligation as at the close of the year	52.75	54.60
2. Fair Value of plan assets as at close of the year	(26.49)	(32.43)
3. Funded Status [Surplus/(Deficit)]	(26.26)	(22.17)
4. Net Asset/(Liability) as the close of the year	(26.26)	(22.17)
III. Change in Obligation during the year ended March 31, 2016		
1. Present Value of Defined Benefit Obligation at the beginning of the year.	54.60	33.84
2. Current Service Cost	4.26	4.67
3. Interest Cost	4.14	2.67
4. Actuarial Gain/(Loss)	(4.56)	14.28
5. Benefit Payments	(5.69)	(0.87)
6. Present Value of Defined Benefit Obligation at the close of the year.	52.75	54.60
IV. Change in Fair Value of Assets during the year ended March 31, 2016		
1. Fair Value of plan assets at the beginning of the year	32.43	27.43
2. Expected return on plan assets	2.50	2.69
3. Contributions by employer	3.59	3.57
4. Actual benefits paid	(5.69)	(0.87)
5. Actuarial (Gain)/ Loss Plan Assets	(6.34)	(0.39)
Fair Value on plan assets at the close of the year	26.49	32.43
V. The major categories of plan assets as a percentage of total plan		
Funded with LIC	100%	100%
VI. Actuarial Assumptions		
1. Discount Rate	8.00% p.a.	8.00% p.a.
2. Expected Rate of Return on Plan Assets	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 ₹ 21,498.93 Lakhs (31-03-2015: ₹ 23,519.03 Lakhs), outstanding for more than six months. As a result of economic slowdown and recession in realty sector, the realizations from customers are slow. The company has provided ₹ 1246.96 Lakhs towards doubtful debts against Trade receivables, unsecured, considered doubtful.
- (b) Long Term Loans and Advances (Note 13) include advances given to Landlords/ developers towards certain projects amounting to ₹ 5,355.14 Lakhs (31-03-2015: ₹ 5,999.05 Lakhs) and Short Term Loans and Advances (Note 17) to suppliers, etc amounting to ₹ 1387.86 Lakhs (31-03-2015: ₹ 727.58 Lakhs) outstanding from earlier years. An amount of ₹ 700 Lakhs is set aside towards provision for advances considered as doubtful.

38. Details as required under Schedule III - Part I of the Companies Act, 2013 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 Lakhs (31-03-2015 : ₹ 2055.50 Lakhs)
- (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 Lakhs 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 31.03.16.

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

As per our report attached

For and on behalf of the Board

For **Meenavalli & Associates**

Chartered Accountants

Reg.No.012208S

Machar Rao. M

M.No.218836

Partner

Place : Hyderabad

Date : 14.06.2016

D.Vijay Sen Reddy

Managing Director

(DIN No. 00291185)

P.Bhaskara Rao
Chief Financial Officer

(M No. 9445)

Sumit Sen

Whole Time Director

(DIN No 01028417)

D. Madhavi Latha
Company Secretary

(M No. F7394)

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
 Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
 Part "A": Subsidiaries ₹ Lakhs

Sl. No.	Particulars	Details		
		Prajay Holdings Pvt.Ltd.	Prajay Developers Pvt.Ltd.(Step down Subsidiary)	Prajay Retail Properties Pvt.Ltd.
1.	Name of the subsidiary			
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2016	31.03.2016	31.03.2016
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA
4.	Share capital	6,572.10	2,182.32	50.00
5.	Reserves & surplus	663.86	(11.99)	(148.83)
6.	Total assets	20,330.69	2,216.38	1,031.52
7.	Total Liabilities	15,277.06	46.05	1,130.36
8.	Investments	2,182.32	-	-
9.	Turnover	1,988.81	-	0.85
10.	Profit before taxation	(480.91)	-	0.67
11.	Provision for taxation	(3.88)	-	0.21
12.	Profit after taxation	(477.03)	-	0.46
13.	Proposed Dividend	Nil	Nil	Nil
14.	% of shareholding	78%	-	99.55%

Notes:

- Names of subsidiaries which are yet to commence operations Prajay Developers Pvt.Ltd. (Step down subsidiary) and Prajay Retail Properties Pvt.Ltd.
- Names of subsidiaries which have been liquidated or sold during the year. - Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures ₹ Lakhs

Name of associates/Joint Ventures	Prajay Properties Pvt Ltd	Genesis Capital Pvt.Ltd., Mauritius
1. Latest audited Balance Sheet Date	31.03.2016	31.03.2015
2. Shares of Associate/Joint Ventures held by the company on the year end (shares)	64,597	10,000
Amount of Investment in Associates/Joint Venture	Investment in Equity ₹ 6.46 Lakhs and in Preference shares ₹ 4013.00 Lakhs	5.18
Extent of Holding%	49.49%	50%
3. Description of how there is significant influence	Common Director	Common Director
4. Reason why the associate/joint venture is not consolidated	Share holding is less than 51%	Share holding is less than 51%
5. Net worth attributable to shareholding as per latest audited Balance Sheet	136.41	(6.03)
6. Profit/Loss for the year	(108.39)	(USD 18,311)
i. Considered in Consolidation	(53.65)	(5.18)
ii. Not Considered in Consolidation	(54.74)	Loss restricted to Investment

- Names of associates or joint ventures which are yet to commence operations. Genesis Capital Pvt.Ltd., Mauritius
- Names of associates or joint ventures which have been liquidated or sold during the year. Nil

Independent Auditor's Report

To the Members of

M/s. **Prajay Engineers Syndicate Limited**

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of M/s.Prajay Engineers Syndicate Limited (hereinafter referred to as "the Holding Company") and its subsidiaries(the Holding company and its subsidiaries together referred to as the "Group") and its associates which comprises the Consolidated Balance Sheet as at March 31, 2016, 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

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, Consolidated financial performance and Consolidated cash flows of the group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective board of directors of the companies include in the group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidate financial statements by the directors of the Holding company as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Holding Company's preparation and the 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 whether the Holding Company has in place an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred in sub paragraph (a) of the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Basis for Qualified Opinion

- a) Interest accrued amounting to ₹ 4563.22 Lakhs (including ₹ 1,361.60 Lakhs for the year), on Compulsorily Convertible Debentures [Note 35(c)] has not been provided for. This constitutes a departure from the Accounting Standards. 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 ₹ 4563.22 Lakhs (including ₹ 1, 361.60 Lakhs for the year).
- b) Included in Short Term Loans and Advances [Note 35(b)] is ₹ 510.00 Lakhs 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 Lakhs, net profit and shareholders' funds would have decreased by ₹ 510.00 Lakhs.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for qualified opinion paragraph, the aforesaid Consolidated 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, of the consolidated state of affairs of the group and its associates as at March 31, 2016, and their consolidated Loss and their Consolidated Cash Flow for the year ended on that date.

Emphasis of matter

We 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 ₹ 22147.98 Lakhs due from customers which are outstanding for more than six months. We are unable to comment on the realization of these receivables in the absence of confirmation from the concerned parties. An amount of ₹ 1246.96 Lakhs is set aside towards provision for trade receivables considered as doubtful.
- b) Note 35(b) of the Consolidated Financial Statements, In respect of Loans and advances amounting to ₹ 5355.14 Lakhs towards purchase of land/ development towards certain projects of long term nature, and an amount of ₹ 1387.86 Lakhs given to suppliers etc outstanding from earlier years. We are unable to comment on the realization of these receivables. An amount of ₹ 700 lakhs is set aside towards provision for advances considered as doubtful.
- 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. 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 us. Further, with effect from 01-04-2012, ICAI has issued Guidance Note on Accounting for Real Estate Transactions (Revised 2012), where "Project Costs Incurred" method is the preferred method for computation of revenue. This method is not being followed.

Our opinion is not modified in respect of these matters.

Other Matters

- a) We did not audit the financial statements/ financial information of two subsidiaries whose financial statements/ financial information reflect total assets of ₹ 12723.38 Lakhs as at 31st March 2016, total revenues of ₹ 1988.81 Lakhs and net cash flows amounting to ₹ 47.87 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited, by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- b) The consolidated financial statements also include the Group's share of net loss of ₹ 53.65 Lakhs for the year ended 31st March, 2016, as considered in the financial statements, in respect of associates incorporated in India, which have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and our report in terms of Sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to these associates, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors reports of the holding company, subsidiary companies and associate companies incorporated in India, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by section 143 (3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Holding Company so far as it appears from our examination of those books;
 - c. The Consolidated Balance Sheet, the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors of the Holding company as on March 31, 2016 and taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary companies and its associate companies incorporated in India, none of the directors of the group companies and its associate companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
 - g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated financial statements disclose the pending litigations which would impact its consolidated financial position of the group and its associates- refer Note 27 to the consolidated financial statements.
 - ii. The group and its associates did not have any material long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the holding company and its subsidiary companies and associate companies incorporated in India.

For and on behalf of

Meenavalli & Associates
Chartered Accountants
FRN: 012208S

CA. Machar Rao. M
Partner
M.No: 218836

Place : Hyderabad
Date : 14.06.2016

“Annexure A” to the Independent Auditors’ Report

(Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date)

Our reporting on the Order includes 2(two) subsidiary companies and 2(two) associate companies, incorporated in India to which the order is applicable which have been audited by other auditors and our report in respect of these entities is based on solely on the reports of the other auditors, to the extent consolidated applicable for reporting under the Order in case of the consolidated financial statements for the year ended March 31, 2016:

- 1) In respect of fixed assets of the Holding Company, Subsidiary Companies and Associate Companies incorporated in India:
 - (a) The respective entities have been maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) As explained to us and other auditors, all the Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
 - (c) The title deeds of immovable properties are held in the name of the company.
- 2) In respect of Inventories of the Holding Company, Subsidiary Companies and Associate Companies incorporated in India:
 - a) The inventories in respect of the respective entities have been physically verified by the management at reasonable intervals. In our opinion and in the opinion of the other auditors the frequency of verification is reasonable.
 - b) In our opinion and in the opinion of the other auditors, and according to the information and explanation given to us and the other auditors, the respective entities have maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) According to the information and explanation given to us and the other auditors, the Holding Company and Subsidiary companies has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. According to the other auditors, an associate company has granted loans where maximum amount involved is ₹ 10898.90 Lakhs and the balance outstanding at the yearend ₹ 8143.12 Lakhs.
- 4) In our opinion and in the opinion of the other auditors according to the information and explanations given to us, the holding company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) In our opinion and in the opinion of the other auditors according to the information and explanations given to us the holding company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and the other auditors on the basis of our examination of the books of account, and records, the holding company, Subsidiary companies and Associate Companies has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
 - b) As at 31st March 2016 according to records of the Holding company, Subsidiary companies and Associate companies and the information and explanation given to us and the other auditors, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, except as given below.

Statement of disputed dues:

Particulars	Amount (₹ Lakhs)	Period to which the amount relates(FY)	Forum where the dispute is pending
Income tax	15.45	2006-07	Income Tax Appellate Tribunal
	289.20	2009-10	Income Tax Appellate Tribunal
	841.49	2010-11	Income Tax Appellate Tribunal
	103.75	2011-12	Commissioner of Income Tax (Appeals)
Service tax	1820.62	2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal

- 8) In our opinion and according to the information and explanations given to us and the other auditors, the Holding Company has defaulted in the repayment of dues to banks. Principal amounts aggregating ₹ 5816.53 Lakhs are due from December 2012 to March 2016, and interest amounts aggregating ₹ 7328.36 Lakhs are due from April 2013 to March 2016. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the holding company, Subsidiary companies and Associate Companies has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Holding Company, Subsidiary Companies and Associate Companies or on the Holding company, Subsidiary Companies and Associate Companies by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Holding Company, Subsidiary Companies and Associate Companies are not a Nidhi Companies. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Group.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements of the Holding Company, Subsidiary companies and Associate Companies as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the Holding company, Subsidiary companies and Associate Companies has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the Holding company, Subsidiary companies and Associate Companies has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Holding Company, Subsidiary companies and Associate Companies and hence not commented upon.

For and on behalf of

Meenavalli & Associates
Chartered Accountants
FRN: 012208S

CA. Machar Rao. M
Partner
M.No: 218836

Place : Hyderabad
Date : 14.06.2016

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of M/s Prajay Engineers Syndicate Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of

Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of Prajay Engineers Syndicate Limited (herein after referred to as “the Holding Company”) and its subsidiaries (The holding company and its subsidiaries together referred to as the “group”) and its associates which are incorporated in India for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiaries and its associate companies which are incorporated in India are responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding company and its subsidiaries and its associate companies which are incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For and on behalf of

Meenavalli & Associates
Chartered Accountants
FRN: 012208S

CA. Machar Rao. M
Partner
M.No: 218836

Place : Hyderabad
Date : 14.06.2016

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	6,993.58	6,993.58
(b) Reserves and Surplus	3	52,625.39	55,604.60
2 Minority Interest		174.24	279.19
3 Non-current Liabilities			
(a) Long-term borrowings	4	20,497.77	22,600.96
(b) Deferred Tax Liabilities (Net)	5	577.22	301.26
(c) Long-term provisions	6	52.75	54.60
4 Current Liabilities			
(a) Short-term borrowings	7	319.17	341.47
(b) Trade Payables	8	23,964.58	25,189.29
(c) Other current liabilities	9	21,144.41	17,310.20
(d) Short-term provisions	10	633.63	638.75
TOTAL		126,982.74	129,313.91
II ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		13,891.84	14,554.29
(ii) Intangible assets		0.91	0.92
(iii) Capital Work-In Progress		19,698.28	18,046.69
(b) Non-current investments	12	5,665.78	5,695.73
(c) Long-term loans & advances	13	6,238.01	6,819.01
(d) Goodwill on Consolidation		1,075.70	1,075.70
2 Current assets			
(a) Inventories	14	53,406.34	54,716.65
(b) Trade receivables	15	22,147.98	23,764.70
(c) Cash and cash equivalents	16	274.36	207.01
(d) Short-term loans and advances	17	4,583.54	4,433.21
TOTAL		126,982.74	129,313.91
Notes forming part of the consolidated financial statements	1-37		

As per our report attached

For and on behalf of the Board

For **Meenavalli & Associates**

Chartered Accountants

Reg.No.012208S

Machar Rao. M

M.No.218836

Partner

D.Vijay Sen Reddy

Managing Director

(DIN No. 00291185)

Sumit Sen

Whole Time Director

(DIN No 01028417)

Place : Hyderabad

Date : 14.06.2016

P.Bhaskara Rao
 Chief Financial Officer
 (M No. 9445)

D. Madhavi Latha
 Company Secretary
 (M No. F7394)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lakhs)

Particulars	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
I Revenue from operations	18	9,255.53	10,914.89
II Other Income	19	766.73	235.15
III Total Revenue (I + II)		10,022.26	11,150.04
IV Expenses:			
1 Cost of Land, Plots, Constructed Properties and Contracts	20	7,775.36	9,288.83
2 Direct Cost Hotels & Resorts		455.34	453.76
3 Employee benefits expense	21	617.78	589.16
4 Finance costs	22	1,286.21	591.81
5 Depreciation and amortisation expense		641.12	637.87
6 Other expenses	23	1,791.04	1,907.34
Total expenses		12,566.85	13,468.77
V Profit/(Loss) before Prior Period items,Tax & Minority Interest (III - IV)		(2,544.59)	(2,318.73)
VI Prior Period Items (Net)		-	(163.94)
VII Profit before tax (V - VI)		(2,544.59)	(2,482.67)
VIII Tax expense			
1 - Current Tax		0.03	0.21
2 - Prior period Tax		-	-
3 - Deferred Tax		275.96	(15.63)
Total Tax Expense		275.99	(15.42)
IX Profit / (Loss) after tax & before Minority Interest (VII- VIII)		(2,820.58)	(2,467.25)
X Minority interest adjustment		(104.95)	25.86
XI Share in Net Profit/(Loss) of Associate		(53.65)	23.49
XII Profit / (Loss) after tax & Minority Interest (IX-X-XI)		(2,769.28)	(2,469.62)
Earnings per share (in ₹) (Note 30)			
Basic		(3.96)	(3.53)
Diluted		(3.96)	(3.53)
Notes forming part of the Consolidated financial statements	1-37		

As per our report attached

For and on behalf of the Board

For **Meenavalli & Associates**

Chartered Accountants

Reg.No.012208S

Machar Rao. M

M.No.218836

Partner

D.Vijay Sen Reddy

Managing Director

(DIN No. 00291185)

Sumit Sen

Whole Time Director

(DIN No 01028417)

Place : Hyderabad

Date : 14.06.2016

P.Bhaskara Rao
Chief Financial Officer
(M No. 9445)**D. Madhavi Latha**
Company Secretary
(M No. F7394)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
A Cash Flow from Operating Activities:		
Net Profit before Taxation	(2,544.59)	(2,482.67)
Adjustments for:		
Depreciation and amortisation	641.12	637.87
Provision for Doubtful Debts and Advances towards purchase of Land	1,050.00	896.96
(Profit) / Loss on sale of Investments	-	-
(Profit) / Loss on sale of Fixed Assets	-	(12.34)
Income from non trade investments	-	(0.05)
Interest Income	(5.88)	(6.87)
Interest and Finance Charges	1,286.21	591.81
Operating Profit before working capital changes	426.86	(375.29)
Adjustments for:		
Inventories	1,046.72	3,148.42
Trade Receivables	1,266.72	(299.76)
Loans and Advances	48.51	457.83
Trade and Other Payables	(1,982.45)	(2,650.54)
Cash generated from Operations	806.36	280.66
Direct Taxes paid	(203.98)	101.42)
Net Cash Flows from Operating Activities (A)	602.38	179.24
B Cash Flow from Investing Activities		
Purchase of Fixed Assets/CWIP	(1,697.36)	(11,250.94)
Sale/adjustment of Fixed Assets	67.11	9,128.10
Movement in Investments	29.95	(27.07)
Movement in long term advances	(119.00)	-
Loans and Advance to Subsidiaries	-	-
Income from non trade investments (dividend)	-	0.05
Interest income received	5.88	6.87
Net Cash from/(used in) Investing Activities (B)	(1,713.42)	(2,142.99)
C Cash Flow from Financing Activities		
Issue of Equity Capital /Share Warrants/Share Premium	-	-
Increase /(Decrease) of long term borrowings	2,486.91	(2,657.23)
Increase /(Decrease) of short term borrowings	(22.30)	4,749.09
Interest Paid	(1,286.21)	(591.81)
Net Cash flows from Financing Activities (C)	1,178.40	1,500.05
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	67.36	(463.70)
Cash and Cash Equivalents at the beginning of the year	207.01	670.71
Cash and Cash Equivalents at the end of the year	274.36	207.01

Notes: Cash and Cash Equivalents as on March 31, 2016 includes :

- ₹ 31.13 Lakhs in Escrow Account (31.03.2015 : ₹ 31.13 Lakhs)
- ₹ 19.57 Lakhs (31.03.2015 : ₹ 32.59 Lakhs) in bank deposits against which banks have issued guarantees.
- ₹ nil (31.03.15 : ₹ 5.46 Lakhs) in unclaimed dividend account.

As per our report attached

For and on behalf of the Board

For **Meenavalli & Associates**

Chartered Accountants

Reg.No.012208S

Machar Rao. M

M.No.218836

Partner

D.Vijay Sen Reddy

Managing Director

(DIN No. 00291185)

Sumit Sen

Whole Time Director

(DIN No 01028417)

Place : Hyderabad

Date : 14.06.2016

P.Bhaskara Rao

Chief Financial Officer

(M No. 9445)

D. Madhavi Latha

Company Secretary

(M No. F7394)

Note 1

- A. (a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) "Accounting for Investments in Associates in Consolidated Financial Statements".
- (b) The financial statements of the following subsidiary companies and associate companies have been accounted for in accordance with AS 21 and AS 23 respectively:

Name	Relationship	Country of Incorporation	Percentage of ownership interests as at March 31, 2016	Percentage of ownership interests as at March 31, 2015
Prajay Holdings Private Limited (PHPL).	Subsidiary	India	78.00	78.00
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

B. SIGNIFICANT ACCOUNTING POLICIES

1. Method of Accounting

These financial statements are prepared under historical cost convention in conformity with the Generally Accepted Accounting Principles in India, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

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

Effective 1st April, 2014, Depreciation on fixed assets is provided on straight-line method and based on useful life of assets as prescribed in Schedule II to the Companies Act, 2013 as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

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

In respect of real estate projects where the revised Guidance Note (effective 1st April, 2012) on Accounting for Real Estate Transactions (issued by the Institute of Chartered Accountants of India) was not applicable:

- (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.

In respect of real estate projects where the revised Guidance Note (effective 1st April, 2012) on Accounting for Real Estate Transactions (issued by the Institute of Chartered Accountants of India) was applicable:

- (i) Sale of undeveloped Plots is recognized in the financial year in which the agreement to sell is executed.
- (ii) Revenue from developed Plots and constructed properties is recognized under the "percentage of completion method" when the outcome of the project can be estimated reliably and all the following events in (a) to (d) are completed:
 - (a) All critical approvals necessary for commencement of the project have been obtained.
 - (b) Expenditure incurred on construction and development costs is at least 25% of the total construction and development costs.
 - (c) At least 25% of the saleable project area is secured by sale agreements with buyers.
 - (d) At least 10% of the total revenue as per sale agreements are realized at the reporting date in respect of each of the sale agreements and it is reasonable to expect that the parties to such sale agreements will comply with the payment terms.
- (iii) When it is probable that total costs will exceed the total project revenue, the expected loss is recognized immediately.
- (iv) Service tax does not form part of gross revenue.

In respect of Hotels and resorts:

- (i) 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.,
- (ii) In respect of membership (club) sales, revenue is recognized as under:
 - Life membership, Permanent membership and Time-share membership over a period of 15 years.
 - Long-term membership over a period of 3 years.
 - Health club membership fully in the year of receipt.

8. Cost of Construction

Cost of constructed properties includes cost of land (including land under agreements to purchase), estimated internal development costs, external development charges, constructions costs and development/ construction materials, which is charged to the 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 Lakhs)

Particulars	As at	As at
	31.03.2016	31.03.2015
Authorised		
250,000,000 Equity shares of ₹ 10 each	25,000.00	25,000.00
	25,000.00	25,000.00
Issued, Subscribed		
70,267,291 Equity shares of ₹ 10 each	7,026.72	7,026.72
	7,026.72	7,026.72
Paid up		
69,935,791 Equity shares of Rs10 each fully paid	6,993.58	6,993.58
	6,993.58	6,993.58
Reconciliation of Shares	No of Shares	No of Shares
Equity Shares outstanding at the beginning of the year	69,935,791	69,935,791
Changes during the year	-	-
Equity Shares outstanding at the end of the year	69,935,791	69,935,791

Of the above:

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

Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 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 31.03.2016		As at 31.03.2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
-D.Hymavathi Reddy	8,237,618	11.78	8,237,618	11.78
-D.Vijay Sen Reddy	12,315,183	17.61	12,315,183	17.61

Note : 3 RESERVES AND SURPLUS

(₹.in Lakhs)

Particulars	As at	As at
	31.03.2016	31.03.2015
Share Premium	42,898.08	42,898.08
Capital Reserve	1,058.88	1,058.88
General Reserve	1,999.08	1,999.08
Surplus in Statement of Profit and Loss		
Balance as per last account	9,648.54	12,510.39
Add/(Less): Additional Depreciation pursuant to enactment of Schedule II of the Companies Act,2013	-	(392.23)
Profit/(Loss) for the year	(2,769.28)	(2,469.62)
Closing Balance	6,879.26	9,648.54
Total Reserves	52,625.39	55,604.60

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note : 4 LONG - TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
SECURED		
a) Term Loans :		
From Banks		
- SBI Consortium:		
- State Bank of India	883.58	1,473.58
- State Bank of India (SBS)	170.62	394.62
- State Bank of Mysore	381.65	685.65
- State Bank of Bikaner and Jaipur	381.10	685.10
-The Tamilnad Mercantile Bank Limited	281.49	504.29
- Punjab National Bank	563.55	931.55
[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) Loans and advances from related parties:		
Prajay Properties Pvt Ltd	3,200.00	3,200.00
(Secured by Mortgage of 49,869 Sft of office premises at Begumpet, land admeasuring 11 Ac 33 Gts in Sy. No.1222 at Shamirpet and land admeasuring 5168 Sq.Yds in Sy.Nos 1211 to1217 and 1226 at Shamirpet village along with the personal guarantee of some the Directors. The loan is repayable on the expiry of 72 months from the date of obtaining all statutory approvals for Prajay Megapolis project, which has not crystallised as on 31-3-16) (See note 31)		
c) Other loans and advances:		
-Indian Overseas Bank	270.15	374.92
[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 Lakhs per quarter w.e.f.December, 2013]		
-Indian Overseas Bank		
(Liquirent loan with a prime security of assignment of rent receivable for a period of 9 years commencing from March, 2013)	779.02	825.53
-Equipment / Auto Loans.	93.96	33.08
(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)		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)		
Particulars	As at 31.03.2016	As at 31.03.2015
UNSECURED		
Compulsorily Convertible Debentures		
Held by White Stock Limited	12,442.65	12,442.65
1. Compulsorily Convertible Debentures of 716265 nos with face value ₹ 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 on the date falling on the 8th anniversary of the first completion date.		
Debenture Application Money	1,050.00	1,050.00
Deposits		
-Public deposits	-	-
	20,497.77	22,600.97
Note : 5 DEFERRED TAX LIABILITY (NET)		
Particulars	As at 31.03.2016	As at 31.03.2015
Arising on account of timing difference - depreciation	577.22	301.26
Net Deferred tax liability	577.22	301.26
Note : 6 LONG - TERM PROVISIONS		
Particulars	As at 31.03.2016	As at 31.03.2015
Provision for employee benefits	52.75	54.60
	52.75	54.60
Note : 7 SHORT - TERM BORROWINGS		
Particulars	As at 31.03.2016	As at 31.03.2015
Secured		
Loans repayable on demand:		
a) From Banks	-	-
b) From other parties		
Life Insurance Corporation	42.49	42.49
(Secured against the Keyman Insurance Policy)		
Emami Reality Limited	100.00	-
Unsecured		
-Loans & advances from related parties	104.88	227.18
Deposits:		
-Deposits (others)	70.00	70.00
-Public deposits	1.80	1.80
	319.17	341.47

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note : 8 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
(i) Due to micro, small and medium enterprises	-	-
(ii) Due to other creditors	23,964.58	25,189.29
	23,964.58	25,189.29

Note : 9 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2016	As at 31.03.2015
Current maturities of Long term debt:		
-Indian Overseas Bank	300.67	216.30
-Indian Overseas Bank (Liquirent Loan)	302.72	351.11
- SBI Consortium:		
- State Bank of India	2,280.00	1,800.00
- State Bank of India (SBS)	852.11	630.00
- State Bank of Mysore	1,137.22	855.00
- State Bank of Bikaner and Jaipur	1,137.22	855.00
-The Tamilnad Mercantile Bank Limited	879.95	672.00
- Punjab National Bank	1,418.50	1,079.00
(Note 4)		
Current maturities of Equipment / Auto Loans	94.39	199.78
(Note 4)		
Interest Accrued and Due on IOB Loans	150.07	75.76
Interest Accrued and Due on SBI Consortium Loans	7,178.29	4,408.15
Interest Accrued and Due on LIC Loan	10.85	6.60
Interest Accrued and Due on short term loan	-	3.19
Other payables:		
Advance from Customers	4,346.04	5,095.74
Income received in advance	0.13	0.87
Other Advances	1,056.25	1,056.25
Unclaimed Dividend @	-	5.45
	21,144.41	17,310.20

@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31.03.2016

Note :10 SHORT - TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Provision for Income Tax	633.63	638.75
	633.63	638.75

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note : 11 Fixed Assets

(₹ in Lakhs)

Sl. No	Particulars	Cost		Depreciation & Amortisation			Net Block		
		As on 31.03.2015	Additions	Deductions	As on 31.03.16	Retaining Earnings For The Year	on Deduction	As on 31.03.16	As on 31.03.15
	T A N G I B L E								
1	LAND-FREE HOLD	430.85	-	-	430.85	-	-	430.85	430.85
2	BUILDINGS	12,243.05	-	81.56	12,161.49	188.02	14.45	729.11	11,432.38
3	LEASE HOLD IMPROVEMENTS	429.32	-	-	429.32	-	-	429.32	-
4	PLANT & MACHINERY	4,293.45	45.32	-	4,338.77	367.85	-	2,521.59	1,817.17
5	FURNITURE & FIXTURES	416.04	-	-	416.04	24.40	-	337.54	78.50
6	COMPUTERS	92.43	0.45	-	92.88	4.48	-	89.93	2.95
7	VEHICLES	625.93	-	-	625.93	56.36	-	496.11	129.99
	Sub Total	18,531.07	45.77	81.56	18,495.28	641.11	14.45	4,603.60	13,891.84
	I N T A N G I B L E								
8	Software	25.02	-	-	25.02	0.01	-	24.11	0.91
	Total	18,556.09	45.77	81.56	18,520.30	641.12	14.45	4,627.71	13,892.75
	As at March 31,2015	7,492.85	11250.94	187.70	18,556.09	392.23	85.01	4,001.04	14,555.21
	Capital Work-in-Progress	-	-	-	-	-	-	-	19,698.28

Note:

Plant & Machinery costing ₹ 329.68 Lakhs (31.03.2015 ₹ 402.86 Lakhs) and Vehicles costing ₹ 219.47 Lakhs (31.03.2015 ₹ 284.80 Lakhs) have been acquired on Equipment / Auto loans, the legal ownership 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 Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Non Trade - Quoted		
a) Investments in equity instruments :		
Indian Overseas Bank		
9,500 Equity Shares of ₹ 10 each, fully paid	2.28	2.28
Trade - Unquoted		
In associate Companies		
Prajay Properties Private Limited	-	29.95
64,597 Equity shares of ₹ 10 each, fully paid (reported at Nil Value as share of loss of associate exceeds carrying amount of Investment)		
Genisis Capital Pvt Ltd, Mauritius		
10,000 Equity Shares fully paid (reported at Nil Value as share of loss of associate exceeds carrying amount of Investment)	-	-
b) Investments in preference shares:		
Prajay Properties Private Limited	4,013.00	4,013.00
4,01,300 Preferential Shares of ₹ 10,000 each, fully paid		
Investments in Capital of Partnership Firm		
Prajay Binjusaria Estates	1,650.50	1,650.50
(Note 36)	5,665.78	5,695.73
(i) Aggregate of Quoted Investments		
Cost	2.28	2.28
Market Value	2.85	4.02
(ii) Aggregate of Unquoted Investments (Cost)	4,013.00	4,042.95

Note : 13 LONG TERM LOANS AND ADVANCES

Particulars	As at 31.03.2016	As at 31.03.2015
Unsecured considered good		
i. Security Deposits (a)	709.59	610.03
ii. Advance for purchase of land/ development (b)	6,086.13	6,068.49
iii. Capital advances	142.29	140.49
	6,938.01	6,819.01
Less Provision against advances for Purchase of land/development	700.00	
	6,238.01	6,819.01

(a) Includes deposit to Director ₹ 595.97 Lakhs (31.03.2015 ₹ 500 Lakhs)

(b) 1 Includes advance to Partnership firms in which the company is partner ₹ 89.65 Lakhs (31.03.2015 ₹ 105.05Lakhs)

2. Includes advances to private companies in which any director is director ₹ 1956.72Lakhs(31.03.2015 ₹ 1928.68 Lakhs)

3. includes advance to Director ₹ 50 Lakhs (31.3.15 ₹ 50 Lakhs)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note : 14 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Land at Cost	14,193.15	14,193.15
Constructed Properties		
- Land and construction work in progress - at cost	39,202.10	40,513.88
Food and Beverages - at cost	11.09	9.63
	53,406.34	54,716.66

Note 15 TRADE RECEIVABLES

Particulars	As at 31.03.2016	As at 31.03.2015
Unsecured, Considered good		
i. Outstanding for more than six months	21,427.21	23,519.03
ii. Other Debts	720.77	245.67
	22,147.98	23,764.70
Unsecured, Considered doubtful		
Outstanding for more than six months	1,246.96	896.96
Less: Provision for bad and doubtful debts	(1,246.96)	(896.96)
	22,147.98	23,764.70

Note 16 CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2016	As at 31.03.2015
Balance with Scheduled Banks		
On Current Account (a)	131.70	65.96
On Escrow Account	31.13	31.13
On Deposit Account (b)	27.65	41.32
Cash on Hand	83.88	68.60
	274.36	207.01

a) includes unpaid dividend accounts ₹ Nil (31-3-2015: ₹ 5.46 Lakhs)

b) includes against Bank Guarantees ₹ 17.60 Lakhs (31.03.15 : ₹ 30.99 Lakhs); includes ₹ 14.33 Lakhs (31.03.15 : ₹ 14.33 Lakhs) with more than 12 months maturity.

Note 17 SHORT-TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
(Unsecured considered good unless otherwise specified)		
Loans and advances to related parties (a)	397.44	422.25
Others	3,223.21	3,246.91
Advance Tax	962.89	764.06
	4,583.54	4,433.22

a) includes ₹ 307.26 Lakhs (31-03-2015: ₹ 332.08 Lakhs) to Private Companies having Common Director.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note : 18 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Construction division		
(a) Sale of Constructed Properties	2,556.03	5,794.46
(b) Revenue from Construction Contracts	5,606.12	4,193.58
(c) Sale of Land	127.42	12.30
Hospitality division		
(a) Sale of Rooms	313.32	199.07
(b) Food and Beverages	386.67	552.06
(c) Others	95.49	2.97
(d) Membership Fees	170.48	160.45
	9,255.53	10,914.89

Note : 19 OTHER INCOME

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Rental Income	589.73	130.15
Interest Income	5.88	6.87
Dividend income	-	0.05
Profit on Sale of Fixed Assets	-	13.69
Miscellaneous	171.12	84.39
	766.73	235.15
Less: Allocated to Projects	-	-
	766.73	235.15

Note : 20A COST OF LAND, PLOTS, CONSTRUCTED PROPERTIES & CONTRACTS

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Purchases, development/construction costs	1,854.87	3,173.57
Cost of construction contracts	4,842.22	3,762.27
Changes in inventories:		
- Closing stock		
- Land	14,193.15	14,193.15
- Constructed properties	39,202.10	40,513.88
	53,395.25	54,707.03
Less : Opening stock		
- Land	14,193.15	14,193.15
- Constructed properties	40,513.88	43,612.82
	54,707.03	57,805.97
	B-A	2,352.99
	Total	9,288.83

NOTE : 20B Direct Cost of Hotels & Resorts

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Cost of food & others	310.08	308.91
Other Direct Expenditure	145.26	144.85
Total	455.34	453.76

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note : 21 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended 310.03.2016	Year ended 310.03.2015
Salaries, Wages and Bonus	971.89	913.06
Contribution to Provident Fund/ Pension Fund and Gratuity	9.27	31.29
Staff Welfare	25.32	11.78
	1,006.48	956.13
Less: Allocated to Projects	388.70	366.97
	617.78	589.16

Note 22 FINANCE COSTS

Particulars	Year ended 310.03.2016	Year ended 310.03.2015
Interest Expenses		
-On Fixed Loans	4,155.39	2,993.24
-Others	37.77	54.94
Bank Charges	10.23	10.08
	4,203.39	3,058.26
Less: Allocated to Projects	2,917.18	2,466.45
	1,286.21	591.81

Note 23 OTHER EXPENSES

Particulars	Year ended 310.03.2016	Year ended 310.03.2015
Rent (a)	91.73	221.84
Rates and Taxes	187.88	299.73
Insurance	21.86	35.09
Power and Fuel	301.09	387.87
Repairs and Maintenance		
- Building	12.05	-
- Plant & Machinery	34.96	32.31
- Others	6.90	11.45
Travelling Expenses	9.18	16.03
Printing and Stationery	15.80	18.53
Postage, Telegrams and Telephones	15.59	17.38
Professional Charges/Consultancy Charges	39.73	260.64
Advertisement	14.99	63.43
Loss on sale of fixed assets	-	1.35
Provision for Doubtful Debts	350.00	896.96
Provision against advances for Purchase Land/Development	700.00	-
Miscellaneous Expenses	190.66	205.21
	1,992.42	2,467.81
Less: Allocated to Projects	201.38	560.47
	1,791.04	1,907.34

a) Includes rent paid to Directors - ₹ 100.56 Lakhs (31.03.2015 : ₹ 210.73 Lakhs)

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 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.
- 26** Inventories of constructed properties, include land admeasuring 59 acres 21 guntas at Maheshwaram, Hyderabad, Andhra Pradesh for which the subsidiary 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).

27 Contingent Liabilities (not provided for) (₹ in Lakhs)

	2015-16	2014-15
Guarantees given to banks (on behalf of Prajay Properties Pvt Ltd)	12,130.00	12,130.00
The following disputed liabilities are under appeal by the Company:		
Service tax*	1,820.62	1,820.62
Income Tax	791.71	791.71
VAT	Nil	5.77

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

Further, as per Circular No.108/02/2009-ST, dated 29.01.2009 issued by CBEC, no service tax is payable on the Construction of Complex Service for the impugned period 2006-07 to 2010-11. During the impugned period, the company had deposited with the Service Tax Authorities, whatever service tax collected from the customers. The Company has filed appeal on 08.04.2013 with CESTAT, Bangalore, against order dated 04.01.13 of Commissioner of Service Tax. CESTAT has pronounced stay against recovery during the pendency of appeal.

- 28** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 311.80 Lakhs (31.03.2015 : ₹ 466.79 Lakhs), Other commitments Nil (31.03.2015 : Nil).
- 29** Deferred Tax Asset / (Liability) (Net) comprise of: (₹ in Lakhs)

	March 31, 2016	March 31, 2015
Deferred Tax Liability (A) :		
Arising on account of timing difference – Depreciation	577.22	301.26
Net Deferred Tax Liability	577.22	301.26

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
30 Earnings Per Share (EPS):

	2015-16	2014-15
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 number of equity shares outstanding during the year	6,99,35,791	6,99,35,791
b) Net Profit/ (Loss) available for equity share holders (₹ in Lakhs)	(2769.28)	(2,469.62)
c) Earnings per share (in ₹)		
i) Basic	(3.96)	(3.53)
ii) Diluted	(3.96)	(3.53)

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 Lakhs 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 31.03.2016.

32 Related Party Disclosures:
A. List of Related Parties

	Party	Relationship	
(a)	Prajay Holdings Private Limited Prajay Developers Private Limited Prajay Retail Properties Private Ltd Prajay Binjusaria Estates Prajay Properties Pvt Ltd Genesis Capital Pvt.Ltd.(Mauritius)	Subsidiary Step down – Subsidiary Subsidiary Associate Associate Associate	
(b)	Key Management Personnel	Designation	Relatives (Relation)*
	Mr. Vijay Sen Reddy	Managing Director	Mrs. Sharmila Reddy (Wife) Mr. Rohit Reddy (Son)
	Mr. K. Ravi Kumar	Whole time Director	-
	Mr. Sumit Sen	Whole time Director	Mrs. Rina Sen (Wife)
*	Relatives of key management personnel with whom there were transactions during the year		

(c) Other entities under the control of key management personnel and their relatives
Prajay Financial Services Limited
Prajay Lifestyle UPVC Windows Private Limited
Prajay Princeton Hotel Private Limited
Prajay Princeton Developers Private Limited
Prajay Velocity Developers Private Limited
VijMohan Constructions Private Limited
Prajay Chit Funds Private Limited
Secunderabad Golf and Leisure Resorts Private Limited
Prajay Land Capital Private Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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
		31.3.2016	31.3.2015	31.3.2016	
Sale of land, property, material and work done	Prajay Properties Private Limited	5,606.12	4,193.57	-	-
Purchase of Materials	Prajay Lifestyle UPVC Windows Private Limited	1.42	-	-	-
Remuneration paid		-	-	74.22	48.46
Rent paid		-	-	100.56	210.73
Advances given		53.79	69.73		
Repayment of advances taken		759.74	554.88		
Repayment of advances given		48.06	6.01		
Advances Taken		4,838.86	4,808.78		
Balance at the end of the year					
Debit balances outstanding	Prajay Land Capital Private Limited	0.38	0.38		
	VijMoham Constructions Private Limited	184.45	207.84		
	Secunderabad Golf and Leisure Resorts Private Limited	1,411.40	1,384.02		
	Prajay Velocity Developers Private Limited	545.33	544.65		
	Prajay Lifestyle UPVC Windows Private Limited	121.61	123.03		
	Prajay Princeton Developers Pvt.Ltd.	0.42	0.42		
	Prajay Princeton Hotels Pvt.Ltd.	0.41	0.41		
	Prajay Kamanwala developers	-	10.65		
	Prajay Binjusaria Estates	89.65	89.40		
	Key Management Personnel			645.97	550.00
Credit balances Outstanding`	Prajay Properties Private Limited	3200.00	3,200.00		
	Prajay Properties Private Limited	4943.12	6,456.12		
	Prajay Financial Services Limited	76.07	76.06		
	Prajay Kamanwala developers	2.54	-		
	Key Management Personnel/relatives			53.82	156.57

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

33 Segment Reporting (₹ in Lakhs)

Business Segment	2015-16			2014-15			Total
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Re-sorts	Unallocated	
Segment Revenue							
External	8,289.57	965.96	766.73	10,000.33	914.56	235.15	11,150.04
Total Revenue	8,289.57	965.96	766.73	10,000.33	914.56	235.15	11,150.04
Segment Result	(1,834.68)	(79.06)		(1,514.94)	(302.92)		(1,817.86)
Unallocated Corporate expenses net of unallocated income							(114.86)
Operating Profit							(1,703.00)
Interest Expense							591.81
Prior Period Items							(163.94)
Interest Income							6.87
Dividend Income							0.05
Profit before Taxation							(2,451.83)
Income Tax							0.21
Prior period Tax							-
Deferred Tax							(15.63)
Minority Interest							25.86
Share of Net Profit / (Loss) of Associate							23.49
Net Profit							(2,469.62)
Other Information							
Segment Assets	99,082.14	21,271.93	6,628.67	103,004.86	19,849.49	6,457.79	129,312.14
Total Assets	99,082.14	21,271.93	6,628.67	103,004.86	19,849.49	6,457.79	129,312.14
Segment Liabilities	44,878.08	221.52	1,220.24	42,260.80	229.30	949.40	43,439.50
Total Liabilities	44,878.08	221.52	1,220.24	42,260.80	229.30	949.40	43,439.50
Capital Expenditure	38.33	7.44		11,222.01	28.93		11,250.94
Depreciation	521.34	119.78		453.10	184.77		637.87
Non Cash expense other than depreciation	-			(12.34)			(12.34)

Notes:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

34 LEASES:

Equipment / Auto Loans :

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

(₹ in Lakhs)

	March 31, 2016			March 31, 2015		
	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	226.37	93.90	132.46	257.45	185.76	71.69
Less: Future Finance Charges	38.02	22.70	15.32	24.60	16.87	7.73
Present Value of minimum hire purchase payments at the Balance Sheet Date	188.35	71.20	117.14	232.85	168.89	63.96

35. (a) Trade Receivables – (Note 15) unsecured, considered good, includes ₹ 21,427.21 Lakhs, (31.03.2015: ₹ 23,519.03 Lakhs) outstanding for more than six months. As a result of economic slowdown and recession in realty sector the realizations from customers are slow. The company has provided ₹ 1246.96 Lakhs towards doubtful debts against Trade Receivables , unsecured, considered doubtful.
- (b) Long Term Loans and Advances – (Note 13) include advances given to Landlords / developers towards certain projects amounting to ₹ 5,357.84 Lakhs (31.03.2015: ₹ 6,001.75 Lakhs) and Short Term Loans and Advances (Note 17) to suppliers , etc., amounting to ₹ 2137.82 (31.03.2015: ₹ 1330.17 Lakhs) outstanding from earlier years. An amount of ₹ 700 Lakhs is set aside towards provision for advances considered as doubtful.
- (c) Interest accrued ₹ 4563.22 Lakhs (including ₹ 1,361.60 Lakhs for the year), on compulsorily convertible debentures has not been provided for the period 24-11-2012 to 31-03-2016.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

36. Details as required under Schedule III - Part I of the Companies Act, 2013 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 Lakhs (31-03-2015: ₹ 2055.50 Lakhs)
- (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 our report attached

For and on behalf of the Board

For **Meenavalli & Associates**

Chartered Accountants
Reg.No.012208S

Machar Rao. M
M.No.218836
Partner

D.Vijay Sen Reddy
Managing Director
(DIN No. 00291185)

Sumit Sen
Whole Time Director
(DIN No 01028417)

Place : Hyderabad
Date : 14.06.2016

P.Bhaskara Rao
Chief Financial Officer
(M No. 9445)

D. Madhavi Latha
Company Secretary
(M No. F7394)

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PRAJAY

PRAJAY ENGINEERS SYNDICATE LIMITED

CIN: L45200AP1994PLC017384

Regd. Office: 8-2-293/82/A, Plot No. 1091, Road No. 41, Near Peddamma Temple, Jubilee Hills, Hyderabad – 500 033
Phone: (+91-40)66222999 Fax: (+91-40) 66222966 email:- investorrelations@prajayengineers.com; website: - www.prajayengineers.com

ATTENDANCE SLIP

22nd Annual General Meeting, Tuesday, the 16th day of August, 2016 at 3.00 P.M.

Regd. Folio No.		DP ID *	
No. of Equity Shares held		Client ID*	

Name of share Holder	
Name of Proxy	

I / We hereby record my / our presence at the 22nd Annual General Meeting of the Company being held on Tuesday, the 16th day of August, 2016 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad – 500 016 (TG)

SIGNATURE OF THE MEMBER OR PROXY ATTENDING THE MEETING

If Member, please sign here

If Proxy, please sign here

Note: To be signed and handed over at the entrance of the Meeting Venue

*Applicable for investors holding shares in electronic form.

PRAJAY

PRAJAY ENGINEERS SYNDICATE LIMITED

CIN: L45200AP1994PLC017384

Regd. Office: 8-2-293/82/A, Plot No. 1091, Road No. 41, Near Peddamma Temple, Jubilee Hills, Hyderabad – 500 033
Phone: (+91-40)66222999 Fax: (+91-40) 66222966 email:- investorrelations@prajayengineers.com; website: - www.prajayengineers.com

FORM No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : Prajay Engineers Syndicate Limited
Registered Office : 8-2-293/82/A, Plot No. 1091, Road No. 41,
Near Peddamma Temple, Jubilee Hills, Hyderabad – 500 033

Name of the Members(s) :	
Registered Address :	

E-mail ID :	
Folio No/Client ID :	
DP ID :	

I/We, being the member (s) of _____ shares of the above named Company, hereby appoint:

- Name: _____
Address: _____
E-mail Id: _____ Signature: _____
Or failing him/her
- Name: _____
Address: _____
E-mail Id: _____ Signature: _____
Or failing him/her
- Name: _____
Address: _____
E-mail Id: _____ Signature: _____
Or failing him/her

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 22nd Annual General Meeting of the Company, to be held on Tuesday, the 16th day of August, 2016 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad-500 016 and at any adjournment thereof in respect of such resolutions as are indicated below:



No.	Resolutions	Vote **	
		For	Against
Ordinary Business:			
1.	To approve the audited financial statements of the company-both standalone and consolidated		
2.	To re-appoint Mr. D. Vijay Sen Reddy as Director of the company, liable to retire by rotation.		
3.	To approve the appointment of M/s. Meenavalli & Associates, Chartered Accountants as Statutory Auditors in casual vacancy		
4.	To appoint M/s. Meenavalli & Associates, Chartered Accountants as Statutory Auditors of the Company and authorizing the board to fix their remuneration		
Special Business:			
5.	To appoint Mrs. K. Padmaja as Independent Director of the Company for 5 years, not liable to retire by rotation		
6.	To approve transactions with Related Parties		

Signed this _____ day of _____ 2016

Signature of Shareholder _____ Signature of Proxy holder(s) _____

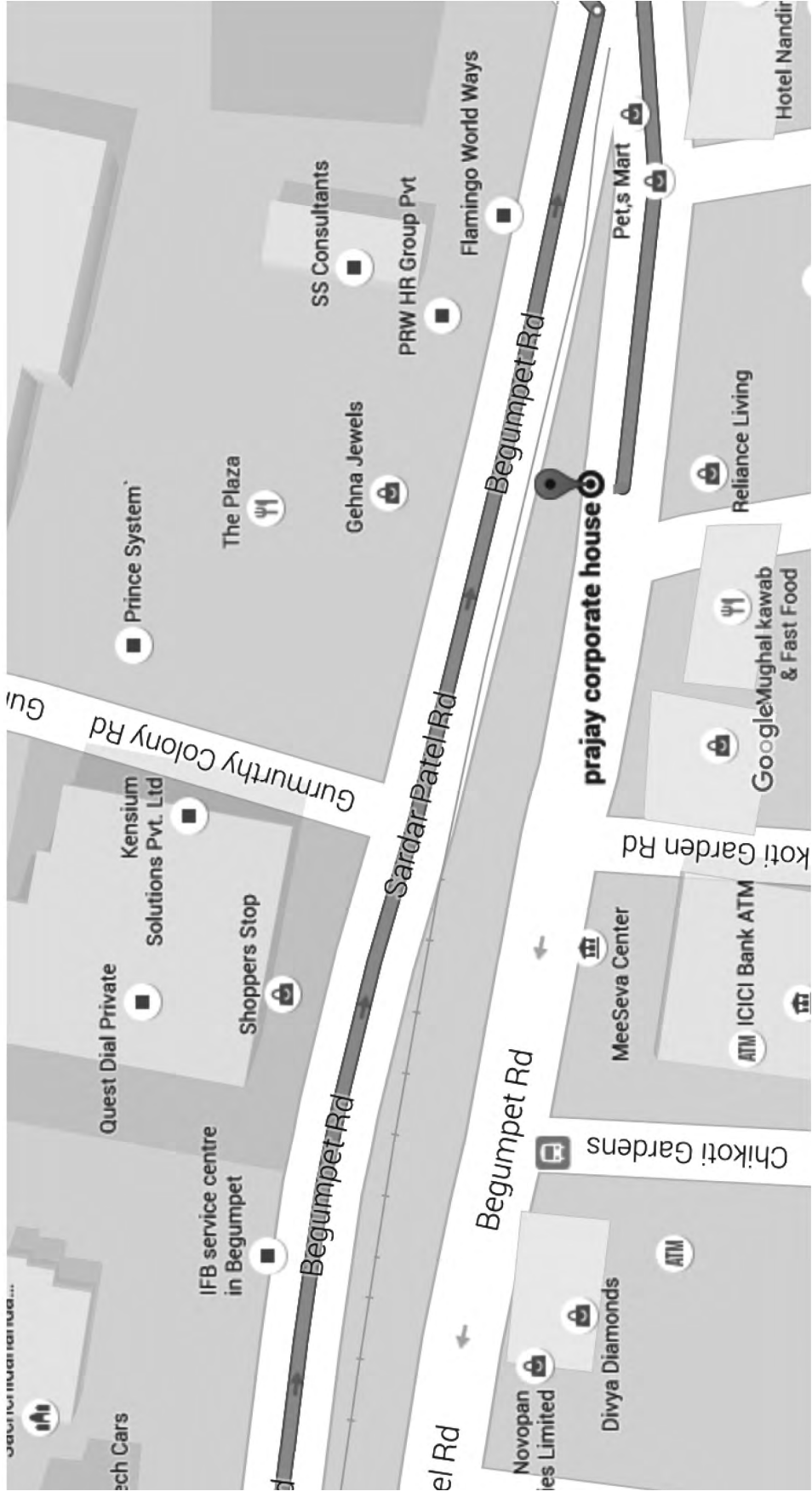
Please
Affix ₹ 1/-
Revenue
Stamp

Signature

Notes:

1. The proxy, duly completed in all respects, should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before time fixed for holding the meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- 4.**This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

Route Map for Venue of the Meeting





Prajay Princeton Towers - L.B.Nagar



Prajay Waterfront City - Shamirpet

By Courier / Regd. Post

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