



PRAJAY WATERFRONT CITY



Waterfront Apartments



Waterfront Lake side Garden

PRAJAY VIRGIN COUNTY, MAHESHWARAM



Virgin County Villas



County Club

CORPORATE 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 Gopal Reddy	Non-Executive Director
Mrs. K. Padmaja	Independent Director (w.e.f 14.6.2016)
Mr. P. Bhaskara Rao	Chief Financial Officer
Mrs. D. Madhavi Latha	Company Secretary & Compliance officer

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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
Phone: 040-66222999
info@prajayengineers.com

Website

www.prajayengineers.com
investorrelations@prajayengineers.com

Auditors

M/s. Karumanchi & Associates
Chartered Accountants
Flat No.301, Swarga Nivas Enclave,
7-1-619/A, Behind HUDA Complex,
Ameerpet, Hyderabad-500038

Internal Auditors

Mr. 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., Hyd.
HDFC Bank, 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 P.G. 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. 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 28 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)

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

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.

Mr. Raja Gopal Reddy (Non-Executive Director)

Mr. Raja Gopal 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. 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 34 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 27 years of experience in building various High Rise Residential Towers, IT Parks, Commercial Buildings, Five Star Hotels, in reputed corporates like Raheja, Lodha, NCCL, Mind Space –IT Park. His rich experience of building high rise towers 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 22 years of experience in administering EPC contracts of various mini and medium sized power projects.

Mr. D. Rohit Reddy – (Coordinator – Projects)

Mr. Rohit Reddy is a Graduate of Civil Engineering from Pennsylvania State University. As a project Coordinator, he oversees progress of the construction 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 possesses 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.

K. Purushotham Rao – Asst. G.M. – MEP

Mr. Purushotham Rao is a Post Graduate Diploma holder in Energy Management with more than 15 years of experience in construction industry. Before joining Prajay he had worked for M/s. Mfar Constructions Ltd., M/s. DLF Projects Ltd. (Formerly DLF Laing O'Rourke (I) Ltd), M/s.NSL Infratech Pvt. Ltd. His experiences in the relevant industry helps the company to strengthen the technical team of the company.

Ms. Madhavi Latha, Company Secretary & Compliance Officer

A commerce graduate and a Fellow member of The Institute of Company Secretaries of India (ICSI) with more than 11 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 statutes.

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the members of Prajay Engineers Syndicate Limited will be held on Wednesday, the 27th day of September, 2017 at 12.00 Noon at Hotel Woodbridge, A.C. Guards, Lakadikapul, Hyderabad – 500004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a. the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017, 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, 2017, together with the Report of the Auditors thereon.
2. To appoint a Director in the place of Mr. M. Raja Gopal Reddy (DIN-01657095) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors and to authorise the board to fix their remuneration 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 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. Karumanchi & Associates, Chartered Accountants, Hyderabad, bearing Firm Registration No. 001753S, who have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013, 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 27th 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:

4. To fix minimum fee for serving various documents on the members of the company and in this regard, to consider and if thought fit, to pass, with or without modifications(s), the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to Section 20 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the company may serve documents on its members, by sending the document(s) that he / she is entitled to receive as a member under the Act by post or by registered post or by speed post or by courier or such electronic or other mode as may be prescribed, depending on event and circumstance of each case from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company or its duly constituted committee be and is hereby authorized to decide, in respect of any advance request for sending documents in a particular mode of delivery by any member provided at least one week in advance of the dispatch of the document by the company along with requisite fee duly received by the company and that no such request shall be entertained by the company post dispatch of such documents by the company to the member, the charges payable for such delivery, as prescribed below for each mode of dispatch.

Sl. No.	Mode of Dispatch	Minimum rate per document at the minimum slab of the weight of the document in each category in Rs.	
		Within India	International
1.	Ordinary post	10	1.2 times of the actual charges in each case
2.	Registered post	50	
3.	Speed post	50	
4.	Courier	50	
5.	Electronic mail (email)	10	20

RESOLVED FURTHER THAT the Board of Directors of the company or its duly constituted committee be and is hereby authorised to amend or alter such charges from time to time either keeping in view the change of charges as applicable to that mode or in any situation so warrants and to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. To re-appoint Mr. D. Vijay Sen Reddy as Managing Director of the company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of Central Government, Mr. D. Vijay Sen Reddy (DIN: 00291185), be and is hereby reappointed as Managing Director of the Company for a period of 3 years with effect from 1st February, 2017, on such terms and conditions as recommended by the Nomination and Remuneration Committee and as detailed below:

1. Salary Rs.3,50,000/- per month
2. Provision of car for use on Company's business
3. Telephone for official use
4. Perks as permitted under the Companies Act, 2013.

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

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

RESOLVED FURTHER THAT the Board of Directors and the Nomination & Remuneration Committee be and are hereby severally authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable for giving effect to the foregoing resolution, and to settle any question, or doubt that may arise in relation thereto.”

6. To re-appoint Mr. K. Ravi Kumar as Whole Time Director of the company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Act, and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the approval of Central Government, Mr. K. Ravi Kumar (DIN: 02789546), be and is hereby re-appointed as Whole Time Director of the Company for a period of 3 years with effect from 1st February, 2017, on such terms and conditions as recommended by the Nomination and Remuneration Committee and as detailed below:

1. Salary Rs.1,50,000/- per month
2. Provision of car for use on Company's business
3. Telephone for official use
4. perks as permitted under the Companies Act, 2013.

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

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

RESOLVED FURTHER THAT the Board of Directors and the Nomination & Remuneration Committee be and are hereby severally authorized to do all such acts, deeds, matters and things as in its absolute discretion, it

may consider necessary, expedient or desirable for giving effect to the foregoing resolution, and to settle any question, or doubt that may arise in relation thereto.”

7. To re-appoint Mr. Sumit Sen as Whole Time Director of the company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Act, and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s)/amendment or re-enactment thereof for the time being in force), and subject to the approval of Central Government, Mr. Sumit Sen (DIN: 01028417), be and is hereby reappointed as Whole Time Director of the Company for a period of 3 years effective from 1st February, 2017, on such terms and conditions as recommended by the Nomination and Remuneration Committee and as detailed below:

1. Salary Rs.1,20,000/- per month
2. Provision of car for use on Company's business
3. Telephone for official use
4. Perks as permitted under the Companies Act, 2013.

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

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

RESOLVED FURTHER THAT the Board of Directors and the Nomination & Remuneration Committee be and are hereby severally authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable for giving effect to the foregoing resolution, and to settle any question, or doubt that may arise in relation thereto.”

8. To ratify the remuneration paid or payable to Mr. D. Vijay Sen Reddy, Managing Director for the period from 01.02.2015 to 31.01.2017 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sec. 196, Sec. 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s)/amendment or re-enactment thereof for the time being in force) the remuneration paid or payable to Mr. D. Vijay Sen Reddy (DIN-00291185), Managing Director, for the period from 01.02.2015 to 31.01.2017 is subject to the approval of the Central Government.”

RESOLVED FURTHER THAT the Board of Directors or the Nomination & Remuneration Committee of the Board, be and is hereby severally authorized to do all such acts, deeds, matters and things, as in its absolute discretion, if it considers necessary, expedient or desirable to give effect to the above resolution and to settle any question or doubt that may arise in relation thereto.”

9. To ratify the remuneration paid or payable to Mr. K. Ravi Kumar, Whole Time Director for the period from 01.02.2014 to 31.01.2017 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sec. 196, Sec. 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s)/amendment or re-enactment thereof for the time being in force) the remuneration paid or payable to Mr. K. Ravi Kumar (DIN-02789546), Whole Time Director, for the period from 01.02.2014 to 31.01.2017 is subject to the approval of the Central Government.”

RESOLVED FURTHER THAT the Board of Directors or the Nomination & Remuneration Committee of the Board, be and is hereby severally authorized to do all such acts, deeds, matters and things as in its absolute discretion, if it considers necessary, expedient or desirable to give effect to the above resolution and to settle any question or doubt that may arise in relation thereto.”

10. To ratify the remuneration paid or payable to Mr. Sumit Sen, Whole Time Director for the period from 01.02.2015 to 31.01.2017 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sec. 196, Sec. 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s)/amendment or re-enactment thereof for the time being in force) the remuneration paid or payable to Mr. Sumit Sen (DIN-01028417), Whole Time Director, for the period from 01.02.2015 to 31.01.2017 is subject to the approval of the Central Government.”

RESOLVED FURTHER THAT the Board of Directors or the Nomination & Remuneration Committee of the Board, be and is hereby severally authorized to do all such acts, deeds, matters and things as in its absolute discretion, if it considers necessary, expedient or desirable to give effect to the above resolution and to settle any question or doubt that may arise in relation thereto.”

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

Sd/-

D. Vijay Sen Reddy

Chairman & Managing Director

Place : Hyderabad

Date : 28th August, 2017

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. 4-10 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. 5-7 of the Notice are given in the Annexure and 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. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other member.

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 20.09.2017 (Wednesday) to 27.09.2017 (Wednesday) 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, 2017 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 23rd 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 99497 36675 / 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 / 67161776
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 11.00 A.M. to 1.00 P.M. up to the date of the meeting.
16. Electronic copy of the 23rd 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 note that the Notice of the 23rd Annual General Meeting and the Annual Report for FY 2016-17 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 23rd 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 Saturday, 23rd September, 2017 and will end at 5.00 P.M. on Tuesday, 26th September, 2017.
 - 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 Wednesday, 20th September, 2017.
 - iii. Mr. Paleti Narendar, Advocate, has been appointed as the Scrutinizer to scrutinize the e-voting process and poll through ballot at the AGM 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 48 hours from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the meeting
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 48 hours of passing of the resolutions and communication of the same be sent to the BSE Limited and NSE Limited.

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

Item No.4

Section 20 of the Companies Act, 2013 which deals with service of documents, inter-alia, enables the company to dispatch any document to a member as per his preferred mode on receipt of specific request subject to deposit of such fee as determined by the members in the Annual General Meeting. Accordingly, consent of the members is sought for passing a resolution authorizing the board of directors to decide the fee payable as set out at item no. 4 of the notice on dispatch of document as per the choice of mode selected by any member of the company.

The board recommends the resolution for approval of the members in the best interest of the company. The rate indicated in the resolution is minimum rate per document at the minimum slab of the weight in the respective category of each mode of dispatch as mentioned thereat.

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

Item No.5

The current term of Mr. Vijay Sen Reddy as Managing Director of the Company expires on 31st January, 2017. Considering his contributions to the business development of the company from its inception and the results exhibited by him, the Board of Directors, at its' meeting held on 30th January, 2017, on the recommendations of the Nomination and Remuneration Committee, subject to the approval of the shareholders and Central Government, re-appointed him as Managing Director for a further period of 3 years, effective from 1st February, 2017.

Mr D. Vijay Sen Reddy, a semi qualified Chartered Accountant has got more than 3 decades of rich experience in the industry and plays vital role in formulating business and expansions strategies of the company. He also plays a crucial role in guiding the company and formulating its operational policies and their implementation.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services for a term of 3 more years.

Additional information as required under Section II of Part II of Schedule V of the Companies Act, 2013:

I. General information:

1. Nature of the industry:

The company is a real estate company. The main business of the company is construction and development of properties both commercial and residential and construction and maintenance of hotels and resorts.

2. Date or expected date of commencement of commercial production:

As the company is not a manufacturing company the same is not applicable.

3. Financial performance based on given indicators:

During the year ended 31.3.2017, the company achieved a total income of Rs.5674.03 lacs a profit before depreciation and tax of Rs.(7.48) lakhs and net loss after tax of Rs.(2150.36) lakhs.

The detailed financial performance of the company is discussed in the enclosed Annual Report for the year ended 31.3.2017.

4. Foreign investments or collaborations, if any:

Investments by Foreign Body Corporates – Nil

Investments by NRIs (repatriation & non-repatriation) – 9.42% in the paid up share capital of the company as on 31.03.2017.

II. Information about the appointee:

1. Background details:

Mr. D. Vijay Sen Reddy (DIN-00291185) aged 61 years is one of the promoters of the company and is associated with the company since its inception.

Other Directorships as on 31.3.2017:

1. Prajay Velocity Developers Private Limited
2. Prajay Holdings Private Limited
3. Prajay Developers Private Limited

4. Prajay Properties Private Limited
5. Prajay Lifestyle UPVC Windows Private Limited
6. Prajay Land Capital Private Limited
7. Secunderabad Golf and Leisure Resorts Private Limited
8. Prajay Retail Properties Private Limited
9. Prajay Chit fund Pvt. Ltd.
10. Prajay Princeton Hotel Pvt. Ltd.
11. Prajay Princeton Developers Pvt. Ltd.

Chairman / member of following Committees:

He is not a member / chairman of any Audit Committee or Stakeholders' Committee either in the company or any other company in which he is a director.

2. Past Remuneration:

Rs. 3,50,000/- p.m.

3. Recognition or awards: Nil

4. Job profile and his suitability:

Mr. Vijay Sen Reddy shall be responsible for the management of day to day operations of the company under the superintendence, guidance and control of the board. He is functioning as Chairman and Managing Director of the company since 2012. He is a semi qualified Chartered Accountant and has more than three decades of vast experience in the field of construction and hospitality business and an expert adviser on land acquisitions & usage and identifying suitable locations/demographics for acquiring properties.

5. Remuneration proposed:

Rs. 3,50,000/- per month plus perks as permitted under the Companies Act, 2013.

6. Comparative remuneration profile with respect to the industry, size of the company, profile of the position and person:

Keeping in view the type of the industry, size of the company, the responsibilities, experience and profile of Mr. D. Vijay Sen Reddy, the proposed remuneration is much lower and well within the comparative limits paid by other companies in similar line of business to such managerial personnel.

7. Pecuniary relation with the company, or relationship with the Managerial Personnel:

Mr. D. Vijay Sen Reddy is one of the promoters of the company and holding 17.61% equity shares in the paid up capital of the company. Mrs. D. Sharmila Reddy, wife of Mr. Vijay Sen Reddy is interested in the resolution pertaining to the re-appointment and remuneration payable to Mr. Vijay Sen Reddy as they are related to each other.

III. Other information:

1. Reasons for loss or inadequate profits:

Uncertain economic conditions, poor economic growth, high inflation, slow down in industrial growth and continued recession coupled with the division of the state into two, in which the company mainly operates its business, have severally affected the profitability of the company and caused for the losses of the company for the past few years.

2. Steps taken or proposed to be taken for improvement:

The company continues its efforts to generate non-fund based business. The company also continues to recover dues from the debtors /clients by negotiations. The company business development strategies will be aligned towards less capital intensive projects, sharing and development management models. Additionally, it will focus on sourcing land with large capital requirements in its target geographies under the residential co-investment platform with the company acting as the development manager for these projects and sharing the equity projects as well.

3. Expected increase in productivity and profits:

The infrastructure status accorded to the affordable housing will open up more institutional sources for developers to raise funds at a competitive price. This move will help the company to tap this segment of construction.

The combination of improved consumer confidence with far improved affordability as a result of rising incomes, stagnant prices and reduced interest rates will propel this sector in a very positive direction over the next several years.

Company's brand, long history, demonstrated track record and capabilities put it in a strong position to benefit from any improvement in the environment and will allow it to remain on a high growth trajectory in the years ahead.

IV. Disclosures:

The details required to be furnished under the disclosures, are already provided wherever applicable under explanatory statement and corporate governance report.

Mr. D. Vijay Sen Reddy is interested in the resolution as set out in the notice which pertains to his re-appointment and remuneration payable to him.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than Mr. Vijay Sen Reddy and his wife is concerned or interested, financially or otherwise in the Resolution, except to the extent of their shareholding.

The Board commends the **Resolution** as set out at Item no. 5 of the notice for your approval.

Item No.6

The current term of Mr. Ravi Kumar as the Whole Time Director of the Company expires on 31st January, 2017. Considering the commitment consistently shown and results exhibited, the Board of Directors, at its' meeting held on 30th January, 2017, on the recommendations of the Nomination and Remuneration Committee, subject to the approval of the shareholders and Central Government, re-appointed Mr. Ravi Kumar as the Whole Time Director of the Company for a further period of 3 (three) years, effective from 1st February, 2017.

Additional information as required under Section II of Part II of Schedule V of the Companies Act, 2013:

I. General information:

1. Nature of the industry:

The company is a real estate company. The main business of the company is construction and development of properties both commercial & residential and construction and maintenance of hotels and resorts.

2. Date or expected date of commencement of commercial production:

As the company is not a manufacturing company the same is not applicable.

3. Financial performance based on given indicators:

During the year ended 31.3.2017, the company achieved a total income of Rs 5674.03 lakhs, a profit before depreciation and tax of Rs. (7.48) lakhs and net loss after tax of Rs.(2150.36) lakhs.

The detailed financial performance of the company is discussed in the enclosed Annual Report for the year ended 31.3.2017.

4. Foreign investments or collaborations, if any:

Investments by Foreign Body Corporates – Nil

Investments by NRIs (repatriation & non-repatriation) – 9.42% in the paid up share capital of the company as on 31.3.2017.

II. Information about the appointee:

1. Background details:

Mr. K. Ravi Kumar (DIN-02789546) aged 64 years is a Whole Time Director and associated with the company from 1999.

Other Directorships as on 31.3.2017: Nil

Chairman / member of following Committees:

He is not a member / chairman of any audit Committee or Stakeholders' Committee in the company.

2. Past Remuneration:

Rs. 1,50,000/- p.m.

3. Recognition or awards: Nil

4. Job profile and his suitability:

Mr. Ravi Kumar, as a Whole Time Director, is responsible to oversee the technical issues involved in business models, development and execution of structural plans / designs related to various projects of the company. He 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 the company, steering innovation and quality in the Company.

5. Remuneration proposed:

Rs. 1,50,000/- per month plus perks as permitted under the Companies Act, 2013.

6. Comparative remuneration profile with respect to the industry, size of the company, profile of the position and person:

Keeping in view the type of the industry, size of the company, the responsibilities, experience and profile of Mr. K. Ravi Kumar, the proposed remuneration is much lower and well within the comparative limits paid by other companies in similar line of business to such managerial personnel.

7. Pecuniary relation with the company, or relationship with the Managerial Personnel:

Mr. K. Ravi Kumar does not any pecuniary relation with the company other than the remuneration he receives as Whole Time Director. He holds 50,000 equity shares in the paid up capital of the company.

III. Other information:

1. Reasons for loss or inadequate profits:

Uncertain economic conditions, poor economic growth, high inflation, slow down in industrial growth and continued recession coupled with the division of the state into two, in which the company mainly operates its business, have severally affected the profitability of the company and caused for the losses of the company for the past few years.

2. Steps taken or proposed to be taken for improvement:

The company continues its efforts to generate non-fund based business. The company also continues to recover dues from the debtors /clients by negotiations. The company business development strategies will be aligned towards less capital intensive projects, sharing and development management models. Additionally, it will focus on sourcing land with large capital requirements in its target geographies under the residential co-investment platform with the company acting as the development manager for these projects and sharing the equity projects as well.

3. Expected increase in productivity and profits:

The infrastructure status accorded to the affordable housing will open up more institutional sources for developers to raise funds at a competitive price. This move will help the company to tap this segment of construction.

The combination of improved consumer confidence with far improved affordability as a result of rising incomes, stagnant prices and reduced interest rates will propel this sector in a very positive direction over the next several years.

Company's brand, long history, demonstrated track record and capabilities put it in a strong position to benefit from any improvement in the environment and will allow it to remain on a high growth trajectory in the years ahead.

IV. Disclosures:

The details required to be furnished under the disclosures, are already provided wherever applicable under explanatory statement and corporate governance report.

Mr. K. Ravi Kumar is interested in the resolution as set out in the notice which pertains to his re-appointment and remuneration payable to him.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Ravi Kumar, is concerned or interested, financially or otherwise in the Resolution set out at item no. 6

The Board commends the **Resolution** as set out at Item no. 6 of the notice for your approval.

Item No.7

The current term of office of Mr. Sumit Sen as Whole Time Director of the Company expires on 31st January, 2017. Considering the commitment consistently shown and results exhibited by him, the Board of Directors, at its' meeting held on 30th January, 2017, on the recommendations of the Nomination and Remuneration Committee, subject to the approval of the shareholders and Central Government, re-appointed, Mr. Sumit Sen as the Whole Time Director of the Company for a further period of 3 (Three) years effective, from 1st February, 2017.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services for a term of 3 more years.

Additional information as required under Section II of Part II of Schedule V of the Companies Act, 213:

I. General information:

1. Nature of the industry:

The company is a real estate company. The main business of the company is construction and development of properties both commercial and residential and construction and maintenance of hotels and resorts.

2. Date or expected date of commencement of commercial production:

As the company is not a manufacturing company the same is not applicable.

3. Financial performance based on given indicators:

During the year ended 31.3.2017, the company achieved a total income of Rs.5674.03 lakhs, a profit before depreciation and tax of Rs.(7.48) lakhs and net loss after tax of Rs.(2150.36) lakhs.

The detailed financial performance of the company is discussed in the enclosed Annual Report for the year ended 31.3.2017.

4. Foreign investments or collaborations, if any:

Investments by Foreign Body Corporates – Nil

Investments by NRIs (repatriation & non-repatriation) – 9.42% in the paid up share capital of the company as on 31.03.2017.

II. Information about the appointee:

1. Background details:

Mr. Sumit Sen (DIN-01028417) aged 60 years is one of the Whole Time Directors of the company and is associated with the company since 2000.

Other Directorships as on 31.3.2017:

1. Prajay Holdings Private Limited
2. Secunderabad Golf and Leisure Resorts Private Limited
3. Prajay Retail Properties Private Limited
4. Prajay Princeton Hotel Pvt. Ltd.
5. Prajay Princeton Developers Pvt. Ltd.

Chairman / member of following Committees:

a. Prajay Engineers Syndicate Limited:

Stakeholders Relation Committee – Member

2. Past Remuneration:

Rs. 1,20,000/- p.m.

3. Recognition or awards: Nil

4. Job profile and his suitability:

Mr. Sumit Sen, as a Whole Time Director, is responsible for creating the sales strategy, identifying consumer trends and creating projects around these. His expertise lies in appropriate pricing and financial structuring. He is Post Graduate in Commerce and a P.G. 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

5. Remuneration proposed:

Rs. 1,20,000/- p.m. plus perks as permitted under the Companies Act, 2013.

6. Comparative remuneration profile with respect to the industry, size of the company, profile of the position and person:

Keeping in view the type of the industry, size of the company, the responsibilities, experience and profile of Mr. Sumit Sen, the proposed remuneration is much lower and well within the comparative limits paid by other companies in similar line of business to such managerial personnel.

7. Pecuniary relation with the company, or relationship with the Managerial Personnel:

Mr. Sumit Sen does not have any pecuniary relation with the company other than the remuneration he receives as Whole Time Director. He holds 1468693 shares in the paid up capital of the company.

Wife Mrs Rina Sen, Ms Sunayana Sen, daughter of Mr Sumit Sen may be interested in the resolution pertaining to the re-appointment and remuneration payable to Mr Sumit Sen as they are related to each other.

III. Other information:

1. Reasons for loss or inadequate profits:

Uncertain economic conditions, poor economic growth, high inflation, slow down in industrial growth and continued recession coupled with the division of the state into two, in which the company mainly operates its business, have severally affected the profitability of the company and caused for the losses of the company for the past few years.

2. Steps taken or proposed to be taken for improvement:

The company continues its efforts to generate non-fund based business. The company also continues to recover dues from the debtors /clients by negotiations. The company business development strategies will be aligned towards less capital intensive projects, sharing and development management models. Additionally, it will focus on sourcing land with large capital requirements in its target geographies under the residential co-investment platform with the company acting as the development manager for these projects and sharing the equity projects as well.

3. Expected increase in productivity and profits:

The infrastructure status accorded to the affordable housing will open up more institutional sources for developers to raise funds at a competitive price. This move will help the company to tap this segment of construction.

The combination of improved consumer confidence with far improved affordability as a result of rising incomes, stagnant prices and reduced interest rates will propel this sector in a very positive direction over the next several years.

Company's brand, long history, demonstrated track record and capabilities put it in a strong position to benefit from any improvement in the environment and will allow it to remain on a high growth trajectory in the years ahead.

IV. Disclosures:

The details required to be furnished under the disclosures, are already provided wherever applicable under explanatory statement and corporate governance report.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Sumit Sen, his wife and daughter, is concerned or interested, financially or otherwise in the Resolution except to the extent of their shareholding.

The Board commends the **Resolution** as set out at Item no. 7 of the notice for your approval.

Item No. 8:

Mr. D. Vijay Sen Reddy was re-appointed as Managing Director of the company for a period of 2 years w.e.f. 01.02.2015 on a monthly remuneration of Rs. 3,50,000 and other permitted perks, by the Board of Directors at its meeting held on 28.1.2015 and a special resolution was passed by the shareholders approving the same at the Annual General meeting of the members held on 30.09.2015.

However, the above remuneration fixed for Mr. D. Vijay Sen Reddy, Managing Director, was also required to be approved by the Central Government. Hence, to ratify the remuneration paid or payable to him for the period from 01.02.2015 to 31.01.2017, a special resolution as set out at item no. 8 of the notice of the AGM is proposed authorizing the board to seek the approval of the Central Government.

Your board commends the resolution for your approval.

Additional information as required under Section II of Part II of Schedule V of the Companies Act, 2013 and pertaining to the period ended 31.3.2015:

I. General information:

1. Nature of the industry:

The company is a real estate company. The main business of the company is construction and development of properties both commercial and residential and construction and maintenance of Hotels and Resorts.

2. Date or expected date of commencement of commercial production:

As the company is not a manufacturing company the same is not applicable.

3. Financial performance based on given indicators:

During the year ended 31.3.2015, the company achieved a total income of Rs. 5,812.10 lakhs, a profit before depreciation and tax of Rs. (1,016.09) lakhs and a net loss after tax of Rs.(2,360.18) lakhs.

4. Foreign investments or collaborations, if any, as on 31.3.2015:

Investments by Foreign Institutional Investors – 1.58%

Investments by NRIs – 9.74% in the paid up share capital of the company

II. Information about the appointee:

1. Background details:

Mr. D. Vijay Sen Reddy (DIN-00291185) aged 59 years is one of the promoters of the company and is associated with the company since its inception.

Other Directorships as on 31.3.2015:

1. Prajay Velocity Developers Private Limited
2. Prajay Holdings Private Limited
3. Prajay Developers Private Limited
4. Prajay Properties Private Limited
5. Prajay Lifestyle UPVC Windows Private Limited
6. Prajay Land Capital Private Limited
7. Secunderabad Golf and Leisure Resorts Private Limited
8. Prajay Retail Properties Private Limited
9. Prajay Chit fund Pvt. Ltd.
10. Prajay Princeton Hotel Pvt. Ltd.
11. Prajay Princeton Developers Pvt. Ltd.

Chairman / member of the following Committees:

He is not a member / chairman of any Audit Committee or Stakeholders' Committee either in the company or in any other company in which he is a director.

2. Past Remuneration : Rs. 2,00,000/- p.m.
3. Recognition or awards : Nil
4. Job profile and his suitability:

Mr. Vijay Sen Reddy shall be responsible for the management of day to day operations of the company under the superintendence, guidance and control of the board. He is functioning as Chairman and Managing Director of the company since 2012. He is a semi qualified Chartered Accountant and has more than three decades of vast experience in the field of construction and hospitality business and an expert adviser on land acquisitions, usage and in identifying suitable locations / demographics for acquiring properties.

5. Remuneration proposed : Rs. 3,50,000/- per month
6. Comparative remuneration profile with respect to the industry, size of the company, profile of the position and person:

Keeping in view the type of the industry, size of the company, the responsibilities, experience and profile of Mr. D. Vijay Sen Reddy, the proposed remuneration is much lower and well within the comparative limits paid by other companies in similar line of business to such managerial personnel.

7. Pecuniary relation with the company, or relationship with the Managerial Personnel:

Mr. D. Vijay Sen Reddy is one of the promoters of the company and holding 17.61% equity shares in the paid up capital of the company. Mrs. D. Sharmila Reddy, wife of Mr. Vijay Sen Reddy is interested in the resolution pertaining of the re-appointment and remuneration payable to Mr. Vijay Sen Reddy as they are related to each other.

III. Other information:

1. Reasons for loss or inadequate profits:

Uncertain economic conditions, poor economic growth, high inflation, slow down in industrial growth, recession coupled with the division of the state into two, in which the company mainly operates its business, have severally affected the profitability of the company and caused for the losses of the company for the past few years.

2. Steps taken or proposed to be taken for improvement:

The company continues its efforts to generate non-fund based business. The company also continues to recover dues from the debtors /clients by negotiations. The company business development strategies will be aligned towards less capital intensive projects, sharing and development management models. Additionally, it will focus on sourcing land with large capital requirements in its target geographies under the residential co-investment platform with the company acting as the development manager for these projects and sharing the equity projects as well.

3. Expected increase in productivity and profits:

In the given scenario, company continues to implement its strategy to concentrate on its core business and to develop a right mix well suited for the market.

Super infrastructure, affordability and cosmopolitan ethos will make the city in which the company mainly operates making it a choice of many home buyers. The Government of Telangana is aiming to rebuild brand 'Hyderabad' by concentrating on the information technology sector. Company expects demand from the mid income residential segment to remain strong as there is a significant demand in this category across the country and state as well. Increasing disposable incomes, rapid urbanization and strong demographics are some of the factors favoring the mid income residential market in the state and would increase the sales of the company as the company is mainly engaged in the business of building affordable houses.

Company's brand, long history, demonstrated track record and capabilities put it in a strong position to benefit from any improvement in the environment and will allow it to remain on a high growth trajectory in the years ahead.

IV. Disclosures:

The details required to be furnished under the disclosures are already provided wherever applicable under explanatory statement and corporate governance report pertaining to the period ended 31.3.2015.

Mr. D. Vijay Sen Reddy, along with his wife is interested in the resolution as set out in the notice which pertains to ratification of remuneration paid or payable to him.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Vijay Sen Reddy, his wife is concerned or interested, financially or otherwise in the Resolution except to the extent of their shareholding.

Item No. 9:

Mr. K. Ravi Kumar was re-appointed as Whole Time Director of the company for a period of 3 years w.e.f. 01.02.2014 on a monthly remuneration of Rs. 1,50,000 and other permitted perks, by the Board of Directors at its meeting held on 24.1.2014 and a special resolution was passed by the shareholders approving the same at the Annual General meeting of the members held on 30.09.2014.

However, the above remuneration fixed for Mr. K. Ravi Kumar, Whole Time Director, was also required to be approved by the Central Government. Hence, to ratify the remuneration paid or payable to him for the period from 01.02.2014 to 31.01.2017, a special resolution as set out at item no. 9 of the notice of the AGM is proposed authorizing the board to seek the approval of the Central Government.

Your board commends the resolution for your approval.

Additional information as required under Section II of Part II of Schedule V of the Companies Act, 2013 and pertaining to the period ended 31.3.2014:

I. General information:

1. Nature of the industry:

The company is a real estate company. The main business of the company is construction and development of properties both commercial and residential and construction and maintenance of Hotels and Resorts.

2. Date or expected date of commencement of commercial production:

As the company is not a manufacturing company the same is not applicable.

3. Financial performance based on given indicators:

During the year ended 31.3.2014, the company achieved a total income of Rs. 8,747.78 lakhs, a profit before depreciation and tax of Rs. (317.44) lakhs and a net loss after tax of Rs.(202.91) lakhs.

4. Foreign investments or collaborations, if any, as on 31.3.2014:

Investments by Foreign Institutional Investors – 5.92%

Investments by NRIs – 7.55% in the paid up share capital of the company.

II. Information about the appointee:

1. Background details:

Mr. K. Ravi Kumar (DIN-02789546) aged 61 years is a Whole Time Director and associated with the company from 1999.

Other Directorships as on 31.3.2014: Nil

Chairman / member of following Committees:

He is not a member / chairman of any Audit Committee or Stakeholders' Committee in the company.

2. Past Remuneration : Rs. 1,50,000/- p.m.

3. Recognition or awards : Nil

4. Job profile and his suitability:

Mr. Ravi Kumar, as a Whole Time Director, is responsible to oversee the technical issues involved in business models, development and execution of structural plans / designs related to various projects

of the company. He 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 the company, steering innovation and quality in the Company.

5. Remuneration proposed:

Rs. 1,50,000/- per month plus perks as permitted under the Companies Act, 2013.

6. Comparative remuneration profile with respect to the industry, size of the company, profile of the position and person:

Keeping in view the type of the industry, size of the company, the responsibilities, experience and profile of Mr. K. Ravi Kumar, the proposed remuneration is much lower and well within the comparative limits paid by other companies in similar line of business to such managerial personnel.

7. Pecuniary relation with the company, or relationship with the Managerial Personnel:

Mr. K. Ravi Kumar does not have any pecuniary relation with the company other than the remuneration he receives as Whole Time Director. He holds 50,000 equity shares in the paid up capital of the company.

III. Other information:

1. Reasons for loss or inadequate profits:

Uncertain economic conditions, poor economic growth, high inflation, slow down in industrial growth, recession coupled with the division of the state into two, in which the company mainly operates its business, have severally affected the profitability of the company and caused for the losses of the company for the past few years.

2. Steps taken or proposed to be taken for improvement:

The company continues its efforts to generate non-fund based business. The company also continues to recover dues from the debtors /clients by negotiations. The company business development strategies will be aligned towards less capital intensive projects, sharing and development management models. Additionally, it will focus on sourcing land with large capital requirements in its target geographies under the residential co-investment platform with the company acting as the development manager for these projects and sharing the equity projects as well.

3. Expected increase in productivity and profits:

In the given scenario, company continues to implement its strategy to concentrate on its core business and to develop a right mix well suited for the market.

Super infrastructure, affordability and cosmopolitan ethos will make the city in which the company mainly operates making it a choice of many home buyers. The Government of Telangana is aiming to rebuild brand 'Hyderabad' by concentrating on the information technology sector. Company expects demand from the mid income residential segment to remain strong as there is a significant demand in this category across the country and state as well. Increasing disposable incomes, rapid urbanization and strong demographics are some of the factors favoring the mid income residential market in the state and would increase the sales of the company as the company is mainly engaged in the business of building affordable houses.

Company's brand, long history, demonstrated track record and capabilities put it in a strong position to benefit from any improvement in the environment and will allow it to remain on a high growth trajectory in the years ahead.

IV. Disclosures:

The details required to be furnished under the disclosures are already provided wherever applicable under explanatory statement and corporate governance report pertaining to the period ended 31.3.2014.

Mr. K. Ravi Kumar is interested in the resolution as set out in the notice which pertains to his re-appointment and remuneration paid/payable to him.

None of the other Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Ravi Kumar, is concerned or interested, financially or otherwise in the Resolution set out at item no. 9

The Board commends the Resolution as set out at Item no. 9 of the notice for your approval.

Item No.10:

Mr. Sumit Sen was re-appointed as Whole Time Director of the company for a period of 2 years w.e.f. 01.02.2015 on a monthly remuneration of Rs. 1,20,000 and other permitted perks, by the Board of Directors at its meeting held on 28.1.2015 and a special resolution was passed by the shareholders approving the same at the Annual General meeting of the members held on 30.09.2015.

However, the above remuneration fixed for Mr. Sumit Sen, Whole Time Director, was also required to be approved by the Central Government. Hence, to ratify the remuneration paid or payable to him for the period from 01.02.2015 to 31.01.2017, a special resolution as set out at item no. 10 of the notice of the AGM is proposed authorizing the board to seek the approval of the Central Government.

Your board commends the resolution for your approval.

Additional information as required under Section II of Part II of Schedule V of the Companies Act, 2013 and pertaining to the period ended 31.3.2015:

I. General information:

1. Nature of the industry:

The company is a real estate company. The main business of the company is construction and development of properties both commercial and residential and construction and maintenance of Hotels and Resorts.

2. Date or expected date of commencement of commercial production:

As the company is not a manufacturing company the same is not applicable.

3. Financial performance based on given indicators:

During the year ended 31.3.2015, the company achieved a total income of Rs. 5,812.10 lakhs, a profit before depreciation and tax of Rs. (1,016.09) lakhs and a net loss after tax of Rs.(2,360.18) lakhs.

4. Foreign investments or collaborations, if any, as on 31.3.2015:

Investments by Foreign Institutional Investors – 1.58%

Investments by NRIs – 9.74% in the paid up share capital of the company.

II. Information about the appointee:

1. Background details:

Mr. Sumit Sen (DIN-01028417) aged 58 years is one of the Whole Time Directors of the company and is associated with the company since 2000.

Other Directorships as on 31.3.2015:

1. Prajay Holdings Private Limited
2. Secunderabad Golf and Leisure Resorts Private Limited
3. Prajay Retail Properties Private Limited
4. Prajay Princeton Hotel Pvt. Ltd.
5. Prajay Princeton Developers Pvt. Ltd.

Chairman / member of following Committees:

b. Prajay Engineers Syndicate Limited:

Stakeholders Relation Committee – Member

2. Past Remuneration : Rs. 1,20,000/- p.m.

3. Recognition or awards : Nil

4. Job profile and his suitability:

Mr. Sumit Sen, as a Whole Time Director, is responsible for creating the sales strategy, identifying consumer trends and creating projects around these. His expertise lies in appropriate pricing and financial structuring. He is a Post Graduate in Commerce and a P.G. Diploma Holder in Marketing and Personnel Management; served the Indian Air Force for 15 years and secured a diploma in Mechanical Engineering while in service.

5. Remuneration proposed: Rs. 1,20,000/- p.m. plus perks as permitted under the Companies Act, 2013.
6. Comparative remuneration profile with respect to the industry, size of the company, profile of the position and person:

Keeping in view the type of the industry, size of the company, the responsibilities, experience and profile of Mr. Sumit Sen, the proposed remuneration is much lower and well within the comparative limits paid by other companies in similar line of business to such managerial personnel.

7. Pecuniary relation with the company, or relationship with the Managerial Personnel:

Mr. Sumit Sen does not have any pecuniary relation with the company other than the remuneration he receives as Whole Time Director. He holds 14,68,693 shares in the paid up capital of the company.

Wife Mrs. Rina Sen, Ms. Sunayana Sen, Daughter of Sumit Sen, may be interested in the resolution pertaining of the re-appointment of and remuneration payable to Mr. Sumit Sen as they are related to each other.

III. Other information:

1. Reasons for loss or inadequate profits:

Uncertain economic conditions, poor economic growth, high inflation, slow down in industrial growth, recession coupled with the division of the state into two, in which the company mainly operates its business, have severally affected the profitability of the company and caused for the losses of the company for the past few years.

2. Steps taken or proposed to be taken for improvement:

The company continues its efforts to generate non-fund based business. The company also continues to recover dues from the debtors /clients by negotiations. The company business development strategies will be aligned towards less capital intensive projects, sharing and development management models. Additionally, it will focus on sourcing land with large capital requirements in its target geographies under the residential co-investment platform with the company acting as the development manager for these projects and sharing the equity projects as well.

3. Expected increase in productivity and profits:

The infrastructure status accorded to the affordable housing will open up more institutional sources for developers to raise funds at a competitive price. This move will help the company to tap this segment of construction.

The combination of improved consumer confidence with far improved affordability as a result of rising incomes, stagnant prices and reduced interest rates will propel this sector in a very positive direction over the next several years.

Company's brand, long history, demonstrated track record and capabilities put it in a strong position to benefit from any improvement in the environment and will allow it to remain on a high growth trajectory in the years ahead.

IV. Disclosures:

The details required to be furnished under the disclosures, are already provided wherever applicable under explanatory statement and corporate governance report pertaining to the period ended 31.03.2015.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Sumit Sen, his wife and daughter, is concerned or interested, financially or otherwise in the Resolution except to the extent of their shareholding.

The Board commends the Resolution as set out at Item no. 10 of the notice for your approval.

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

Sd/-

D. Vijay Sen Reddy

Chairman & Managing Director

Place : Hyderabad

Date: 28th August, 2017

DIRECTORS' REPORT

To the Members,

Your directors submit 23rd 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, 2017. 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, 2017, as compared to the previous financial year are summarized below:

(Amount in Rs. Lakhs)

Particulars	Year ended 31.03.2017		Year ended 31.3.2016	
	Standalone	Consolidated	Standalone	Consolidated
Gross Turn over	5,674.03	7,317.98	8,029.64	10,022.26
Profit before Interest and Depreciation	(7.48)	(253.08)	(413.08)	(858.95)
Depreciation	551.17	574.70	616.12	641.12
Profit before Tax	(1,947.66)	(2,221.18)	(2,224.50)	(2,700.23)
Provision for Tax	(202.70)	(198.85)	(249.43)	(245.59)
Profit / (loss) after Tax	(2,150.36)	(2,420.03)	(2,473.93)	(2,945.82)
Transfer to General Reserve	0	0	0	0
Dividend	0	0	0	0
EPS				
Basic:	-3.07	-3.47	-3.54	-4.22
Diluted	-3.07	-3.47	-3.54	-4.22

The company has adopted Indian Accounting Standards (Ind AS) with effect from 1.4.2016 prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and as such the previous figures reported above may not match with the previous year published figures.

Review of Operations:

The residential property market witnessed improved traction in the first 6 months of CY 2016. The overall positive sentiment is attributed to a host of factors including political stability, regulatory environment, improved infrastructure, strong investments, approval to the GST bill, and amendments to REITs. However, the sector witnessed a visible temporary slowdown since the announcement of the governments' demonetization policy.

During the financial year 2016-17, your company reported a consolidated turnover of Rs. 7,317.98 lakhs against Rs.10,022.26 lakhs for the previous year and a loss of Rs. (2420.03) lakhs as against Rs. (2945.82) lakhs for the previous year.

The standalone turnover of your company for the year 2016-17 stood at Rs. 5,674.03 lakhs as against Rs. 8,029.64 lakhs. The overall loss is declined by 13.08% from (Rs.2473.93) lakhs during 2015-16 to Rs.(2150.36) lakhs during 2016-17.

Sustainable development is an important part of your company's vision. The company managed to demonstrate strong value addition to its development portfolio despite the current uncertainties and challenges in the real estate environment during the year under review.

Future prospects and company's outlook:

A cyclical downturn combined with the demonetization and the implementation of the Real Estate (Regulation and Development) Act, 2016 has created short term uncertainty in the sector. However, these same factors will lead to consolidation and improved governance in the sector, which in turn will drive improved consumer confidence in the long run.

The infrastructure status accorded to affordable housing is a game changing move that will open up more institutional sources for developers to raise funds at a competitive price. This move will encourage leading developers to enter this segment.

The combination of improved consumer confidence with far improved affordability that is the result of rising incomes, stagnant prices and reduced interest rates will propel the sector in a very positive direction over the next several years.

We expect 2017 to be transition year and the years ahead are likely to be prospective for the real estate sector in India. Our brand, long history, demonstrated track record and capabilities put us in a strong position to benefit from any improvement in the environment and will allow us to remain on a high growth trajectory in the year ahead.

Your company's business development strategy shall be aligned towards less capital intensive projects, sharing and development management models. Additionally, your 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 the equity projects as well. Your 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.

Dividend:

Considering your company's performance during the year under review coupled with market conditions, 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.

Fixed Deposits:

The Company has neither accepted nor renewed any deposits from public in terms of Sec.73 of the Companies Act, 2013 and the rules made there under 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 Rs. 1,38,617/- (including interest) is still unclaimed by some old depositors.

Share Capital:

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

Extract of Annual Return:

The extract of the Annual Return in Form MGT-9 as provided under Section 92(3) of the Companies Act, 2013 is given as **Annexure 1** to this Report.

Board Meetings:

Board has met 13 (Thirteen) times during the year 2016-17 other than the separate meeting of independent directors which was held on 14.2.2017.

A detailed note on board meetings and the attendance of Directors at such meeting is provided in the Corporate Governance Report.

Meeting of Independent Directors:

The details of the separate meeting of Independent Directors is reported in the Corporate Governance Report.

Familiarization Programme for Independent Directors:

The details of the familiarization programme for Independent Directors is reported in the Corporate Governance Report.

Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria for independent directors is 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.

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. D. Raghavendar Rao, confirming compliance with the conditions of corporate governance as stipulated under the aforesaid regulations is attached to the Corporate Governance Report.

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 as to its composition, meetings and directors attendance thereat 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:

M/s. Meenavalli & Associates, Chartered Accountants (F. R. No. 012208S) have resigned to their position w.e.f. 5.12.2016. In order to complete the Audit for 2016-17, as per the provisions of Sec. 139(8) of the Companies Act, 2013, the board has appointed M/s. Karumanchi & Associates, Chartered Accountants (Firm Regn. No. 001753S) as statutory auditors at the board meeting held on 8.12.2016 to fill the casual vacancy caused by the resignation of M/s. Meenavalli & Associates.

The appointment of M/s. Karumanchi & Associates as statutory auditors in the casual vacancy is subject to the approval of the shareholders within 3 months from the date of appointment at such board meeting. Accordingly, the appointment of Karumanchi & Associates as statutory auditors of the company has been approved by the shareholders at the Extra Ordinary General Meeting of the Company held on 8.3.2017 and they hold office till the conclusion of the ensuing annual general meeting of the company.

The company proposes to appoint M/s. Karumanchi & Associates, Chartered Accounts, (Firm Regn. No.001753S.) as statutory auditors of the company for 4 years from the conclusion of ensuing Annual General Meeting and until the conclusion of 27th 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 and the Rules, has been received by the company.

Your board recommends appointment of M/s. Karumanchi & Associates, as statutory auditors for 4 years as set out at item no. 3 of the Notice of Annual General Meeting.

Auditors' Report.

- (i) Emphasis of Matter on Note 39(a) of the Standalone Financial Statements – Due to economic slowdown continued recession; the realizations from the customers are slow. Further, 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 39(b) of the Standalone Financial Statements – Long term loans and advances given to land lords / 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 continued recession and low demand in realty sector, the settlements are taking longer period.
- (iii) Point (xi) In Annexure A of Audit Report on Standalone Financial Statements – the managerial remuneration paid or payable to the whole time directors during the year is subject to the approval of the Central Government. The company is taking necessary steps to seek the necessary approvals.

Particulars of loans, guarantees, securities or investments under Sec. 186

The details of loans given, investments made, guarantees given and securities provided during the year under review 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 the transactions entered into during the financial year 2016-17 with the related parties as defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 were in the ordinary course of business and on an arm's length basis.

During the year, the Company had certain transactions referred to in Section 188 of the Companies Act, 2013 with its related parties as detailed in the notes to accounts Note no. 28 forming part of the Standalone financial statements and the same are within the limits as approved by the shareholders at the Annual General Meeting held on 16th August, 2016. Accordingly, the disclosure of Related Party transactions as required under section 134(3) of the Companies Act 2013 in Form AOC-2 is applicable and given as **Annexure-2** to this Report.

As required under Reg. 23 of SEBI (LODR) Regulations, 2015, the company has formulated a policy on related party transactions which is available on the website of the company at: <http://www.prajayengineers.com/investors/corporate-governance>.

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, 2017 and the date of this Report other than those disclosed in this 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, 2017 and the 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.

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's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and land advances and refundable deposits that derive directly from its operations.

The Company is mainly exposed to market risk, credit risk and liquidity risk. 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.

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 other details forms part of the Corporate Governance Report.

Directors & Key Management Personnel:

Pursuant to the provisions of Section 149 of the Companies Act, 2013 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 and Mrs. K. Padmaja was appointed as Independent Woman Director of the company at the AGM held on 16.8.2016 for 5 years. All the independent directors have submitted a declaration saying 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 the Articles of Association of the Company, Mr. M. Raja Gopal Reddy (DIN-01657095) 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.

The 2 years term of Sri D. Vijay Sen Reddy (DIN-00291185) as Managing Director expires on 31.01.2017. Considering his contributions to the company's growth since its inception and his role in formulating its business strategies, the board of directors, at its meeting held on 30.1.2017, on the recommendations of the nomination and remuneration committee and subject to the approval of shareholders and Central Government, has re-appointed him as Managing Director for 3 years with effective from 1st February, 2017.

The 3 years term of Sri K. Ravi Kumar (DIN- 02789546) expires on 31.1.2017. Considering the commitment consistently shown and results exhibited, the Board of Directors, at its' meeting held on 30.1.2017, on the recommendation of the Nomination and Remuneration Committee and subject and to the approval of shareholders and Central Government, has re-appointed Sri K. Ravi Kumar as the Whole Time Director of the Company for a further period of 3 (three) years with effective from 1st February, 2017.

The 2 years term of Sri Sumit Sen (DIN-01028417) expires on 31.1.2017. Considering the commitment consistently shown and results exhibited, the Board of Directors, at its' meeting held on 30.1.2017, on the recommendation of the Nomination and Remuneration Committee and subject and to the approval of shareholders and Central Government, has re-appointed Sri Sumit Sen as the Whole Time Director of the Company for a further period of 3 (three) years with effective from 1st February, 2017.

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 incorporated at an appropriate place in the Report on Corporate Governance.

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 is no change in the key managerial personnel during the year.

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 Companies Act, 2013 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 manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Board Diversity:

The Policy on Board diversity of the Company devised by the Nomination and Remuneration Committee and approved by the Board is disseminated at the website of the Company at www.prajayengineers.com.

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 being 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 women 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 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 (ICC).

During the year ended March 31, 2017, 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 fee for the year 2017-18 has been paid to both 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(s):

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 appointed internal auditors to check the internal controls and the workflow of the organization 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 its assets, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Disclosure of accounting treatments:

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

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:

On the sudden death of Mr. P. Konda Reddy, Practicing Company Secretary who was appointed to conduct Secretarial Audit for the FY 2016-17, the company at its board meeting held on 14.8.2017 appointed M/s Ahalada Rao V. & Associates, firm of Practicing Company Secretaries, to conduct the secretarial audit for the year 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2017 is given at **Annexure 5** to this Report.

The said report does not contain any qualification, reservation and adverse remarks, however, as pointed out in the said Report and in respect of a charge, the company has initiated action to file satisfaction form with Registrar of Companies (ROC) in respect of the same.

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 is annexed and forms part of this Report.

Subsidiary Companies & Consolidated Financial Statements:

The Company has 2 subsidiaries, 1 step down subsidiary and 2 Associates as on March 31, 2017. 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, Ind AS and forms part of this Annual Report.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the standalone financial statements of the Company.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the standalone and consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website 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 are 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 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 whistle 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:

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the percentage of increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2016-17 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 2016-17	% increase in remuneration in the financial year 2016-17	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	35,00,000	Nil	32.71:1	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	15,00,000	Nil	14.12:1	
3.	Mr. Sumit Sen- Whole Time Director	12,00,000	Nil	11.21:1	
4.	Mr. P. Bhaskara Rao –CFO	11,22,000	Nil	8.78:1	
5.	Ms. D. Madhavi Latha-CS	6,36,000	Nil	4.95:1	

It is hereby affirmed that the remuneration paid or payable is as per the remuneration policy of directors, key management personnel and other employees.

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 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 endeavor 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
Prajay Engineers Syndicate Limited

Place: Hyderabad
Date: 28th August, 2017

Sd/-
D. Vijay Sen Reddy
Chairman & Managing Director

FormNo.MGT-9

Annexure 1

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.3.2017

[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	L45200TG1994PLC017384
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-A, Road No. 41, Near Peddamma Temple, Jubilee Hills, Hyderabad – 500 033, Telangana Tel.: 040-66222999 Fax:040-66222966 www.prajayengineers.com
vi.	Whether listed company	Yes
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	79.83%
2	Hospitality – Hotels & Resorts	55101	20.17%

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-A, Road No.41, 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, 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 1.4.2016				No. of Shares held at the end of the year 31.3.2017				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) <i>Indian</i>									
a) Individual/ HUF	22312782	0	22312782	31.90	22312782	0	22312782	31.90	Nil
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	675236	0	675236	0.97	675236	0	675236	0.97	Nil
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):-	22988018	0	22988018	32.87	22988018	0	22988018	32.87	Nil
2) <i>Foreign</i>									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0
h) Other-Individuals	0	0	0	0	0	0	0	0	0
i) Bodies Corp.	0	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0	0
k) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total(A)(2):-	0	0	0	0	0	0	0	0	0
B. Public Shareholding									
1. <i>Institutions</i>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt. (s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
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

Category of Shareholders	No. of Shares held at the beginning of the year 1.4.2016				No. of Shares held at the end of the year 31.3.2017				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total(B)(1)	0	0	0	0	0	0	0	0	0
2. Non Institutions									
a) Bodies Corp.	1,18,09,002	4300	1,18,13,302	16.90	1,09,86,811	4300	1,09,91,111	15.72	-1.18
b) Individuals	1,36,78,954	2,40,184	1,39,19,138	19.90	13416470	240084	13656554	19.53	-0.37
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	90,93,992	2,85,700	93,79,692	13.41	10297829	285700	10583529	15.13	+1.72
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others									
NBFCs Registered with RBI	8300	0	8300	0.01	8300	0	8300	0.01	Nil
Clearing Members	51,902	0	51,902	0.07	67,891	0	67,891	0.09	+ 0.02
Non-Resident Indians	67,88,141	0	67,88,141	9.71	64,40,909	0	64,40,909	9.21	-0.50
HUFs	8,61,501	0	8,61,501	1.23	9,29,151	0	9,29,151	1.33	+0.10
Directors & Their Relatives	41,24,297	0	41,24,297	5.90	41,24,297	0	41,24,297	5.90	Nil
Trusts	1500	0	1500	0.002	1500	0	1500	0.002	Nil
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Non-Resident India Non Repatriable	0	0	0	0	144531	0	144531	0.21	+0.21
Sub-total(B)(2)	46417589	530184	46947773	67.13	46417689	530084	46947773	67.13	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	46417589	530184	46947773	67.13	46417689	530084	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)	69405607	530184	69935791	100	69405707	530084	69935791	100	Nil

ii. **Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 1.4.2016			Shareholding at the end of the year 31.3.2017			% 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	Nil	Nil
2.	D. Hymavathi Reddy	8237618	11.78	8.86	8237618	11.78	Nil	Nil
3.	D. Sharmila Reddy	1759981	2.52	49.89	1759981	2.52	Nil	Nil
4.	Vijmohan Constructions Pvt. Ltd.	674936	0.96	0.00	674936	0.96	Nil	Nil
5.	Prajay Chit Fund Pvt. Ltd.	300	0.00	0.00	300	0.00	Nil	Nil
	Total	22988018	32.87	16.78	22988018	32.87	Nil	Nil

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

Sr. no		Shareholding at the beginning of the year 1.4.2016		Cumulative Shareholding during the year 31.3.2017	
		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 01.04.2016		Date	Bought	Sold	Shareholding at the end of the year 31.3.2017	
		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					
				22.07.2016	-	32000	3464789	4.95
				29.07.2016	-	300	3464489	4.95
				05.08.2016	-	20000	3444489	4.93
							3444489	4.93
2	Ultimate Money Makers India Pvt. Ltd	3428905	4.90					
				22.04.2016	-	298651	3130254	4.48
				23.09.2016	-	100000	3030254	4.33
				21.10.2016	-	25000	3005254	4.30
				28.10.2016	-	119260	2885994	4.13
				04.11.2016	-	5261	2880733	4.12
					2880733	4.12		
3	Claus Christian Torbol	1700000	2.43					
				30.06.2016	-	13630	1686370	2.41
				08.07.2016	-	64902	1621468	2.32

Sl. No	NAME	Shareholding at the beginning of the year 01.04.2016		Date	Bought	Sold	Shareholding at the end of the year 31.3.2017	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				22.07.2016	-	44000	1577468	2.26
				29.07.2016	-	4750	1572718	2.25
				05.08.2016	-	29409	1543309	2.21
							1543309	2.21
4	M. Abhinav Reddy	1537000	2.20				1537000	2.20
5	Vansh Value Realty Private Limited	1500000	2.14				1500000	2.14
6	Maplenet Technologies Pvt. Ltd	1500000	2.14				1500000	2.14
7	VDB Projects Private Limited	1438451	2.06				1438451	2.06
8	Money Tree Media Ventures Pvt. Ltd	1000000	1.43				1000000	1.43
9	Naga Sreenu Gollapalli	963500	1.38					
				22.04.2016	4156	-	967656	1.38
				29.04.2016	4844	-	972500	1.39
				06.05.2016	6000	-	978500	1.40
				20.05.2016	4156	-	982656	1.41
				03.06.2016	900000	-	1882656	2.69
				03.06.2016	-	900000	982656	1.41
				10.06.2016	144	-	982800	1.41
				24.06.2016	8700	-	991500	1.42
				01.07.2016	1000	-	992500	1.42
				15.07.2016	12100	-	1004600	1.44
				22.07.2016	13470	-	1018070	1.46
				29.07.2016	24430	-	1042500	1.49
				05.08.2016	-	41000	1001500	1.43
				26.08.2016	6000	-	1007500	1.44
				16.09.2016	3000	-	1010500	1.44
				30.09.2016	-	3000	1007500	1.44
				07.10.2016	47000	-	1054500	1.51
				21.10.2016	-	1000	1053500	1.51
				28.10.2016	-	21000	1032500	1.48
				04.11.2016	-	30000	1002500	1.43
				11.11.2016	4895	-	1007395	1.44
				18.11.2016	105	-	1007500	1.44
				25.11.2016	-	70000	937500	1.34
				02.12.2016	-	53500	884000	1.26
				23.12.2016	1000	-	885000	1.27
				13.01.2017	6674	-	891674	1.27
				10.02.2017	7173	-	898847	1.29

Sl. No	NAME	Shareholding at the beginning of the year 01.04.2016		Date	Bought	Sold	Shareholding at the end of the year 31.3.2017	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				17.02.2017	2500	-	901347	1.29
				10.03.2017	16118	-	917465	1.31
				17.03.2017	9000	-	926465	1.32
				24.03.2017	6759	-	933224	1.33
				31.03.2017	1234	-	934458	1.34
				31.03.2017	17500	-	951958	1.36
10	P. Purnima #	-	-	-	-	-	711045	1.02
							711045	1.02
11	Arun Kumar Kedia \$	727735	1.04					
				06.05.2016	8883	-	736618	1.05
				13.05.2016	6182	-	742800	1.06
				20.05.2016	19928	-	762728	1.09
				27.05.2016	75902	-	838630	1.20
				03.06.2016	279634	-	1118264	1.60
				17.06.2016	59709	-	1177973	1.68
				23.09.2016	-	278473	899500	1.29
				21.10.2016	-	156288	743212	1.06
				28.10.2016	-	229254	513958	0.73
				04.11.2016	-	30000	483958	0.69
							483958	0.69

\$ Ceased to be in the List of Top 10 shareholders as on 31-03-2017. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2016.

Not in the List of Top 10 Shareholders as on 01-04-2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2017

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

Sl. No.	Name of the Director/KMP	Shareholding at the beginning of the year 01.04.2016		Bought during the year	Sold during the year	Shareholding at the end of the year 31.03.2017	
		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	7410	0.01	0	0	7410	0.01
6.	D. Madhavi Latha	5700	0.00	0	0	5700	0.008

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1555038650	7606988	7140000	1569785638
ii) Interest due but not paid	733921069	0	39839	733960908
iii) Interest accrued but not due	0	0	0	0
Total(i+ii+iii)	2288959719	7606988	7179839	2303746546
Change in Indebtedness during the financial year				
- Addition	10000000	0	0	10000000
- Reduction	56938473	0	41222	56979695
Net Change	(46938473)	0	(41222)	(46979695)
Indebtedness at the end of the financial year				
i) Principal Amount	1508100176	7606988	7100000	1522807164
ii) Interest due but not paid	1068795118	0	38617	1068833735
iii) Interest accrued but not due	373234	0	0	33234
Total (i+ii+iii)	2577268528	7606988	7138617	2592014133

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration paid or payable 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	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	35,00,000	15,00,000	12,00,000	62,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	Nil	Nil	Nil	Nil
		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)	35,00,000	15,00,000	12,00,000	62,00,000
	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.

Annexure 2

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.

Sl. No	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

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 Rs.808 crores.
e)	Date of approval by the Board	The agreement is entered on arm-length basis, hence not required any board's approval. However, as per Reg. 23 of SEBI (LODR) Regulations, 2015, the company has obtained the shareholders approval at the AGM held on 16.8.2016.
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 the 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 Rs.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. However, as per Reg. 23 of SEBI (LODR) Regulations, 2015, the company has obtained the shareholders approval at the AGM held on 16.8.2016.
f)	Amount paid as advances, if any	Nil

Annexure 3

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 consume 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 2016-17, 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 pursuant to Reg. 36 of the SEBI (LODR) Regulations, 2015

Name of the Director	Mr. D. Vijay Sen Reddy	K. Ravi Kumar	Mr. Sumit Sen	M. Raja Gopal Reddy
Date of Birth	03.12.1956	06.02.1953	27.05.1957	11.08.1955
Director's Identification Number(DIN)	00291185	02789546	01028417	01657095
Date of Appointment	19.4.1994	01.02.1999	01.02.2000	17.02.2010
Experience in specific functional area	More than three decades of rich experience in construction industry at all levels and a formulation of business strategies.	Wide experience as an Architect and designer in construction industry for more than 30 years	More than two decades of wide experience in the areas of sales, marketing and general administration.	More than 35 years of long experience in highway construction, Bridges and Storm Water Drains etc.
Qualification	C.A. Inter	B.E. (Civil) and M.Tech.	M. Com., Dip. in Mechanical Engineering and P.G. Dip. in Marketing & Personnel Management	B.Sc.
Relationship with Directors	Nil	Nil	Nil	Nil
Board membership of other Indian Companies as on 31.3.2017	11	Nil	5	3
Chairman/ member of the committee of the Board of Directors as on 31.3.2017	Nil	Nil	Member-Stakeholders Relationship Committee	Member-Stakeholders Relationship Committee
Chairman / Member of the committees in other companies in which he/she is a Director as on 31.3.2017	Nil	Nil	Nil	Nil
Number of shares held in the company as on 31st March 2017	1,23,15,183	50,000	14,68,693	15,37,000 (held through relative)

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 31- 03- 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
 The Members,
Prajay Engineers Syndicate Limited

We 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 or PESL). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Management's Responsibility for Secretarial Compliances

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Secretarial Auditor's Responsibility

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to Secretarial compliances.

We believe that audit evidence and information obtained from the Company's managements is adequate and appropriate for us to provide a basis for our opinion.

Based on our verification of the 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Prajay Engineers Syndicate Limited ("the Company") for the financial year ended on 31st March, 2017, 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 Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 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 as the company did not issue any security during the financial year under review)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable as the company has not granted any options to its employees during the financial year under review.)**

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable as the company has not issued any debt securities during the financial year under review)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable as the company has not delisted its equity shares from any stock exchange during the financial year under review)**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable as the company has not bought back any of its securities during the financial year under review)**

We 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 Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 for the period from 1st April, 2016 to 31st March, 2017.

We hereby report that in our opinion, the company has, during the financial year ended 31st March 2017, complied with the aforesaid laws, rules, regulations, guidelines, and material compliances as listed in the annexure and that there are adequate systems and processes are in place to commensurate with the size and operations of company to monitor and ensure compliances.

Based on the information received and records maintained by the company, we further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
2. 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.
3. Adequate notice is given to all the directors of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at such meetings.
4. All the decisions at Board and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

ANNEXURE:

We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 1956, Companies Act, 2013 and the Rules made under that as notified by the Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:

- a) Maintenance of various statutory registers and documents and making necessary entries therein;
- b) Closure of the Register of Members.
- c) returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) Notice of Board meetings and Committee meetings of Directors;
- f) The meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) The 22nd Annual General Meeting of the Company held on 16th August 2016;
- h) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) Approvals of the Members, the Board of Directors, the Committees of Directors, wherever required;
- j) Payment of remuneration to the Directors including the Managing Director and Whole-time Directors subject to approval of shareholders and Central Government;
- k) Appointment and Remuneration of Auditors;
- l) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- m) Declaration and payment of dividends;
- n) No Transfer was required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the website of the Company and the Ministry of Corporate Affairs as there was no unclaimed dividend with the company;
- o) Borrowings and registration, modification of charges, and satisfaction of charges wherever applicable. However, in respect a charge, the satisfaction is yet to be filed and the management has agreed to take up the matter with the bankers and file the satisfaction soon.
- p) Investment of the Company's funds including investments and loans to others;
- q) Form of Balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act;
- r) Directors' report;
- s) Contracts, common seal, registered office and publication of name of the Company; and
- t) Generally, all other applicable provisions of the Act and the Rules made under the Act.

For **Ahalada Rao.V & Associates**
Company Secretaries

Place : Hyderabad
Date : 19.08.2017

Raghavendar Rao.D
Company Secretary in Practice
CP No. 13407

MANAGEMENT DISCUSS & ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Indian Economy – an Over View:

India's economic growth is expected to see an uptick at 7.2% in FY 2017-18. It is expected to further accelerate to 7.5% in FY 2018-19. Consumer inflation moderated to 4.5% in FY 17 and is likely to remain below 5% In The FY 2018. The decline in global oil prices improved the external current account and fiscal positions, and helped lower inflation.

India's gross domestic product (GDP) grew by 7 per cent year-on-year in October-December 2016 quarter, which is the strongest among G-20 countries, as per Organization for Economic Co-operation and Development (OECD) Economic Survey of India, 2017. According to IMF World Economic Outlook Update (January 2017), Indian economy is expected to grow at 7.7 per cent during FY 2017-18.

The goods and service tax act has been identified as one of the most important tax reforms post-independence, it will enhance the efficient of production and movement of goods and services across Indian states. It unifies the country in a single market with easy compliance, broaden the tax base and improve productivity.

India continues to be one of the fastest growing large economies despite te slowdown due to the government's decision of demonetization. The Indian economy is on a strong growth trajectory, which coupled with its commitment to fiscal discipline exhibited over the last three years suggest that its deficit and debt ratios are likely to decline significantly going forward.

Over view of the Real Estate Industry:

For the Real Estate Industry, 2016 saw the biggest changes in decades, especially on the policy front. Some of the biggest game-changing policies like GST and RERA cleared hurdles. The demonetization move caused considerable turmoil; however, along with the Benami Transactions Act, it promises to bring greater transparency in the real estate sector.

Affordable housing will come into sharper focus now than in previous years, and REITs promise to open up the real estate market to smaller investors in the coming year. The country's real estate markets are definitely poised for growth in the medium-to-long term on the back of higher transparency and further consolidation. India's Tier-I cities moved up to the 36th rank in JLL's biannual Global Real Estate Transparency Index in 2016 due to improvements in structural reforms and liberalization of the Foreign Direct Investment (FDI) policy.

Clarity on tax credit for real estate transactions and allowing input credit could bring about a reduction in home prices.

Time taken for developers to get central level approvals has come down as the process was moved online. The National Land Record modernization programme is also underway to digitize land records, and is now slated to be completed by 2021.

States will also follow the Model Tenancy Act, which was rationalized by the Centre this year. This will help tenants and landlords living in dilapidated and very old developments.

The residential property market witnessed improved traction in the first 6 months of CY 2016. The overall positive sentiment as attributed to a host of factors including political stability , regulatory environment, improved infrastructure, strong investments , approval to the GST bill, and amendments to REITs. However, the sector witnessed a visible temporary slowdown since the announcement of the governments' demonetization policy.

Beyond the short term demand factors, the long term potential of Indian real estate continues to be robust. According to a research report by Morgan Stanley, India's property sector is expected to grow at a Compounded Annual Growth Rate (CAGR) of 16% for the next decade. Some of the demand drivers include a rise in per capital income, rise in the median age of the population within the home buying range, continuing urbanization and an improving regulatory framework.

(I) Residential Real Estate:

The sector lost momentum since the launch of the governments' demoninertization campaign in November, 2016. Against this backdrop, most of the developers refrained from announcing new launches and buyers turned cautious before committing on purchases.

A pan-India trend that emerged in 2016 was that a higher number of units were sold every quarter (1Q16-3Q16) than new project launches in the same period. A slowing number of new launches helped reduce the inventory overhang.

Sales volume dropped by 44% and new launches fell by 61% during the year 2016-17.

The government's focus on affordable housing has helped in making the term more acceptable to developers. Now, the developers' community is not only entering this segment with confidence but also talking about it openly. There is now considerable goodwill attached to such a move, and affordable housing obviously makes eminent business sense. There has been an overwhelming historic deficit of affordable housing projects. Moreover, in the face of slowing sales in the luxury and premium categories, affordable housing can open up a new revenue source for those entering this segment.

(II) Retail Real Estate:

All three segments of retail – apparel, F&B (food and beverage) and entertainment & cinema – did well in 2016. A relatively new format of retailing – the Office-Retail Complex (ORCs) – found favour from retailers and developers in 2016. ORCs offer retailers a higher bang for their buck with comparatively lower rents for prime ground floor spaces in comparison to what premium malls charge, along with guaranteed viewership and higher weekday footfalls than comparable malls.

This format offers developers potentially higher revenue across a diversified tenant base. It also provides them a key differentiator, which may be the ultimate weapon in commercial occupier retention and future rental upside potential.

(III) Commercial Real Estate:

The office market across the top six cities of India performed steadily in CY 2016 despite major challenges such as uncertainty due to Brexit, US Elections and slowdown in IT / ITeS sectors.

According to a research Firm Knight Frank, CY 2016 closed with the total transactions of 40.6 million sq. ft. which is marginally lower than 41.1 million sq. ft. of office space transaction CY 2015.

Grade A leasing activity in the commercial office space remained upbeat during 2016, with over 9 per cent increase compared with that of the previous year. This resulted in 2016 recording the highest leasing of over 43 million square feet (msf), primarily driven by IT-ITeS and Banking, Financial Services and Insurance (BFSI) sectors. Due to lack of quality spaces in completed projects, the year saw strong pre-leasing in under-construction projects, contributing to nearly one-fourth share in the total leasing during the year.

On the demand side, the office space requirements of sectors such as manufacturing, logistics, FMCG, etc., showed positive signs in 2016, and we expect this to continue in 2017. Office space required by eCommerce/start-ups and consulting firms rose, as these sectors are expected to continue with headcount addition to accommodate their business growth in the years to come.

Unlike earlier, Indian corporates - including historically lease-averse companies - have started showing a propensity towards leasing versus buying. Now, as the contracts of many of these companies get shorter, they prefer to lease. For many companies, especially in non-technology sectors, money saved through leasing is reinvested in business.

(IV) Tourism and Hospitality-Real Estate:

With a consistently growing middle class and increasing disposable income, the tourism and hospitality sector is witnessing a healthy growth and accounts for 7.5 per cent of the country's GDP. According to a report by KPMG, the hospitality sector in India is expected to grow at 16.1 per cent CAGR to reach Rs 2,796.9 thousand crore in 2022. The hospitality sector encompasses a wide variety of activities within the services sector and is a major job provider both direct and indirect. The sector attracts the most FDI (Foreign Direct Investment) inflow and is the most important net foreign exchange earner for the country. It also contributes significantly to indirect tax revenue at the state and central level.

The hospitality industry relies on a host of factors enabling the ecosystem to function and has a reciprocal relationship with several other sectors like transportation, entertainment, aviation etc. Strengthening these related sectors will lead to the growth and development of the hospitality sector. Therefore, single window clearance for real estate and hospitality projects and providing infrastructure status to the hospitality industry are much-needed steps for the growth of the industry.

2. OPPORTUNITIES, THREATS & CHALLENGES:

A. Opportunities:

Significant supply gap:

The urban housing shortage is 19 million units, of which, 95.6 per cent is in the Lower Income Group (LIG) and Economically Weaker Section (EWS). The union government had launched Pradhan Mantri Awas Yojana –

Housing for All (Urban) in June 2015, to address the urban housing shortage. The government aims to achieve this through credit-linked subsidies and Public–Private Partnerships (PPP) model.

Rapid urbanization:

India's urban population is forecasted to almost double from 410 million in 2014 to over 583 million by 2030. At present there is a shortage of 18.8 million homes across urban centers in India, this trend has significantly increased the demand for housing in the urban context.

Monetary easing:

Housing demand will get a big boost with interest rates on home loans becoming cheaper following steep cut in lending rates by major banks. Post demonetization, home loan rates have also fallen to 8.25-8.65%, and are at the lowest levels in the last 8 years. A roll back in rates positively impact sentiment and encourages home buyers and real estate developers.

Middle income housing:

The interest subsidy scheme announced by Government of India for middle income housing covers households earning up to INR 18 lakh p.a. with an upper limit on carpet area of 110 sq. mtrs. And with no cap on the value of the house, this will enhance the coverage of the scheme as it will cover a vast majority of middle income population in major metro and tier I cities. Since the scheme does not cap the value of the house, it implies that any middle income housing project can qualify under the scheme subject to the family buying it is falling under the income limits.

B. Threats & Challenges:

The real estate sector has been facing a number of issues, of which some of the major ones are enlisted below:

Funding problems:

Despite the real estate sector contributing the third highest share to the Indian economy, the share in outstanding loans from banks to the sector is extremely low at 3 per cent. This results in limited access to long-term and low-cost funding channels, especially through banks and external commercial borrowings (ECB) route.

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 rate of interest.

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 regard 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 with the sector.

Higher rates of statutory fees and taxes, including multiple taxation inflate the cost of construction, making affordable housing projects financially unviable for the private sector developers.

Shortage of Manpower & Technology:

Despite being the second largest employer in the country, the construction sector as a whole faces manpower shortage. The sector is largely depend on manual labour which increases the timelines for construction companies and results in supply getting delayed.

Technologically less labour intensive alternative methods of construction need to be adopted on a large scale through training and skill development of manpower.

Unsold stock, scarcity of urban land and clear titles:

While there is a significant shortage of housing in urban regions, it is estimated that the top-eight cities in India have approximately 6.5 lakh units of unsold housing stock. At the current rate of absorption, it may take over five years to clear the housing stock in regions.

There is a scarcity of developable land in urban areas, and peripheral regions of cities lack appropriate urban infrastructure, which escalates the final project cost.

One of the major issues that the real estate sector is facing is lack of clear land titles and land title insurance, which lead to litigations and causes project delays

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 97% in all respects and got 5% bookings during the year thereby aggregating to 95% of the first phase of the project. In order to cater to the needs of the low and middle income group, we have launched our Phase 2 of Prajay Water Front city project under Prime Minister Awas Yojana scheme to facilitate the customers for getting the benefits announced by our Prime Minister Mr. Narendra Modi under the said scheme. We have received good response and almost 200 plots got booked by the customers and construction work is in progress.

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 97% 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 90 villas have been handed over and families are staying with all the amenities provided at the site including club house facility for organizing mini/kitty parties for the residents.

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 871 flats have been sold (after accommodating the cancellations in second phase).

Out of first Block comprising of 3 towers, Tower No.12, 17 and 18 have been handed over and families started staying and by September end Tower No.19, 20 will be handed over. The other towers shall be handed over in December 2017.

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 80% of the apartment's are already sold.

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 and 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.

Government Reforms / Initiative:**Real Estate (Regulation & Development) Act, 2016**

It is a government of India initiative to bring about the much needed transparency and order to the real estate transactions by creating a systematic and a uniform regulatory environment, thereby protecting consumer interest and making real estate developers accountable for timely completion of projects. Increased transparency and more regularized business systems will attract more investments in to this sector.

Finalization of REIT Regulations:

REITs primarily invest in completed real estate projects that generate revenue and the majority of their earnings are distributed among investors and thus they are low risk Investment Avenue providing regular income. In the past eight years, SEBI has amended the REITs rules several times, aiming to promote investment models along the lines of mutual funds in real estate.

Key measures in Budget 2017:

The union budget 2017 proposed many positive measures for the real estate sector. Some of them are:

The union budget has assigned infrastructure status to affordable housing projects to provide impetus to this segment. This will result in better access to funding, longer tenure of loans and lower cost of funding.

The budget 2016-17 provided 100% deduction benefits to real estate developers for any profits arising from affordable housing projects, subject to satisfaction of certain conditions like project to be completed within 3 years. Since the approvals take longer time, the budget for 2017 proposes to increase this time limit to 5 years in line with realistic delivery timelines.

Long term capital gain concessions:

The holding period for capital gains arising from immovable property has been reduced from 36 months to 24 months. Further the base year for indexation is shifted from 1.4.1981 to 1.4.2001. This will reduce the capital gains tax burden on property sellers, improve liquidity and enhance the marketability of real estate as an asset class.

Abolition of Foreign Investment Promotion Board (FIPB):

In the past 2 years the government has implemented many FDI reforms. As majority of the total FDI flows through automatic route, the government has decided to do away with FIPB norms. This is to attract more FDI under automatic route, under which the foreign investors will not require any prior approval from the FIPB and only will be subjected to sectoral laws.

Capital gains tax liability changed for Joint Development Agreement (JDA):

In case of joint development agreements, the capital gain tax needs to be paid only in the year of completion of project. Apart from other steps, this will provide tax relief not only to the land owner but also the developers, thereby decreasing their liability.

4. OUTLOOK:

A cyclical downturn combined with the demonetization and the implementation of the Real Estate (Regulation and Development) Act, 2016 has created short term uncertainty in the sector. However, these same factors will lead to consolidation and improved governance in the sector, which in turn will drive improved consumer confidence in the long run.

The infrastructure status accorded to affordable housing is a game changing move that will open up more institutional sources for developers to raise funds at a competitive price. This move will encourage leading developers to enter this segment.

The combination of improved consumer confidence with far improved affordability that is the result of rising incomes, stagnant prices and reduced interest rates will propel the sector in a very positive direction over the next several years.

We expect 2017 to be transition year and the years ahead are likely to be prospective for the real estate sector in India. Our brand, long history, demonstrated track record and capabilities put us in a strong position to benefit from any improvement in the environment and will allow us to remain on a high growth trajectory in the year ahead.

Your company's business development strategy shall be aligned towards less capital intensive projects, sharing and development management models. Additionally, your 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 the equity projects as well. Your 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.

5. RISKS AND CONCERNS:

Liquidity Problems:

The real estate sector has been grappling with liquidity issues and piling debt. The total outstanding debt of listed real estate developers in India has risen from INR 25,000 crores in FY2007 to over INR 83,000 crores in FY2016.

Industrial cyclicality:

The real estate market is inherently a cyclical market and is affected by macro economic conditions, changes in applicable governmental schemes, changes in supply and demand for projects, availability of consumer financing and liquidity. Your company is attempting to hedge these risks by adopting models comprising joint ventures, residential platforms. However, any further significant down turn in the industry and the overall investment climate may adversely affect the business.

Statutory approvals:

This sector is heavily regulated by the central, state and local governments. Real estate developers are required to comply with a number of laws and regulations. Delays in approvals cause delay in project completion timelines, leading to capital blockage and high interest burden to the developers.

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and land advances and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The company aims to understand, measure and monitor the various risks to which it is exposed and to ensure that it adheres, as far as reasonably and practically possible, to the policies and procedures established by it to mitigate these risks.

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's revenues are reduced to Rs.5,674.03 lakhs during the year as against Rs.8,029.64 lakhs during the previous year, a reduction of 29.33%.

The company has incurred a loss of Rs.2,150.36 lakhs during the year as against loss of Rs.2,473.93 lakhs for the corresponding previous year.

Operational Cost:

The reduction in operating cost was primarily due to lower volume of operations and cost of key inputs.

EBIDTA :

EBIDTA is negative and stood at Rs. (7.48) lakhs in the financial year 2016-17 as against Rs.(413.08) lakhs in the financial year 2015-16.

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 Rs. (2,150.36) lakhs during the financial year as against a loss of Rs.(2,473.93) lakhs for the corresponding previous year.

The basic earnings per share stood at Rs.(3.07) for the current financial year as against Rs.(3.54) for the previous financial year.

However, the current ratio of the company for the year 2016-17 stood at 1.21.

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 Rs.607.77 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 0.45 when compared to acceptable level of 2:1. The secured borrowings of the company stood at Rs.239.31 crores at the end of the financial year.

8. MATERIAL DEVELOPMENT 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 31.3.2017, your company employs around 250 Employees.

Your company believes 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.

REPORT ON CORPORATE GOVERNANCE

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

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's wealth generating capacity. This is ensured by conducting business with a firm commitment to values, while at the same time, meeting stakeholders' expectations.

Your 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 guiding principles and practices are summarized in this report and these are articulated through the company's code of conduct for board of directors and senior management, policies and charters of various committees of the board and the company's disclosure policies.

2. Board of Directors:

The company has an optimal combination of Executive, Non-Executive and Independent Directors to maintain the independence of the board which is in conformity with the requirements of Sec. 149(4) of the Companies Act, 2013 and Regulation 17 of SEBI (LODR) Regulations, 2015.

As of March 31, 2017, the board of directors consisted of 8 directors drawn from diverse fields / professions, which includes 1 (one) Managing Director (Chief Executive Officer), 2 (two) Executive Directors and 5 (five) Non-Executive Directors, of which 4 (four) are Independent Directors.

Since the chairman is an Executive Director and belongs to promoter group, half of the board comprises independent directors, as detailed below:

a. Composition and Category of Directors as on 31st March 2017:

Sl. No.	Name of the Director	Designation	Category
1.	D. Vijay Sen Reddy (DIN-00291185)	Chairman & Managing Director	Whole Time Director
2.	K. Ravi Kumar (DIN-02789546)	Director	Whole Time Director
3.	Sumit Sen (DIN-01028417)	Director	Whole Time Director
4.	Vijay Kishore Mishra (DIN-00995683)	Director	Independent director
5.	N. Nageshwara Rao (DIN-00992324)	Director	Independent director
6.	M. Raja Gopal Reddy (DIN-01657095)	Director	Non-Executive Director
7.	S.K. Rudresh (DIN-01033473)	Director	Independent Director
8.	K. Padmaja (DoJ-14.6.2016) (DIN-07543055)	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, 2017 and at the last Annual General Meeting (AGM) are given below:

Name of the Director	No. of Board Meetings held during 2016-17		Attendance at the last AGM held on 16.08.2016
	Held	Attended	
D. Vijay Sen Reddy	13	13	Yes
K. Ravi Kumar	13	13	Yes
Sumit Sen	13	13	Yes
Vijay Kishore Mishra	13	12	Yes
N. Nageshwara Rao	13	09	No
M. Raja Gopal Reddy	13	05	No
S.K. Rudresh	13	04	No
K. Padmaja (w.e.f.14.6.2016)	13	09	Yes

c. Other Directorships and Committee Positions of the Directors:

None of the Directors on the Board hold directorships in more than ten public companies, 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, 2017 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 Companies Act, 2013. 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 Listing Regulations read with Section 149(6) of the Companies Act, 2013.

The number of directorships and memberships / Chairmanships in the committees of other companies held by the directors as on 31st March, 2017 are as under:

Name of the Director	Category	Relationship between directors inter-se	Other Director ships *	Committee positions in the Company and other companies *	
				Committee Memberships **	Committee Chairmanships **
D. Vijay Sen Reddy	Whole Time 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	1	Nil	2
N. Nageshwara Rao	Independent Director	None	1	2	Nil
S.K.Rudresh	Independent Director	None	Nil	1	Nil
M. Raja Gopal Reddy	Non-Executive Director	None	3	1	Nil
K. Padmaja (w.e.f. 14.6.2016)	Independent Director	None	Nil	1	Nil

Note: * & ** Includes Directorships in Private Limited Companies and only Indian Companies. Only Audit Committee and Stakeholders' Relationship Committees 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 as and when deemed necessary; to address the specific needs of the Company.

Thirteen Board Meetings were held during the year on the following dates and the gap between two meetings did not exceed one hundred and twenty days:

13th May, 2016; 19th May, 2016; 30th May, 2016; 14th June, 2016; 14th July, 2016; 13th August, 2016; 13th September, 2016; 6th December, 2016; 8th December, 2016; 14th December, 2016; 30th January, 2017; 9th February, 2017 and 14th February, 2017.

The necessary quorum was present for all the meetings. During the year 2016-17, 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 February 14, 2017. 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 the laws applicable to the Company and arrives at the action plan for proper and timely compliances.

e. Disclosure of relationships between directors inter-se:

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

The Company enters into transactions in the ordinary course of business with the companies in which the Directors hold directorship. Attention of the Members is drawn to the disclosures of transactions with related parties set out in Notes to Accounts Note No.28 of Standalone Financial Statement, forming part of the Annual Report.

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 2017:

Sr. No.	Name of the 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.	Mrs. K. Padmaja	Nil	0.00
4.	Mr. S.K. Rudresh	Nil	0.00
5.	Mr. M. Raja Gopal 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 and other policies made applicable to the company from time to time.

Further, statutory auditors and senior management will 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>

h. **Brief details of the Director(s) appointed / re-appointed:**

Brief details of Directors appointed / re-appointed at this Annual General Meeting as per regulation 36 of SEBI (LODR) regulations, 2015 are as under:

Mr. D. Vijay Sen Reddy – Managing Director

Mr. D. Vijay Sen Reddy, aged about 61 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, a semi qualified Chartered Accountant, 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 implementation.

His updated knowledge about market trends, government and other regulatory authorities' rules, guidelines and 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.

He is an expert advisor on Land acquisition, usage and in indentifying suitable locations/demographics for acquiring properties.

K. Ravi Kumar – Whole Time Director

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. K. Ravi Kumar, aged about 64 years, is a technocrat and has been associated with the Company since 1999. Mr. Ravi Kumar has more than three decades of experience and expertise in the construction industry and has been instrumental in the Company's growth since his association. Mr. Ravi Kumar has helped the company in successfully launching its low income group houses 'Prajay Nivas' at Mohan Nagar, Hyderabad with his designing skills and experience in the relevant field.

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

He advises the company in formulating and updating its structural and construction policies while balancing quantity and quantity. He also guides the company in formulating its construction policies blending innovation and economy.

Sumit Sen – Whole Time Director

A Post Graduate in Commerce and a P.G. 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.

He also plays key role in formulation and implementation of procurement policies of the company of various materials to strike a balance between quality, quantity and innovation. Being a personnel management expert, he also guides the HR & Personnel department in formulating and implementation of various policies related to identification, recruitment, induction, training needs and appraisal of the employees of the company at different levels.

M. Raja Gopal Reddy – Non-Executive Director

Mr. Raja Gopal Reddy aged about 62 years, is a Science Graduate with more than 35 years 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.

3. Audit Committee

a. Brief description of terms of reference

The terms of reference of audit committee are as under:

- i) overseeing the companies 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 and monitoring the auditor's independence and performance, and effectiveness of audit process;
- vii) approval or any subsequent modification of transactions of the listed entity with related parties;
- viii) scrutiny of inter-corporate loans and investments;
- ix) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- x) evaluation of internal financial controls and risk management systems;
- xi) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xii) 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;
- xiii) discussion with internal auditors of any significant findings and follow up there on;
- xiv) 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;
- xv) 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;
- xvi) 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;
- xvii) to review the functioning of the whistle blower mechanism;

- xviii) approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- xix) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- xx) Monitoring the end use of funds raised through public offers and related matters.
- xxi) to review the management discussion and analysis of financial condition and results of operations;
- xxii) to review the statement of significant related party transactions (as defined by the audit committee), submitted by management;
- xxiii) to review management letters / letters of internal control weaknesses issued by the statutory auditors;
- xxiv) to review the internal audit reports relating to internal control weaknesses; and
- xxv) 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).
- xxvi) 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
- xxvii) 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.
- xxviii) 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, names 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 Member & Category	Category	Member / chairperson
Mr. Vijay Kishore Mishra	Independent Director	Chairman
Mr. N. Nageshwara Rao	Independent Director	Member
S.K. Rudresh	Independent Director	Member
Mrs. K. Padmaja (w.e.f.14.6.2016)	Independent Director	Member

c. Audit committee meetings and attendance during the year ended 31.03.2017:

The Committee has met 11 (Eleven) times during the Financial Year ended March 31, 2017, i.e. on May 19, 2016; 30th May, 2016; 14th June, 2016; 14th July, 2016; 13th August, 2016; 13th September, 2016; 6th December, 2016; 8th December, 2016; 14th December, 2016; 9th February, 2017 and 14th February, 2017.

Table below gives composition and the attendance record of the aforesaid meetings of the Audit Committee:

Name of the Member & Category	category	Number of meetings during the year 2016-17	
		Held	Attended
Mr. Vijay Kishore Mishra	Chairman-Independent Director	11	11
Mr. N. Nageshwara Rao	Member-Independent Director	11	11
S.K. Rudresh	Member-Independent Director	11	03
Mrs. K. Padmaja (w.e.f.14.6.2016)	Member-Independent Director	11	08

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 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) 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 of directors their appointment and removal.
- vii) 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.
- viii) 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, members and chairperson

The nomination and remuneration committee was constituted by the board with 3 independent directors and 1 non-executive director with an independent director as its chairman.

Name of the Director	Category	Number of meetings held during the year 2016-17
Mr. Vijay Kishore Mishra	Independent Director	Chairman
Mr. M. Raja Gopal Reddy	Non-Executive Director	Member
Mr. N. Nageshwara Rao	Independent Director	Member
Mrs. K. Padmaja (w.e.f. 14.6.2016)	Independent Director	Member

c. Meetings and attendance during the year:

The committee has met three times during the year on 14th June, 2016; 14th July, 2016 and on 30th January, 2017.

Name of the Member & Category	category	Number of meetings held during the year 2016-17	
		Held	Attended
Mr. Vijay Kishore Mishra	Independent Director	3	3
Mr. M. Raja Gopal Reddy	Non-Executive Director	3	3
Mr. N. Nageshwara Rao	Independent Director	3	1
Mrs. K. Padmaja (w.e.f. 14.6.2016)	Independent Director	3	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 the regulations of 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 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 recommendation to the Board, which, after considering the recommendations, 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 Members / Central Government, wherever required.

e. Performance evaluation of board and its committees:

Pursuant to the 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.

During the year, the company has conducted a formal board effectiveness review as part of its efforts to evaluate, identify improvements and thus enhance the effectiveness of the board of directors, its committees and individual directors. Each member of the board had completed a questionnaire providing feedback on how the board currently operates and how it might improve its effectiveness on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like board composition, strategic orientation, team dynamics, 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.

f. **Separate meeting of independent directors**

In the 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. non-executive directors are not paid any sitting fee for attending the board and committee meetings.
- b. The Company does not have any Employee Stock Option Scheme
- c. none of the non-executive directors, have any pecuniary relationship or transactions with the Company.
- d. the details of remuneration paid or payable to the whole time directors during the year is as follows (Rs. in lacs)

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' 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. The status of investor grievances received and redressed during the year are given below:

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 Regulation 20 of Securities and Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name of the Director	Category	Member / Chairman
Mr. Vijay Kishore Mishra	Independent Director	Chairman
Mr. M. Raja Gopal 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 during the year - 13**

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	Chairman
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
2015-16	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad – 500 016.	16.8.2016 at 3.00 P.M.
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.

b. Special resolutions passed during the previous three Annual General Meetings:

Sl.No.	Date of AGM	Special Resolutions passed
1.	16.08.2016	1. To approve existing transactions and to fix threshold limits for future transactions / contracts / arrangements with related parties
2.	30.09.2015	2. To re-appoint Mr. Sumit Sen as Whole-time Director for 2 years 3. To re-appoint Mr. D. Vijay Sen Reddy as Managing director of the company for 2 years.
3.	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.

c. Special resolutions passed / proposed to 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 are normally published

The quarterly results of the company are published 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 of the company, if any, 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, from time to time, 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: Wednesday, 27th day of September, 2017

Time: at 12.00 Noon

Venue: Hotel Woodbridge, A.C.Guards, Lakadikapul, Hyderabad – 500 004

b. **Financial calendar:**

For the Quarter ending 30.6.2017	-	August, 2017
For the Quarter ending 30.9.2017	-	November, 2017
For the Quarter ending 31.12.2017	-	February, 2018
For the Quarter / Year ending 31.03.2018	-	May, 2018

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 2017-18 has been paid to the above stock exchanges and also the custodial fee to the Depositories.

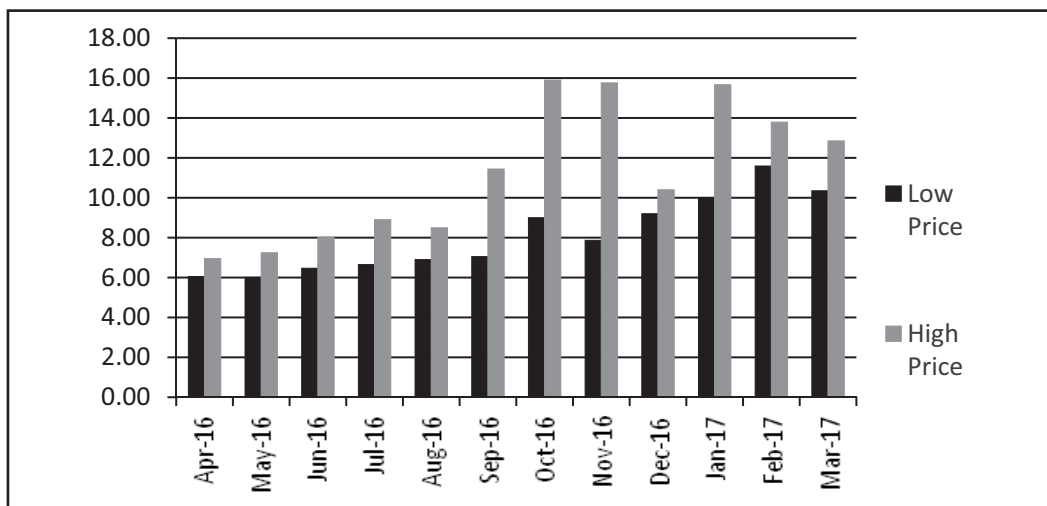
e. **Stock code:**

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**

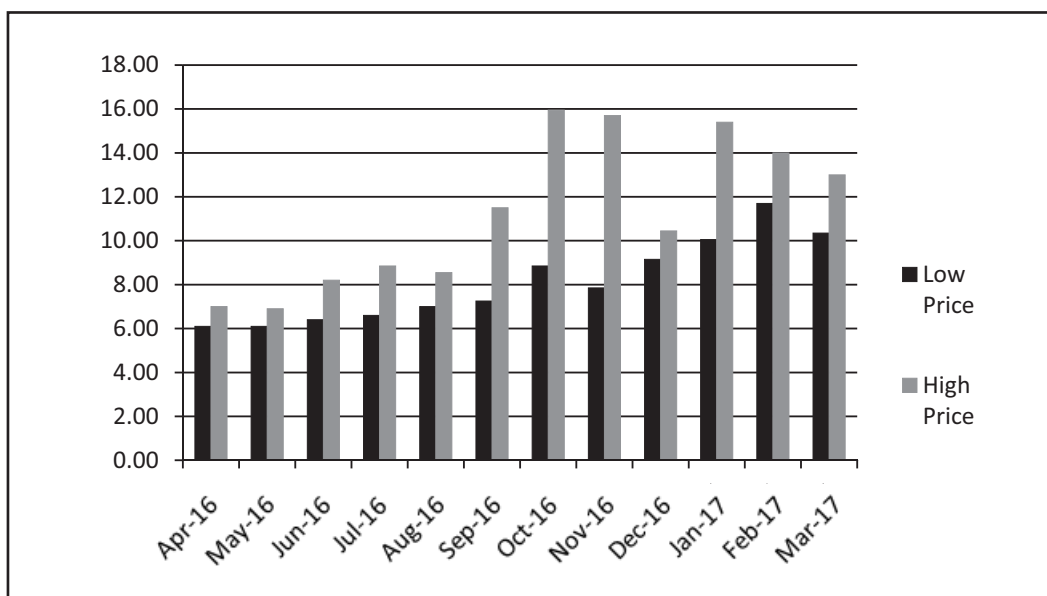
(i) **BSE Limited:**

Month	BSE PRICE Rs.		
	High (Rs.)	Low (Rs.)	Volume traded in month
2016-17			
April, 2016	6.95	6.05	261995
May, 2016	7.24	6.01	173702
June, 2016	8.01	6.47	208326
July, 2016	8.90	6.65	578663
August, 2016	8.49	6.90	182602
September, 2016	11.44	7.05	1969540
October, 2016	15.90	9.00	2008737
November, 2016	15.76	7.87	1057475
December, 2016	10.40	9.20	411860
January, 2017	15.67	10.00	1550586
February, 2017	13.79	11.59	360212
March, 2017	12.85	10.35	383460

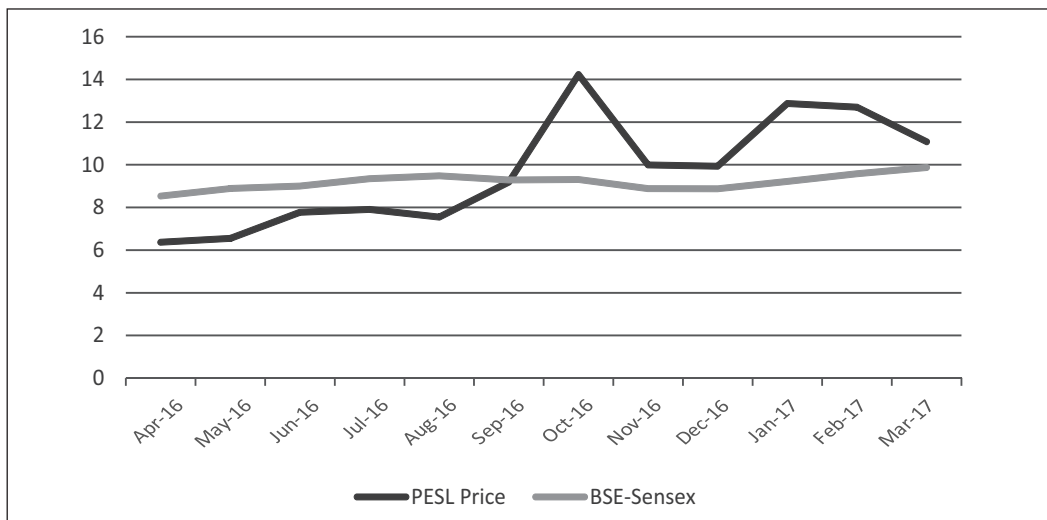


(ii) National Stock Exchange of India Limited (NSE):

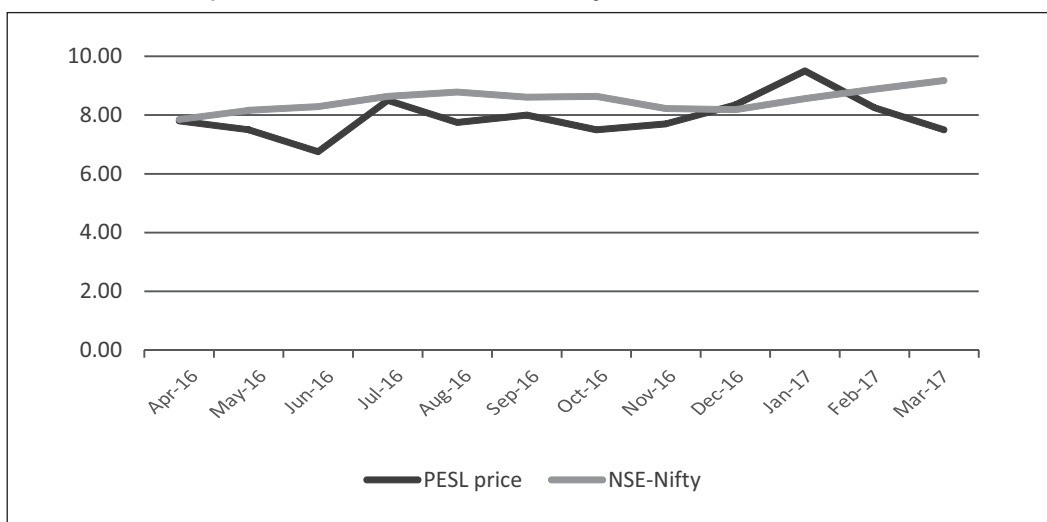
Month	NSE PRICE Rs.		
	High	Low	Volume traded in month
2016-17			
April, 2016	7.00	6.10	617034
May, 2016	6.90	6.10	639084
June, 2016	8.20	6.40	789250
July, 2016	8.85	6.60	1134750
August, 2016	8.55	7.00	656687
September, 2016	11.50	7.25	4953350
October, 2016	15.95	8.85	4447276
November, 2016	15.70	7.85	1947127
December, 2016	10.45	9.15	861530
January, 2017	15.40	10.05	1985394
February, 2017	14.00	11.70	736941
March, 2017	13.00	10.35	843130



g. (i) **Performance in comparison to broad based indices of BSE Sensex:**



(ii) **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 & Transfer Agent of the Company. Any request pertaining to investor relations may be addressed to the following address:

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: einward.ris@karvy.com / investorrelations@prajayengineers.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.

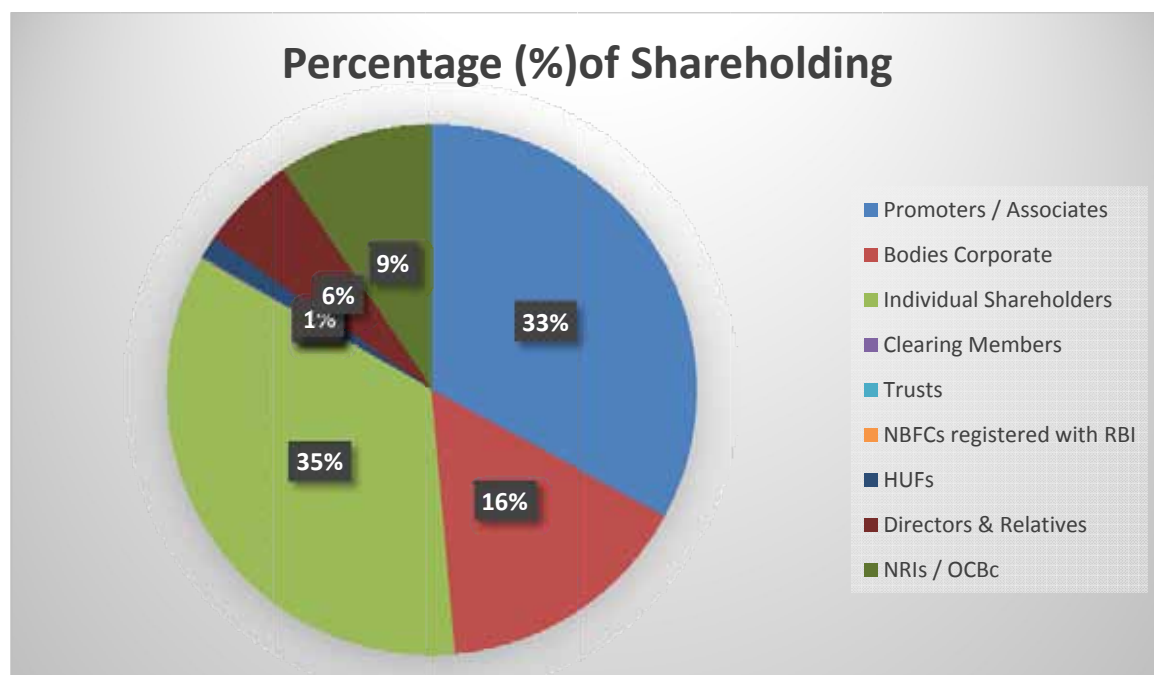
A certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary as required under Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is obtained from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

k. Distribution of shareholding as an 31st March, 2017

category	No. of shareholders		No. of shares		% of total shareholding	
	Physical (A)	Demat (B)	Physical (A)	Demat (B)	Physical (A)	Demat (B)
1-5000	263	11964	62584	2230333	0.09	3.19
5001-10000	95	2267	84400	1960641	0.12	2.80
10001-20000	10	1377	13800	2183338	0.02	3.12
20001-30000	11	511	25400	1333121	0.04	1.91
30001-40000	2	247	7500	899659	0.01	1.28
40001-50000	3	253	13600	1208423	0.02	1.73
50001-100000	3	371	23100	2831272	0.03	4.05
100001-Above	2	368	299700	56758920	0.43	81.16
Sub-Total	389	17358	530084	69405707	0.76	99.24
Grand Total (A+B)	17747		69935791		100.00	

Categories of equity shareholders as on March 31, 2017

Category Name	Number of shares HELD	Percentage of Shareholding
Promoters / Associates	22988018	32.87
Bodies Corporate	10991111	15.72
Individual Shareholders	24240083	34.66
Clearing Members	67891	0.10
Trusts	1500	0.00
NBFCs registered with RBI	8300	0.01
HUFs	929151	1.33
Directors & Relatives	4124297	5.89
NRIs/OCBs	6585440	9.42
Total	69935791	100.00



I. **Dematerialization of shares and liquidity**

Details of Shares Dematerialized as on March 31, 2017:

Particulars	No. of Shares	% of Issued Share Capital
NSDL	52302121	74.44
CDSL	17103586	24.34
Physical	530084	0.75
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 NSDL and CDSL with the listed capital and the reports have been submitted to the exchanges within stipulated time for the quarter ended 30.6.2016, 30.9.2016, 31.12.2016 and 31.3.2017.

- m. **There are no outstanding Global Depository receipts / American depository receipt or warrants or any convertible instruments as on the date of 31.3.2017.**
- 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 66222999

Fax: +91 040 -66222966

Mail: investorrelations@prajayengineers.com

11. Other Disclosures:

a. **Disclosures on materially significant related party transactions**

All transactions entered into during the financial year 2016-17 with the related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations are in the ordinary course of business at an arms' length basis.

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 penalty of Rs. 75000/- each to the Stock Exchanges for a delay of 14 days in submission of Audited Financial Results for the year ended 31.3.2016 on account of time taken for the appointment of new Auditors in the casual vacancy caused by the Resignation of existing Auditor.

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

The board of directors of the company has adopted a whistle blower policy and appointed an ombudsman. 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 have 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 complaints during the financial year ended 31st March, 2017.

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>
12. **The company has complied with the requirements of the Schedule V on Corporate Governance report sub-para (2) to (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**
13. **Compliance of discretionary requirements as specified in Part E of Schedule II**
- i. **Shareholders rights – as the quarterly and half yearly financial results are published in the news papers and are posted on the company's website, the same are not being sent separately to the shareholders.**
- ii. **Audit qualifications – the company's standalone financial statements for the year 2016-17 do not contain any audit qualification.**
- iii. **Reporting of internal auditor – the internal auditor of the company directly report to the audit committee.**
14. **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
15. **Code of conduct**
- The board has laid down a code of conduct covering the ethical requirements to be complied with for 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, 2017, is annexed to this Report.
16. **CEO and CFO certification**
- The Managing Director and CFO have given a declaration 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 annexed to this Report.
17. **disclosure with respect to demat suspense account / unclaimed suspense account – not applicable to the company**
18. **Proceeds from public issues, rights issues, preferential issues, etc. – Not Applicable.**
19. **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>
20. **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

Sd/-
D. Vijay Sen Reddy
Managing Director

Sd/-
Sumit Sen
Whole Time Director

Place : Hyderabad
Date : 28th August, 2017

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 2017 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 taken 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 : 30.05.2017

D. Vijay Sen Reddy
Chief Executive Officer

P. Bhaskara Rao
Chief Financial Officer

AUDITORS' CERTIFICATE

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

To,
The Members
Prajay Engineers Syndicate Limited
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by Prajay Engineers Syndicate Limited, Hyderabad, for the year ended 31st March, 2017, as stipulated in Regulation 15(2) and Chapter IV of the Listing Regulations of Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations as applicable.

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

For **Ahalada Rao.V & Associates**
Company Secretaries

Raghavendar Rao.D
Company Secretary in Practice
CP No. 13407

Place : Hyderabad
Date : 19.08.2017

DECLARATION ON CODE OF CONDUCT

- I. D. Vijay Sen Reddy, Managing Directors & Chief Executive Officer of the company hereby confirm pursuant to Schedule – V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that:

“The Board 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 Companies Act, 2013. The Code of Conduct has been posted on the website of the Company. All 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, 2017.”

Place : Hyderabad
Date : 28.08.2017

D. Vijay Sen Reddy
Chief Executive Officer

Independent Auditor's Report

To the Members of

M/S. PRAJAY ENGINEERS SYNDICATE LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **PRAJAY ENGINEERS SYNDICATE LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Loss(financial performance including other comprehensive income), cash flows of the Company and the changes in equity of company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) 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 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 Standalone Ind AS 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 standalone Ind AS financial statements by the Board of Directors of the company.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS 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 thereunder.

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 Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Standalone Ind AS 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 Ind AS financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 including the Ind AS, of the state of affairs(Financial Position) of the Company as at March 31, 2017, and its Loss(Financial Performance including other comprehensive income) and its Cash Flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to the following:

- a) Note 39(a) of the Standalone Financial Statements, in respect of trade receivable considered good include an amount of Rs.20995.33 Lakhs Due from customers which are outstanding for more than six months. We are unable to comment on the realisation of these receivables in the absence of conformation from the concerned parties.An amount of Rs.1246.96 Lakhs is set aside towards provision for trade receivables considered as doubtful.
- b) Note 39(b) of the standalone financial statements, in respect of Loans & Advances amounting to Rs.6105.13 Lakhs towards purchase of Land/Development towards certain project of long term nature, and an amount of Rs.2078.42 Lakhs given to suppliers, etc outstanding from earlier years. We are unable to comment on the realisation of these advances. An amount of Rs.700 Lakhs is set aside towards provision for Advances considered as doubtful.

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 Statement Cash Flow, Statement of changes in equity dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid Standalone Ind AS 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 34(c) to the Standalone Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the standalone Ind AS Financial statements as to its Holdings as well as dealings in Specified bank notes as specified in the Notification G.S.R.308(E) Dated March 30 2017 Of the Ministry of corporate affairs, during the period from Nov 08,2016 To Dec 31,2016. Based on Audit procedures performed and relying on the management representation we report that the disclosures are in accordance with the relevant books of accounts maintained by company and as produced to us by management of the company- Refer to Note 13 to the standalone Ind AS financial statements.

For and on behalf of

Karumanchi & Associates

Chartered Accountants

Firm's registration number:001753S

K.Peddabbai

Partner

M. No : 025036

Place : Hyderabad

Date : 30.05.2017

“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 Ind AS financial statements of the Company for the year ended March 31, 2017:

Statement on matters specified in paragraphs 3 & 4 of the Companies (Auditor’s Report) Order, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, The Company has a programme for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the company and nature of its Assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) The Inventory includes construction work in progress and cost of development rights in Identified land. Physical verification of inventory has been conducted in reasonable Interval by the management. No material discrepancies noticed on such verification.
- 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, 2017 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

Particulars	Amount (Rs.Lakhs)	Period To Which The Amount Relates(FY)	Forum Where the Dispute Is Pending
Income Tax	78.63	2014-15	CIT(Appeals)
Service Tax	1820.62	2006-07 To 2010-11	CESTAT

- 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 Rs.8666.17 Lakhs are due from December 2012 To March 2017, Interest amounts aggregating Rs.10652.52 Lakhs are due from April 2013 to March 2017. The Company has not taken 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 paid or provided is subject to specific approvals from Central Government with reference to section 197 read with schedule V to the Companies Act, 2013.

The managerial remuneration paid or provided during the year:

Sl.No	Name of the Director	Designation	Remuneration paid or provided (in Rupees)
1	Mr.D.Vijay Sen Reddy	Managing Director	35,00,000
2	Mr.K.Ravi Kumar	Whole Time Director	15,00,000
3	Mr.Sumit Sen	Whole Time Director	12,00,000

The company is taking steps to seek the approval of the Central Government for the remuneration paid or provided during the year.

- 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

Karumanchi & Associates

Chartered Accountants

Firm's registration number:001753S

K.Peddabbai

Partner

M. No : 025036

Place : Hyderabad

Date : 30.05.2017

“Annexure B” to the Independent Auditors Report of even dated on the standalone Ind AS Financial Statements PRAJAY ENGINEERS SYNDICATE LIMITED.

Report on Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of PRAJAY ENGINEERS SYNDICATE LIMITED (“The Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of 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 Institute of Chartered Accounts 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 standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 respect, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at march 31,2017,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

Karumanchi & Associates

Chartered Accountants

Firm's registration number:001753S

K.Peddabbai

Partner

M. No : 025036

Place : Hyderabad

Date : 30.05.2017

BALANCE SHEET AS AT MARCH 31, 2017*(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)*

Particulars	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Assets				
Non-current assets				
Property, plant and equipment	6	13,353.02	13,823.19	14,460.64
Capital work-in-progress		21,540.24	19,698.28	18,046.69
Intangible assets	7	0.91	0.91	0.92
Financial assets				
Investments	8	13,339.40	13,338.16	13,338.97
Loans	9	75.85	64.90	64.89
Other non-current assets	10	5,447.53	5,525.72	6,206.28
		53,756.95	52,451.16	52,118.39
Current assets				
Inventories	11	36,554.12	36,229.26	35,490.20
Financial assets				
Investments	8	3.28	3.28	16.65
Trade receivables	12	19,991.98	21,511.16	23,584.11
Cash and bank balances	13	405.16	130.84	98.32
Loans	9	727.28	995.83	1,106.29
Current tax assets, gross		990.24	888.85	690.23
Other current assets	10	2,107.17	2,049.54	2,202.95
		60,779.23	61,808.76	63,188.75
Total assets		114,536.18	114,259.92	115,307.14
Equity and Liabilities				
Equity				
Equity share capital	14	6,993.58	6,993.58	6,993.58
Other equity	15	53,783.44	55,933.80	58,407.73
Total equity		60,777.02	62,927.38	65,401.31
Non-current liabilities				
Financial Liabilities				
Borrowings	16	2,303.40	4,989.21	6,932.87
Provision for Gratuity		83.65	52.75	54.60
Deferred tax liabilities (net)	17	1,165.12	962.44	713.00
		3,552.17	6,004.40	7,700.47
Current liabilities				
Financial Liabilities				
Borrowings	16	3,368.02	2,501.20	2,430.39
Trade payables	18	21,535.29	23,534.18	24,727.46
Other financial liabilities	19	21,385.40	15,741.99	11,157.35
Other current liabilities	20	3,285.06	2,917.55	3,256.94
Liabilities for current tax assets		633.22	633.22	633.22
Total liabilities		50,206.99	45,328.14	42,205.36
Total equity and liabilities		114,536.18	114,259.92	115,307.14
Summary of significant accounting policies	1 to 5			

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
For **Karumanchi & associates**
Chartered Accountants
ICAI Firm Registration number: 001753S

For and on behalf of the Board of Directors of **Prajay Engineers Syndicate Limited**

K. Peddabai
Partner
Membership No: 025036

D. Vijay Sen Reddy
Managing Director
DIN: 00291185

Sumit Sen
Whole time Director
DIN: 01028417

Place: Hyderabad
Date: 30.05. 2017

P. Bhaskara Rao
Chief Financial Officer
CMA M No.9445

D. Madhavi Latha
Company Secretary
M No. F7394

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017
(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations	21	5,224.63	7,266.72
Other income	22	449.40	762.92
Total income		5,674.03	8,029.64
Expenses			
Cost of sales	23	3,603.41	5,336.93
Direct Cost Hotels & Resorts	23	472.38	455.34
Employee benefits expense	24	566.17	617.04
Depreciation and amortisation expense	25	551.17	616.12
Finance costs	26	1,591.71	1,444.73
Other expenses	27	808.98	1,782.07
Total expense		7,593.81	10,252.23
Profit before tax		(1,919.78)	(2,222.59)
Tax expenses			
Current tax		-	-
Deferred tax charge		208.01	249.79
Total tax expense		208.01	249.79
Profit for the year		(2,127.79)	(2,472.38)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net (loss)/ gain on Fair Value Through OCI (FVTOCI) equity securities		(0.32)	(1.17)
Re-measurement gains/ (losses) on defined benefit plan		(27.56)	(0.74)
Income-tax effect		5.31	0.36
Other comprehensive income for the year, net of tax		(22.57)	(1.55)
Total comprehensive income for the year		(2,150.36)	(2,473.93)
Earnings per equity share (nominal value of INR 10) in INR			
Basic and Diluted		(3.07)	(3.54)
Summary of significant accounting policies	1 to 5		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
 For **Karumanchi & associates**
 Chartered Accountants
 ICAI Firm Registration number: 001753S

For and on behalf of the Board of Directors of **Prajay Engineers Syndicate Limited**

K. Peddabbai
 Partner
 Membership No: 025036

D. Vijay Sen Reddy
 Managing Director
 DIN: 00291185

Sumit Sen
 Whole time Director
 DIN: 01028417

Place: Hyderabad
 Date: 30.05. 2017

P. Bhaskara Rao
 Chief Financial Officer
 CMA M No.9445

D. Madhavi Latha
 Company Secretary
 M No. F7394

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017*(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)*

a. Equity Share Capital	No. of shares	Amount
Equity shares of INR 10 each issued		
At April 1, 2015	70,267,291	7,026.72
At March 31, 2016	70,267,291	7,026.72
At March 31, 2017	70,267,291	7,026.72
Equity shares of INR 10 each subscribed and fully paid-up		
At April 1, 2015	69,935,791	6,993.58
At March 31, 2016	69,935,791	6,993.58
At March 31, 2017	69,935,791	6,993.58

Particulars	Reserves and Surplus				Total
	Share Premium	Capital Reserve	General reserve	Retained Earnings	
At April 1, 2015	40,762.16	475.80	1,999.08	15,170.69	58,407.73
Profit for the year				(2,472.38)	(2,472.38)
Other comprehensive income					
Net (loss)/ gain on Fair Value Through OCI (FVTOCI) equity securities				(1.17)	(1.17)
Re-measurement gains/ (losses) on defined benefit plans				(0.74)	(0.74)
Income-tax effect				0.36	0.36
At March 31, 2016	40,762.16	475.80	1,999.08	12,696.76	55,933.80
Profit for the year				(2,127.79)	(2,127.79)
Other comprehensive income					
Net (loss)/ gain on Fair Value Through OCI (FVTOCI) equity securities				(0.32)	(0.32)
Re-measurement gains/ (losses) on defined benefit plans, net of tax				(27.56)	(27.56)
Income-tax effect				5.31	5.31
Balance as of 31 March 2017	40,762.16	475.80	1,999.08	10,546.40	53,783.44

Summary of significant accounting policies

1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
For **Karumanchi & associates**
Chartered Accountants
ICAI Firm Registration number: 001753S

For and on behalf of the Board of Directors of **Prajay Engineers Syndicate Limited**

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Whole time Director
DIN: 01028417

Place: Hyderabad
Date: 30.05. 2017

P. Bhaskara Rao
Chief Financial Officer
CMA M No.9445

D. Madhavi Latha
Company Secretary
M No. F7394

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Operating activities		
Profit before tax	(1,919.78)	(2,222.59)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	551.16	616.11
Amortisation of intangible assets	0.01	0.01
Finance income (including fair value change in financial instruments)	(5.04)	(5.60)
Finance costs (including fair value change in financial instruments)	1,592.03	1,445.90
Provision for doubtful debts, net	-	350.00
Provision for doubtful advances, net	-	700.00
<i>Working capital adjustments:</i>		
(Increase)/ decrease in trade receivables	1,519.18	1,722.95
(Increase)/ decrease in inventories	(316.01)	(671.95)
(Increase)/ decrease in loans	257.60	110.45
(Increase)/ decrease in other assets	20.56	133.97
Increase/ (decrease) in trade payables and other financial liabilities	3,604.84	3,463.03
Increase/ (decrease) in provisions	30.90	(1.85)
Increase/ (decrease) in other non financial liabilities	339.93	(340.12)
	5,675.38	5,300.31
Income tax paid	(101.39)	(198.62)
Net cash flows from operating activities	5,573.99	5,101.69
Investing activities		
Purchase of property, plant and equipment (including capital work in progress)	(1,931.80)	(1,697.36)
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(1.56)	13.01
Interest received (finance income)	5.04	5.60
Net cash flows used in investing activities	(1,928.32)	(1,678.75)
Financing activities		
Proceeds / (repayment) from long term borrowings, net	(2,685.82)	(1,943.66)
Proceeds / (repayment) from short term borrowings, net	866.82	70.81
Interest paid	(1,552.35)	(1,517.57)
Net cash flows from/ (used in) financing activities	(3,371.35)	(3,390.42)
Net increase / (decrease) in cash and cash equivalents	274.32	32.52
Cash and cash equivalents at the beginning of the year (refer note 13)	130.84	98.32
Cash and cash equivalents at the end of the year (refer note 13)	405.16	130.84

Cash and cash equivalents INR 0.16 Lakhs in Escrow account (31.03.2016 : INR 0.16 Lakhs)

Summary of significant accounting policies 1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
 For **Karumanchi & associates**
 Chartered Accountants
 ICAI Firm Registration number: 001753S

For and on behalf of the Board of Directors of **Prajay Engineers Syndicate Limited**

K.Peddabai
 Partner
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 Managing Director
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 DIN: 01028417

Place: Hyderabad
 Date: 30.05. 2017

P. Bhaskara Rao
 Chief Financial Officer
 CMA M No.9445

D. Madhavi Latha
 Company Secretary
 M No. F7394

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

1. General information

Prajay Engineers Syndicate Limited (the Company) is a public limited company domiciled & incorporated under the provisions of the Companies Act, 1956 on April 19, 1994. The Company is engaged primarily in the business of real estate construction, development and maintaining hospitality projects. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

2. Basis of preparation of financial statements

2.1 Statement of Compliance

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015. For all periods, up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014. These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS.

Refer Note 3.15 for details of the first-time adoption exemptions availed by the Company.

2.2 Accounting convention

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

2.3 Functional currency

The financial statements are presented in Indian rupees, which is the functional currency of our Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

2.4 Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

3. Significant accounting policies

3.1 Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of taxes and applicable trade discounts and allowances.

- (i) Revenue from sale of land / plots is recognized in the financial year in which the agreement to sell is executed, at which time all the following conditions are satisfied:
 - the Company has transferred to the buyer the significant risks and rewards of ownership;
 - the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold;
 - the amount of revenue can be measured reliably;
 - it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- (ii) Revenue from constructed properties (excluding service tax) is recognized on the "percentage of completion method". The total sale consideration as per the agreements to sell constructed properties entered is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognized immediately. Service tax does not form part of gross revenue.
- (iii) Contract revenue from the construction contracts are recognized on "percentage of completion method measured by survey of work performed" depending on the nature of the contract. The revenue on construction contract is recognized only when the stage of completion is 20 percent or more when the outcome of the contract can be estimated reliably. When it is probable that the total cost exceeds the total contract revenue, the expected loss is recognized immediately.
- (iv) Income from sale of Rooms, Food and Beverages and allied services relating to hotel operations is recognized upon rendering of the service. Income stated is exclusive of amount received towards sales tax/ service tax etc.
- (v) In respect of membership (club) sales, revenue is recognized as under:
 - Life membership, Permanent membership and Time-share membership over a period of 15 years,
 - Long-term membership over a period of 3 years.
 - Health club membership fully in the year of receipt.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2 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, 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 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

3.3 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.4 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.6 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.7 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

3.8 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the income statement.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the income statement as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment as prescribed in Schedule II to the Companies Act, 2013. Leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset. Land is not depreciated.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, is capitalized as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

3.9 Inventories

Inventories are valued as under:

- Land earmarked for property development is valued at cost. Cost includes land acquisition cost, registration charges and stamp duty.
- 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.
- Stock of food and beverages are carried at cost and net realizable value, whichever is lower. Cost is determined on the "weighted average" method.

3.10 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

3.11 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

3.12 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

3.13 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.14 Financial instruments

Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

Non-derivative financial instruments

- Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held with a business model whose objective to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held with a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the Company had made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

- Investment in subsidiaries and associates

Investment in subsidiaries and associates are carried at cost in the separate financial statements.

- Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

3.15 First-time adoption of Ind AS– mandatory exceptions, optional exemptions

These financial statements have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company followed the guidelines prescribed in Ind AS 101, First time adoption of Indian Accounting Standards, with April 1, 2015 as (the transition date) and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Note 5.

Exemptions on the first-time adoption of Ind AS availed in accordance with Ind AS 101 have been set out below:

Fixed Assets: Freehold land and buildings (properties) were carried in the balance sheet prepared in accordance with Indian GAAP on the basis of carrying cost (cost model) on 31 March 2015. The company has elected to regard those carrying costs of property as deemed cost at the date of transition. Accordingly, the Company has not revalued the property at 1 April 2015.

Investments in associates and subsidiaries: The Company has elected to continue with the carrying value of its investments in subsidiary companies and associate companies as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Investment in equity instruments of subsidiary and associate companies

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

5. First-time Ind AS adoption reconciliations

5.1 Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Particulars	As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP	54,301.46	56,645.08
Impact on account of measuring investments at fair value	0.57	1.74
Impact on account of discounting liabilities/assets	2,015.91	2,175.45
Impact on deferred taxes	(384.14)	(414.54)
Equity reported under Ind AS	55,933.80	58,407.73

5.2 Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2016

Particulars	Year ended March 31, 2016
Net Profit under previous GAAP	(2,343.63)
Impact on measuring investments at fair value through OCI	(1.17)
Finance cost on account of unwinding of interest on discounted liabilities	(159.54)
Impact on deferred taxes	30.41
Net Profit under Ind AS	(2,473.93)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

6 Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and Machinery	Furniture and fixtures	Computers	Vehicles	Total
Cost							
At April 1, 2015 (Refer note a)	430.85	11,687.53	2,069.55	95.64	7.06	170.01	14,460.64
Additions	-	-	45.32	-	0.45	-	45.77
Adjustments	-	81.56	-	-	-	-	81.56
At March 31, 2016	430.85	11,605.97	2,114.87	95.64	7.51	170.01	14,424.85
Additions	-	48.60	20.79	9.07	0.61	10.77	89.84
Adjustments	-	11.64	-	-	-	-	11.64
At March 31, 2017	430.85	11,642.93	2,135.66	104.71	8.12	180.78	14,503.05
Accumulated depreciation							
At April 1, 2015	-	-	-	-	-	-	-
Charge for the year	-	188.02	347.89	22.16	4.48	53.56	616.11
Less: Adjustments	-	14.45	-	-	-	-	14.45
At March 31, 2016	-	173.57	347.89	22.16	4.48	53.56	601.66
Charge for the year	-	186.80	321.05	18.68	1.05	23.59	551.17
Less: Adjustments	-	2.79	-	-	-	-	2.79
At March 31, 2017	-	357.58	668.94	40.84	5.53	77.15	1,150.04
Carrying amount							
At April 1, 2015	430.85	11,687.53	2,069.55	95.64	7.06	170.01	14,460.64
At March 31, 2016	430.85	11,432.40	1,766.98	73.48	3.03	116.45	13,823.19
At March 31, 2017	430.85	11,285.35	1,466.72	63.87	2.59	103.63	13,353.02

- a) For property, plant and equipment existing as on the date of transition to Ind AS, i.e., April 1, 2015, the Company has used Indian GAAP carrying value as deemed costs.
- b) Capitalised borrowing costs
The amount of borrowing costs capitalised during the year ended March 31, 2017 was INR Nil (March 31, 2016 - INR Nil).
- c) Charge on Property, plant and equipment
Property, plant and equipment with a carrying amount of INR 217.15 lakhs (March 31, 2016 - INR 239.93) lakhs and Vehicles with a carrying amount of INR 52.67 lakhs (March 31, 2016 - INR 77.76 lakhs) are subject to a first charge to secure the Company's bank loans.

7 Intangible assets

Particulars	Computer softwares	Total
Cost		
At April 1, 2015 (refer note a)	0.92	0.92
At March 31, 2016	0.92	0.92
At March 31, 2017	0.92	0.92
Accumulated depreciation		
At April 1, 2015	-	-
Depreciation expense	0.01	0.01
At March 31, 2016	0.01	0.01
Depreciation expense	0.01	0.01
At March 31, 2017	0.01	0.01
Carrying amount		
At April 1, 2015	0.92	0.92
At March 31, 2016	0.91	0.91
At March 31, 2017	0.91	0.91

- a) For intangible assets existing as on the date of transition to Ind AS, i.e., April 1, 2015, the Company has used Indian GAAP carrying value as deemed costs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

8 Investments

Particulars	31 March 2017	31 March 2016	1 April 2015
Non-current investments			
Investments carried at cost			
Unquoted equity shares			
<i>Investments in subsidiaries</i>			
5,000 (March 31, 2016: 5,000; April 1, 2015: 5,000) equity shares of face value Rs. 1,000 each fully paid up in Prajay Retail Properties Private Limited	1,100.00	1,100.00	1,100.00
999,900 (March 31, 2016: 999,900; April 1, 2015: 999,900) equity shares of face value Rs. 10 each fully paid up in Prajay Holdings Private Limited	99.99	99.99	99.99
<i>Investments in associates</i>			
64,597 (March 31, 2016: 64,597; April 1, 2015: 64,597) equity shares of face value Rs. 10 each fully paid up in Prajay Properties Private Limited	6.46	6.46	6.46
10,000 (March 31, 2016: 10,000; April 1, 2015: 10,000) equity shares of face value USD 1 each fully paid up in Genesis Capital Private Limited, Mauritius	5.18	5.18	5.18
Unquoted preference instruments			
<i>Investment in subsidiary</i>			
64,438,944 (March 31, 2016: 64,438,944; April 1, 2015: 64,438,944) optionally convertible preference shares of face value ₹ 10 each fully paid up in Prajay Holdings Private Limited	6,443.89	6,443.89	6,443.89
<i>Investment in associate</i>			
401,300 (March 31, 2016: 401,300; April 1, 2015: 401,300) optionally convertible preference shares of face value Rs. 10 each fully paid up in Prajay Properties Private Limited	4,013.00	4,013.00	4,013.00
<i>Investment in the capital of partnership firm</i>			
50% (March 31, 2016: 50%; April 1, 2015: 50%) share in the profits of Prajay Binjusaria Estates	1,650.50	1,650.50	1,650.50
Total investments carried at cost	13,319.02	13,319.02	13,319.02
Investments carried at Fair Value Through Other Comprehensive Income (FVTOCI)			
<i>Quoted equity shares</i>			
9,500 (March 31, 2016: 9,500; April 1, 2015: 9,500) equity shares of face value Rs.10 each, fully paid up in Indian Overseas Bank	2.53	2.85	4.02
Total investments carried at fair value through other comprehensive income	2.53	2.85	4.02
Investments in term deposit accounts (original maturity more than 12 months)			
Term deposits with Indian Overseas Bank @	17.85	16.29	15.93
Total other investments	17.85	16.29	15.93
Total investments	13,339.40	13,338.16	13,338.97
@ Includes against Bank Guarantees INR 40.55 Lakhs (31.03.2016: INR 17.60 Lakhs); includes INR Nil (31.03.2016: INR 14.33 Lakhs) with more than 12 months of maturity			
Current investments			
Investments in term deposit accounts (original maturity more than 3 months and less than 12 months)			
Term deposits with Indian Overseas Bank	3.28	3.28	16.65
Total other investments	3.28	3.28	16.65
Category-wise investments			
Investment in equity instruments	1,214.16	1,214.48	1,215.65
Investment in preference shares	10,456.89	10,456.89	10,456.89
Investment in capital of partnership firm	1,650.50	1,650.50	1,650.50
Investment in term deposit accounts with original maturity more than 3 months	21.13	19.57	32.58
Other disclosures			
Investment in subsidiaries	7,643.88	7,643.88	7,643.88
Investment in associates	4,024.64	4,024.64	4,024.64
Investment in capital of partnership firm	1,650.50	1,650.50	1,650.50

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

	Particulars	31 March 2017	31 March 2016	1 April 2015
9	Loans (Unsecured, considered good unless otherwise stated)			
	Non-current			
	Security deposits	75.85	64.90	64.89
		75.85	64.90	64.89
	Current			
	Security deposits (a)	544.44	640.72	544.56
	Other loans and advances (b)	182.84	355.11	561.73
		727.28	995.83	1,106.29
	(a) Includes deposit to Director INR 500.00 Lakhs (31.03.2016 : INR 595.97 Lakhs)			
	(b) Includes INR 128.48 Lakhs (31.03.2016 : INR 307.26 Lakhs) to private companies having common Director			
10	Other assets			
	Non-current assets			
	<i>Unsecured, considered good</i>			
	Advances for Purchase of Land / development (a)	5,405.13	5,383.43	6,065.79
	Capital advances	42.40	142.29	140.49
	<i>Unsecured, considered doubtful</i>			
	Advances for Purchase of Land / development	700.00	700.00	-
		6,147.53	6,225.72	6,206.28
	Less: Provision against advances for Purchase of Land / development	700.00	700.00	-
		5,447.53	5,525.72	6,206.28
	Current assets			
	<i>Unsecured, considered good</i>			
	Prepaid expenses	28.75	18.21	25.08
	Advances for material and works	2,078.42	2,031.33	2,177.87
		2,107.17	2,049.54	2,202.95
	(a) 1. Includes advances to partnership firm in which the company is partner INR 89.96 Lakhs (31.03.2016 : INR 89.65 Lakhs)			
	2. Includes advances to private companies in which any Director is a Director INR 1981.84 Lakhs (31.03.2016 : INR 1960.46 Lakhs)			
	3. Includes advances to Director INR 50.00 Lakhs (31.03.2016 : INR 50.00 Lakhs)			
11	Inventories			
	Land at Cost	14,193.15	14,193.15	14,193.15
	Land and construction work in progress - at cost	22,349.04	22,025.00	21,287.42
	Food and Beverages - at cost	11.93	11.11	9.63
		36,554.12	36,229.26	35,490.20
12	Trade receivables			
	Outstanding for a period exceeding six months from the date they are due for payment			
	<i>Unsecured, considered good</i>			
	Doubtful	19,748.37	21,498.93	23,519.03
		1,246.96	1,246.96	896.96
		20,995.33	22,745.89	24,415.99
	Provision for doubtful receivables	1,246.96	1,246.96	896.96
		19,748.37	21,498.93	23,519.03
	Other receivables			
	Unsecured, considered good	243.62	12.23	65.08
	Total Trade receivables	19,991.98	21,511.16	23,584.11

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Particulars		31 March 2017	31 March 2016	1 April 2015
13	Cash and bank balances			
	Balances with banks:			
	- On current accounts	399.70	56.56	31.52
	Cash on hand	5.46	74.28	61.34
	Cash and cash equivalents (A)	405.16	130.84	92.86
	Other bank balances			
	In unclaimed dividend accounts	-	-	5.46
	Other bank balances (B)	-	-	5.46
	Total (A+B)	405.16	130.84	98.32

Disclosure for Specified Bank Notes

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

Particulars	SBN's	Other notes*	Total
Closing cash in hand as on November 8, 2016	21,100,000	6,096	21,106,096
(+) Cash withdrawal	-	215,000	215,000
(+) Permitted receipts	199,000	1,214,611	1,413,611
(-) Permitted payments	-	236,332	236,332
(-) Amount deposited in banks	21,299,000	-	21,299,000
Closing cash in hand as on December 30, 2016	-	1,199,375	1,199,375

* Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular-RBI/2016-17/112 dated November 8, 2016.

These are general receipts and payments of other denomination notes.

14 Share Capital

Particulars	31 March 2017	31 March 2016	1 April 2015
Authorised Share Capital			
250,000,000 (March 31, 2016: 250,000,000; April 1, 2015: 250,000,000) equity shares of Rs.10 each	25,000.00	25,000.00	25,000.00
Issued equity capital			
70,267,291 (March 31, 2016: 70,267,291; April 1, 2015: 70,767,291) equity shares of Rs.10 each	7,026.72	7,026.72	7,026.72
Subscribed and fully paid-up			
69,935,791 (March 31, 2016: 69,935,791; April 1, 2015: 69,935,791) equity shares of Rs.10/- each fully paid-up	6,993.58	6,993.58	6,993.58
	6,993.58	6,993.58	6,993.58

(a) Reconciliation of shares outstanding at the beginning and end of the reporting year

Particulars	31 March 2017		31 March 2016	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	69,935,791	6,993.58	69,935,791	6,993.58
Issued during the year	-	-	-	-
Outstanding at the end of the year	69,935,791	6,993.58	69,935,791	6,993.58

Of the above:

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

(b) Terms / rights attached to the equity shares

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

(c) Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2017		31 March 2016	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
- 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

15 Other equity

Particulars	31 March 2017	31 March 2016
Capital reserves		
Opening balance	475.80	475.80
Add: Additions during the year	-	-
Closing balance	475.80	475.80
Share premium		
Opening balance	40,762.16	40,762.16
Add: Premium on fresh issue	-	-
Closing balance	40,762.16	40,762.16
General reserve		
Opening balance	1,999.08	1,999.08
Add: Amount transferred from retained earnings	-	-
Closing balance	1,999.08	1,999.08
Retained earnings		
Opening balance	12,696.76	15,170.69
Profit/(loss) for the year	(2,127.79)	(2,472.38)
Other comprehensive income	(22.57)	(1.55)
Less: Transfers to general reserve	-	-
Closing balance	10,546.40	12,696.76
Total other equity	53,783.44	55,933.80

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

16 Borrowings

Particulars	31 March 2017	31 March 2016	1 April 2015
Non-current Borrowings			
Secured loans			
Term loans from Banks			
SBI consortium	346.31	2,654.95	4,658.79
[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]			
Indian Overseas Bank	19.20	266.10	367.07
[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 Rs.37.50 per quarter w.e.f. December 2013]			
Liquirent loan from Indian Overseas Bank	528.25	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	47.15	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)			
Loans from related parties - Prajay Properties Private Limited	1,362.50	1,195.18	1,048.40
(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 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 31-3-17)			
Total non-current borrowings	2,303.40	4,989.21	6,932.87
Current Borrowings			
Secured loans from			
Life Insurance Corporation	42.49	42.49	42.49
(Secured against the Keyman Insurance Policy)			
Emami Realty Limited	200.00	100.00	-
(Secured against mortgage of 4 villas at Celebrity Villas)			
Deposits			
Unclaimed public deposits	1.39	1.80	1.80
Other deposits	70.00	70.00	70.00
Unsecured loans from related parties*	3,054.14	2,286.91	2,316.10
Total current Borrowings	3,368.02	2,501.20	2,430.39

* Includes from subsidiaries

a) Prajay Retail Properties pvt ltd. INR 773.18 Lakhs (31.03.2016 : INR 821.62 Lakhs)

b) Prajay Holdings pvt ltd. INR 1461.29 Lakhs (31.03.2016 : INR 1360.47 Lakhs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

	Particulars	31 March 2017	31 March 2016	1 April 2015
17	Deferred tax liabilities			
	Difference in WDV of PPE as per books and WDV as per Income tax Act	814.24	578.31	298.47
	Deferred tax for opening Ind AS adjustments	414.53	414.53	414.53
	Deferred tax for periods Ind AS adjustments	(63.65)	(30.40)	-
		1,165.12	962.44	713.00
18	Trade payables			
	Total outstanding dues of micro enterprises and small enterprises	-	-	-
	Others	21,535.29	23,534.18	24,727.46
		21,535.29	23,534.18	24,727.46
19	Other financial liabilities			
	Current			
	Current maturities of non-current borrowings	10,693.72	8,402.78	6,658.19
	Interest accrued and due on borrowings	10,691.68	7,339.21	4,493.70
	Unclaimed dividend @	-	-	5.46
		21,385.40	15,741.99	11,157.35
	@ There is no amount due to be credited to Investor Education and Protection Fund as at 31.03.2017			
20	Other current liabilities			
	Advance from Customers	3,285.06	2,917.42	3,256.07
	Income received in advance	-	0.13	0.87
		3,285.06	2,917.55	3,256.94
21	Revenue from operations			
	Particulars	31 March 2017	31 March 2016	
	Construction division			
	(a) Sale of Constructed Properties	567.92	567.22	
	(b) Revenue from Construction Contracts	3,517.80	5,606.12	
	(c) Sale of Land	119.38	127.42	
	Hospitality division			
	(a) Sale of Rooms	342.85	313.32	
	(b) Food and Beverages	393.76	386.67	
	(c) Others	91.89	95.49	
	(d) Membership Fees	191.03	170.48	
		5,224.63	7,266.72	
22	Other income			
	Interest income			
	On fixed deposits	1.74	2.31	
	Others	3.31	3.29	
	Other operating revenues-Rental Income	256.62	589.73	
	Miscellaneous income	187.73	167.59	
		449.40	762.92	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

	Particulars	31 March 2017	31 March 2016
23	Cost of sales		
a.	Raw material and components consumed, development/construction costs:		
	Inventory at the beginning of the year:		
	-Land	14,193.15	14,193.15
	-Constructed Properties	22,025.01	21,287.42
		36,218.16	35,480.57
	Add: Purchases, development/construction costs	3,927.44	6,074.53
	Less: inventory at the end of the year :		
	-Land	14,193.15	14,193.15
	-Constructed Properties	22,349.04	22,025.01
	Sub total	36,542.19	36,218.16
	Cost of raw material and components consumed, development/construction costs:		
	-Construction Contracts	3,059.04	4,842.22
	-Development /Construction Costs	544.37	494.71
		3,603.41	5,336.93
b.	Direct Cost of Hotels & Resorts		
	Inventory at the beginning of the year	11.11	9.63
	Add: Purchases	306.77	311.56
	Less: inventory at the end of the year	11.93	11.11
	Cost of food & others	305.95	310.08
	Other Direct Expenditure	166.43	145.26
		472.38	455.34
24	Employee benefits expense		
	Salaries, wages and bonus	815.08	906.77
	Contribution to provident and other funds	14.39	5.92
	Staff welfare expenses	7.33	20.74
		836.80	933.43
	Less:Allocated to Projects	270.63	316.39
		566.17	617.04
25	Depreciation and amortisation expense		
	Depreciation of tangible assets	551.16	616.11
	Amortization of intangible assets	0.01	0.01
		551.17	616.12
26	Finance costs		
	Interest on long term borrowings	4,696.31	4,155.39
	Unwinding of interest on liabilities discounted	174.51	159.54
	Finance charges payable under finance leases and hire purchase contracts	22.70	36.91
	Bank Charges	10.98	10.07
		4,904.50	4,361.91
	Less:Allocated to Projects	3,312.79	2,917.18
		1,591.71	1,444.73

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Particulars		31 March 2017	31 March 2016
27	Other expenses		
	Advertisements	95.97	14.99
	Legal and professional	65.04	37.57
	Power and fuel	245.89	264.55
	Repairs and maintenance		
	Buildings	47.98	12.05
	Plant and machinery	9.82	34.88
	Others	64.32	5.29
	Insurance	28.00	20.53
	Travel and conveyance	13.05	7.31
	Rent (a)	41.72	91.73
	Rates and taxes	125.15	187.11
	Provision for doubtful debts, net	-	350.00
	Provision for doubtful advances, net	-	700.00
	Auditors' remuneration	16.64	13.00
	Other general expenses	236.10	204.43
		989.67	1,943.44
	Less:Allocated to Projects	180.69	161.37
		808.98	1,782.07

(a) Includes rent paid to Director INR 40.06 Lakhs (31.03.2016: INR 88.26 Lakhs)

28. Related party transactions

A. The following table provides the name of the related party and the nature of its relationship with the Company:

	Name of the Party	Relationship	
(a)	Prajay Holdings Private Limited	Subsidiary	
	Prajay Retail Properties Private Ltd	Subsidiary	
	Prajay Developers Private Limited	Subsidiary of Prajay Holdings Private Limited	
	Prajay Binjusaria Estates	Associate	
	Prajay Properties Private Limited	Associate	
	Genesis Capital Private Limited (Mauritius)	Associate	
(b)	Other Related Parties	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) Ms. Sunayana Sen (Daughter)
(c)	Other entities under the control of Directors and their relatives		
	Prajay Financial Services Limited	Prajay Chit Fund Private Limited	
	Prajay Lifestyle UPVC Windows Private Limited	Secunderabad Golf and Leisure Resorts Private Limited	
	Prajay Princeton Hotel Private Limited	Prajay Princeton Developers Private Limited	
	Prajay Velocity Developers Private Limited	Prajay Land Capital Private Limited	
	VijMohan Constructions Private Limited	Prajay Chits (Hyderabad) Private Limited	

(d) Terms and conditions of transactions with related parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016 - Nil; April 1, 2015 - Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

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

Description	Name of the Related Party	Subsidiaries / Step Down Subsidiaries		Other Entities under the control of Directors and their Relatives		Other Related Parties	
		31.3.2017	31.3.2016	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Sale of land, property, material and work done	Prajay Properties Private Limited			3,517.80	5,606.12		-
Purchase of Materials	Prajay Lifestyle UPVC Windows Private Limited			-	1.42		
Remuneration paid						67.58	74.22
Rent paid						40.07	100.56
Advances Given				38.56	53.79		
Repayment of Advances Taken		480.44	444.45	916.34	759.74		
Repayment of Advances given				196.97	48.06		
Advances Taken		484.38	537.62	2,751.59	4,838.86		
Balance at the end of the year							
	Prajay Developers Private Limited	3.74	3.74				
	Prajay Land Capital Private Limited			0.55	0.38		
	VijMohan Constructions Private Limited			-	184.45		
	Secunderabad Golf and Leisure Resorts Private Limited			1,436.51	1,411.40		
Debit balances outstanding	Prajay Velocity Developers Private Limited			545.33	545.33		
	Prajay Lifestyle UPVC Windows Private Limited			121.61	121.61		
	Prajay Princeton Developers Pvt. Ltd			0.36	0.42		
	Prajay Princeton Hotels Pvt. Ltd			0.35	0.41		
	Prajay Binjuseria Estates			89.97	89.65		
	Key Management Personnel					550.00	645.97
	Prajay Properties Private Limited			3200.00	3200.00		
	Prajay Holdings Private Limited	1461.29	1360.47				
	Prajay Properties Private Limited			3260.57	4943.12		
	Prajay Financial Services Limited			76.07	76.07		
Credit balances outstanding	Prajay Retail Properties Private Ltd	773.18	821.63				
	Prajay Kamanwala Developers			2.50	2.54		
	VijMohan Constructions Private Limited			0.11			
	Key Management Personnel/relatives					794.67	53.82

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

29. Segment information

The senior management of the Company monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Company has identified following as its reportable segment for the purpose of Ind AS 108:

- a) Real estate segment;
- b) Hotels and resorts segment.

Real Estate segment (RE) is into development, sale, management and operation of all or any part of Town ships, housing projects, also includes leasing of self owned commercial premises.

Hotels and Resorts Segment (HR) is into upkeep and maintenance of Hotels, Restaurants and Resorts.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Company's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

- c) The following table's present revenue and profit information for the Company's operating segments for the year ended March 31, 2017 and March 31, 2016 respectively.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Segment Reporting

Business Segment	2016-17			2015-16				
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total
Segment Revenue								
External	4,205.11	1,019.52	449.40	5,674.03	6,300.76	965.96	762.92	8,029.64
Total Revenue	4,205.11	1,019.52	449.40	5,674.03	6,300.76	965.96	762.92	8,029.64
Segment Result	(641.15)	(7.73)		(648.88)	(1,353.03)	(79.06)		(1,432.09)
Unallocated Corporate expenses net of unallocated income				(315.77)				(648.63)
Operating Profit				(333.11)				(783.46)
Interest Expense				1,591.71				1,444.73
Interest Income				5.04				5.60
Dividend Income				-				-
Profit before Taxation				(1,919.78)				(2,222.59)
Income Tax				-				-
Prior period Tax				-				-
Deferred Tax				208.01				249.79
Net Profit				(2,127.79)				(2,472.38)
Other Information	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total
Segment Assets	76,949.74	23,256.80	14,329.64	114,536.18	78,772.99	21,259.92	14,227.01	114,259.92
Total Assets	76,949.74	23,256.80	14,329.64	114,536.18	78,772.99	21,259.92	14,227.01	114,259.92
Segment Liabilities	45,981.85	223.90	1,798.34	48,004.09	42,025.28	168.44	1,595.66	43,789.38
Total Liabilities	45,981.85	223.90	1,798.34	48,004.09	42,025.28	168.44	1,595.66	43,789.38
Capital Expenditure	20.37	69.47	-	89.84	38.33	7.44	-	45.77
Depreciation	460.10	91.08		551.17	496.34	119.78		616.12
Non Cash expense other than depreciation				-	(12.34)			-

Notes:

- Segments have been identified in accordance with Ind AS 108 on Segment Reporting, concerning the returns/risk profiles of the business. The company has identified business segments as mentioned below as primary segments for disclosure.
 - Construction and Development of Property.
 - Hospitality - Hotels & Resorts.
- As the operations of the company are only in India, there is no reportable geographical segment.
- Unallocated corporate expenditure includes common service expenses.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

30. Gratuity

The Company has a defined benefit gratuity plan (funded). The Company's defined benefit gratuity plan is a final salary plan, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Changes in the projected benefit obligation and fair value of plan assets: (Amounts in INR)

Change in projected benefit obligation	31 March 2017	31 March 2016
Obligation at beginning of the year	52,74,793	54,59,669
Service cost	5,10,128	4,10,846
Interest cost	4,05,501	4,14,010
Benefits settled	(4,12,050)	(5,69,077)
Actuarial (gain)/loss (through OCI)	25,87,004	(5,45,157)
Obligation at end of the year	83,65,376	52,74,793
Change in plan assets		
Plan assets at beginning of the year, at fair value	26,48,983	32,42,980
Interest Income	2,17,354	2,35,679
Actuarial gain/(loss) (through OCI)	(1,69,420)	(6,19,600)
Contributions	5,00,000	3,59,001
Benefits settled	(4,12,050)	(5,69,077)
Plan assets at end of the year, at fair value	27,84,867	26,48,983
Present value of projected benefit obligation at the end of the year	83,65,379	52,74,793
Fair value of plan assets at the end of the year	27,84,867	26,48,983

Expenses recognized in statement of profit and loss	31 March 2017	31 March 2016
Service cost	5,10,128	4,10,846
Interest cost	4,05,501	4,14,010
Interest Income on plan assets	(2,35,679)	(2,17,354)
Gratuity cost	6,79,950	6,07,502
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	--	--
Actuarial gain / (loss) due to financial assumption changes	7,62,049	--
Actuarial gain / (loss) due to experience adjustments	18,24,955	(5,45,157)
Return on plan assets greater (less) than discount rate	(1,69,420)	(6,19,600)
Total expenses routed through OCI	27,56,424	74,443

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	31 March 2017	31 March 2016
Investment in insurance fund	27,84,867	26,48,983
Assumptions		
Discount rate	7.00%	8.00%
Future salary increases	Uniform 10.0%	Uniform 10.0%
Employee turnover	Uniform 4.0%	Uniform 4.0%
Estimate rate of return on plan assets	8.25%	8.25%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

	31 March 2017	31 March 2016
Effect of + 1% change in rate of discounting	76,00,401	46,85,701
Effect of - 1% change in rate of discounting	92,52,664	57,36,254
Effect of + 1% change in rate of salary increase	91,35,128	56,93,926
Effect of - 1% change in rate of salary increase	76,71,924	47,11,284
Effect of + 1% change in rate of employee turnover	82,22,268	50,99,285
Effect of - 1% change in rate of employee turnover	85,25,400	52,49,918

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

31. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2017	31 March 2016
Profit/(Loss) after tax attributable to shareholders in INR Lakhs	(2150.36)	(2473.93)
Weighted average number of equity shares of INR 10 each outstanding during the period used in calculating basic and diluted EPS	69,935,791	69,935,791
Earnings per share (Basic & Diluted)	(3.07)	(3.54)

32. As stated in Note 3.1(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 recognized 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 recognized revenue and debtors as management is confident that it shall be able to realize the sale proceeds.

33. As stated in Note.3.1(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 recognized when it is probable that the total contract cost will exceed the total contract revenue. For this purpose total contract cost is ascertained on the basis of contract cost incurred and cost to completion of contract on progress, which is arrived at by the management, based on current technical data, forecasts and estimate of net expenditure to be incurred in future including for contingencies etc, which being technical matters have been relied on by auditors

An amount of Rs.3,517.80lakhs (31.03.2016 Rs.5,606.12 lakhs) is recognized as contract revenue by the company during the current financial year. The cost incurred in respect of the above is Rs. 3,059.03 lakhs (31.03.2016 Rs.4.842.22 lakhs).

34. Commitments and contingencies

a. Leases

Operating lease obligations: The Company has taken equipments and 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 as per the agreement. The Company has paid INR 71.20 lakhs (March 31, 2016 –INR 111.63 lakhs) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

Particulars	31 March 2017	31 March 2016	1 April 2015
Within one year	69.74	71.20	168.89
After one year but not more than five years	47.40	117.15	63.96
More than five years	Nil	Nil	Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

b. Commitments

- i. The estimated amount of contracts, net of advances remaining to be executed on capital account is Nil (March 31, 2016 –Rs.311.80 lakhs April 1, 2015 –Rs.466.79 lakhs).

c. Contingent liabilities (to the extent not provided for)

Particulars	2016-17	2015-16
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*	1820.62	1820.62
Income Tax	791.71	791.71
VAT	Nil	Nil

* 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.

35. Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2017.

36. Value of Import of CIF Basis

Particulars	2016-17	2015-16
Construction related equipment and material -	Nil	Nil

37. Expenditure in Foreign Currency

Particulars	2016-17	2015-16
Investments	Nil	Nil
Others	Nil	Nil

38. Auditors' Remuneration

Particulars	2016-17	2015-16
For services as Auditor	11.20	11.20
For Tax Audit	1.50	3.00
For other Matters	0.10	--
For reimbursement of out of pocket expenses	1.51	0.47
For service tax	0.86	1.88

39. (a) Trade Receivables (Note 12), unsecured considered good, includes Rs.20,995.33 lakhs (31-03-2016: Rs.22,745.89 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 Rs.1246.96 lakhs towards doubtful debts against Trade receivables, unsecured, considered doubtful.
- (b) Non-current assets (Note 10) include advances given to Landlords/ developers towards certain projects amounting to Rs.6,105.13 lakhs (31-03-2016: Rs.6,083.43 lakhs) and Short Term Loans and Advances to suppliers, etc amounting to Rs.2,078.42 lakhs (31-03-2016: Rs.2,031.33 lakhs) are outstanding. An amount of Rs.700 lakhs is set aside towards provision for advances considered as doubtful.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

40. The managerial remuneration paid or provided during the year :

Sl.No	Name of the Director	Designation	Remuneration paid or provided (in Rupees)
1	Mr.D.Vijay Sen Reddy	Managing Director	35,00,000
2	Mr.K.Ravi Kumar	Whole Time Director	15,00,000
3	Mr.Sumit Sen	Whole Time Director	12,00,000

The above managerial remuneration paid or provided during the year 2016-17 is subject to the approval of the Central Government and the company is seeking necessary approvals.

41. Details as required under Schedule III - Part I of the Companies Act, 2013 relating to investment in partnership firm.

- Name of the Partnership Firm - Prajay Binjusaria Estates
- Total Capital of the said Firm is Rs.2055.50 lakhs (31-03-2015 : Rs.2055.50 lakhs)
- Share of each partner in the Profit or Loss

Sl	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

42. The Secured Loan of Rs.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 31.03.17.

43. **Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and land advances and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

a) *Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

i. *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in interest rate	Effect on profit before tax(INR Rs.Lakhs)
March 31, 2017		
INR	+1%	(211.21)
INR	-1%	211.21
March 31, 2016		
INR	+1%	(183.96)
INR	-1%	183.96

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

Trade receivables

- Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Company's credit risk in this respect.
- Receivables resulting from other than sale of properties: Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company's credit period generally ranges from 30-60 days.

Financial Instrument and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2017 and 2016 is the carrying amounts.

c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Year ended March 31, 2017						
Borrowings	7670.75	611.96	12656.26	6010.10	107.75	27056.82
Trade payables	348.52	818.33	3265.00	17103.44	--	21535.29
Year ended March 31, 2016						
Borrowings	5745.16	617.49	9117.52	7441.48	310.53	23232.18
Trade payables	446.16	845.27	3265.00	18977.75	--	23534.18
As at April 1, 2015						
Borrowings	3125.71	639.03	6363.68	9987.16	405.03	20520.61
Trade payables	212.38	831.75	3285.00	20398.33	--	24727.46

44. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Board of Directors of the Company seek to maintain a balance between the higher returns that might be possible with higher level of borrowing and advantages by a sound capital position.

The Company monitors capital using a ratio of "Net debt to equity". The Company's net debt to equity ratio is as follows:

Particulars	31 March 2017	31 March 2016	1 April 2015
Net debt	27,056.82	23,232.40	20,515.15
Total equity	60,777.02	62,927.38	65,401.31
Net debt to equity ratio	0.45	0.37	0.31

45. Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date attached
For **Karumanchi & associates**
Chartered Accountants
ICAI Firm Registration number: 001753S

For and on behalf of the Board of Directors of **Prajay Engineers Syndicate Limited**

K. Peddabai
Partner
Membership No: 025036

D. Vijay Sen Reddy
Managing Director
DIN: 00291185

Sumit Sen
Whole time Director
DIN: 01028417

Place: Hyderabad
Date: 30.05. 2017

P. Bhaskara Rao
Chief Financial Officer
CMA M No.9445

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

(Rs. in 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	31.03.2017	31.03.2017	31.03.2017
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	128.21	2,182.32	50.00
5.	Reserves & surplus	3,284.41	(12.23)	(148.83)
6.	Total assets	19,315.89	2,216.38	983.38
7.	Total Liabilities	18,085.57	46.05	1,082.20
8.	Investments	2,182.32	-	-
9.	Turnover	1,634.23	-	0.85
10.	Profit before taxation	(308.88)	-	0.59
11.	Provision for taxation	(4.01)	-	0.18
12.	Profit after taxation	(304.87)	-	0.41
13.	Proposed Dividend	Nil	Nil	Nil
14.	% of shareholding	78%	-	99.55%

Notes:	
1.	Names of subsidiaries which are yet to commence operations Prajay Developers Pvt.Ltd. (Step down subsidiary) Prajay Retail Properties Pvt.Ltd.
2.	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

(Rs. in Lakhs)

Name of associates/Joint Ventures	Prajay Properties Pvt Ltd	Genesis Capital Pvt. Ltd., Mauritius
1. Latest audited Balance Sheet Date	31.03.2017	31.03.2015
2. Shares of Associate/Joint Ventures held by the company on the year end	64,597	10,000
No.		
Amount of Investment in Associates/Joint Venture	Investment in Equity Rs.6.46 lacs and in Preference shares Rs.4013.00 lacs	5.18
Extend 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	180.55	(6.03)
6. Profit/Loss for the year	(70.75)	(USD 18,311)
i. Considered in Consolidation	(35.02)	(5.18)
ii. Not Considered in Consolidation	(35.73)	Loss restricted to Investment

1. Names of associates or joint ventures which are yet to commence operations. Genesis Capital Pvt.Ltd., Mauritius

2. 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 Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of **PRAJAY ENGINEERS SYNDICATE LIMITED** ("The Holding Company") and its subsidiaries (The Holding Company and its subsidiaries together referred to as the "Group") and its Associates which comprise the Consolidated Ind AS Balance Sheet as at March 31, 2017, the Consolidated Ind AS Statement of Profit and Loss (including other comprehensive income), Consolidated Ind AS Cash Flow Statement and the Consolidated Ind AS Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Ind AS 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 Ind AS financial statements that give a true and fair view of the Consolidated state of affairs (financial position), Loss(Consolidated financial performance including other comprehensive income), Consolidated cash flows of the Group and the changes in equity of Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The Respective board of directors of 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 Consolidated Ind AS 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 Consolidated Ind AS financial statements by the Board of Directors of the Holding company.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS 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 thereunder.

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 Consolidated Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS 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 Presentation of the Consolidated Ind AS 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 Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the 'Other Matters' below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

Basis of Qualified Opinion

- a) Interest Accrued amounting to Rs.5924.82 Lakhs (Including Rs.1361.60 Lakhs for the Year),on compulsorily convertible debentures (Note 35C) has not been provided for. This constitutes a departure from the Accounting standards.Accordingly,had this interest been provided for and capitalised to inventories as done in earlier periods, Inventories and current Liabilities would have been higher by Rs.5924.82 Lakhs (Including Rs.1361.60 Lakhs For The year).
- b) Included in short term Loans and Advances (Note 35B) is Rs.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 Rs.510.00 Lakhs, net profit and Shareholder's Funds would have decreased by Rs.510.00 Lakhs

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS 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 including the Ind AS, of the Consolidated state of affairs (Financial Position) of the Company as at March 31, 2017, and its Loss (Consolidated Financial Performance including other comprehensive income) and its Consolidated Cash Flows and the Consolidated changes in equity for the year ended on that date.

Other Matter

We did not audit the financial statements of 2 subsidiaries, whose financial statements reflect total assets of Rs.22481.55 Lakhs As at March 31st 2017, Total revenues of Rs.1643.95 Lakhs and Net cash flows amounting to Rs.(33.28) Lakhs for the year ended on that date, as considered in the consolidated Ind AS Financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS 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 Sec.143 (3 & 11) of the act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

The Consolidated Ind AS Financial statements also include The group's share of Net Loss Of Rs.35.02 Lakhs For the year ended 31st March 2017 as considered in 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 consolidated Ind AS Financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and our in terms of Sub Section 3 & 11 Of 143 of the Act, in so far as it relates to these Associates, is based solely on the Reports of the other Auditors.

Our opinion on the consolidated Ind AS financial statements above, and our Report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Emphasis of matter

We draw attention to the following:

- a) Note **35(a)** of the Consolidated Financial Statements, in respect of trade receivable considered good include an amount of Rs.21229.44 Lakhs Due from customers which are outstanding for more than six months. We are unable to comment on the realisation of these receivables in the absence of conformation from the concerned parties. An amount of Rs.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 & Advances amounting to Rs.6105.13 Lakhs towards purchase of Land/Development towards certain project of long term nature, and an amount of Rs.2078.42 Lakhs given to suppliers, etc outstanding from earlier years. We are unable to comment on the realisation of these advances. An amount of Rs.700 Lakhs is set aside towards provision for Advances considered as doubtful.

Our Opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Section 143(3) of the Act, based on our audit and on the consideration of report another auditor on separate financial statements and the other financial information of the subsidiaries and associates, as noted in the "Other Matter" paragraph, We report, to the extent applicable, 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 and the report of the other auditors.
 - c. the Consolidated Ind AS Balance Sheet, the Consolidated Ind AS Statement of Profit and Loss and the Consolidated Ind AS Statement Cash Flow, Consolidated Ind AS Statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of the consolidated financial statements.
 - d. In our opinion, the aforesaid Consolidated Ind AS 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 Holding Company as on March 31, 2017 taken on record by the Board of Directors of Holding company and 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 are disqualified as on March 31, 2017 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, its subsidiaries, Associates and the operating effectiveness of such controls, refer to our separate Report in "**Annexure-A**"; and

- 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 Ind AS financial statements disclose the pending litigations which would impact its consolidated financial position of the group and its associates – Refer Note **34(c)** to the Consolidated Ind AS 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 .
 - iv. The Company has provided requisite disclosures in the Consolidated Ind AS Financial statements as to its Holdings as well as dealings in Specified bank notes as specified in the Notification G.S.R.308(E) Dated March 30 2017 Of the Ministry of corporate affairs, during the period from Nov 08,2016 To Dec 31,2016 of the group entities as applicable. Based on Audit procedures performed and relying on the management representation we report that the disclosures are in accordance with the relevant books of accounts maintained by company and as produced to us by management of the Group Companies -Refer to Note 13 to the Consolidated Ind AS financial statements.

For and on behalf of

Karumanchi & Associates

Chartered Accountants

Firm's registration number:001753S

K.Peddabbai

Partner

M. No : 025036

Place: Hyderabad

Date: 30.05.2017

“Annexure A” to the Independent Auditors Report of even dated on the Consolidated Ind AS Financial Statements of PRAJAY ENGINEERS SYNDICATE LIMITED.

Report on 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 Ind AS financial statements of the company as of for the year ended 31st March 2017, We have audited the internal financial controls over financial reporting of PRAJAY ENGINEERS SYNDICATE LIMITED (“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 Institute of Chartered Accounts 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 Consolidated Ind AS 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 Consolidated Ind AS 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 Consolidated Ind AS 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 has, in all material respect, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at march 31,2017,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

Karumanchi & Associates

Chartered Accountants

Firm's registration number:001753S

K.Peddabbai

Partner

M. No : 025036

Place: Hyderabad

Date: 30.05.2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Assets				
Non-current assets				
Property, plant and equipment	6	13,398.14	13,891.84	14,554.29
Capital work-in-progress		21,540.24	19,698.28	18,046.69
Goodwill on Consolidation		1,021.78	1,021.78	1,021.78
Intangible assets	7	0.91	0.91	0.92
Financial assets				
Investments	8	5,725.35	5,699.35	5,695.09
Loans	9	84.53	771.58	70.19
Other non-current assets	10	5,447.53	4,825.72	6,206.28
		47,218.48	45,909.46	45,595.24
Current assets				
Inventories	11	54,695.02	55,452.99	56,529.77
Financial assets				
Investments	8	13.73	12.97	26.14
Trade receivables	12	20,840.76	22,147.98	23,764.69
Cash and bank balances	13	487.76	246.71	165.69
Loans	9	1,745.70	2,210.11	2,007.88
Current tax assets, gross		1,065.18	962.90	764.06
Other current assets	10	2,107.17	2,049.54	2,202.95
		80,955.32	83,083.20	85,461.18
Total assets		128,173.80	128,992.66	131,056.42
Equity and Liabilities				
Equity				
Equity share capital	14	6,993.58	6,993.58	6,993.58
Other equity	15	55,015.70	57,378.95	60,235.22
Equity attributable to equity holders of the company		62,009.28	64,372.53	67,228.80
Non-Controlling Interest		122.58	189.64	279.19
Total equity		62,131.86	64,562.17	67,507.99
Non-current liabilities				
Financial Liabilities				
Borrowings	16	14,668.99	17,354.80	19,298.46
Provision for Gratuity		83.65	52.75	54.60
Deferred tax liabilities (net)	17	1,160.02	961.35	715.79
		15,912.66	18,368.90	20,068.85
Current liabilities				
Financial Liabilities				
Borrowings	16	1,129.81	315.37	337.73
Trade payables	18	22,026.16	23,964.23	25,188.95
Other financial liabilities	19	22,250.67	16,607.19	12,022.55
Other current liabilities	20	4,088.82	4,541.17	5,291.61
Liabilities for current tax assets		633.82	633.63	638.75
Total liabilities		50,129.28	46,061.59	43,479.59
Total equity and liabilities		128,173.80	128,992.66	131,056.42
Summary of significant accounting policies	1 to 5			

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached
 For **Karumanchi & associates**
 Chartered Accountants
 ICAI Firm Registration number: 001753S

For and on behalf of the Board of Directors of **Prajay Engineers Syndicate Limited**

K. Peddabai
 Partner
 Membership No: 025036

D. Vijay Sen Reddy
 Managing Director
 DIN: 00291185

Sumit Sen
 Whole time Director
 DIN: 01028417

Place: Hyderabad
 Date: 30.05. 2017

P. Bhaskara Rao
 Chief Financial Officer
 CMA M No.9445

D. Madhavi Latha
 Company Secretary
 M No. F7394

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017*(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)*

Particulars	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations	21	6,858.86	9,255.53
Other income	22	459.12	766.73
Total income		7,317.98	10,022.26
Expenses			
Cost of sales	23	5,524.02	7,775.36
Direct Cost Hotels & Resorts	23	472.38	455.34
Employee benefits expense	24	566.17	617.04
Depreciation and amortisation expense	25	574.70	641.12
Finance costs	26	1,592.25	1,445.75
Other expenses	27	816.77	1,791.05
Total expense		9,546.30	12,725.65
Profit before non-controlling interests/share in profit/ (loss) of associates		(2,228.32)	(2,703.39)
Share of Profit / (loss) of associates		35.02	5.07
Profit / (Loss) before tax		(2,193.30)	(2,698.32)
Tax expenses			
Current tax		0.18	0.03
Deferred tax charge		203.98	245.92
Total tax expense		204.16	245.95
Profit for the year		(2,397.46)	(2,944.27)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net (loss)/ gain on Fair Value Through OCI (FVTOCI) equity securities		(0.32)	(1.17)
Re-measurement gains/ (losses) on defined benefit plan		(27.56)	(0.74)
Income-tax effect		5.31	0.36
Other comprehensive income for the year, net of tax		(22.57)	(1.55)
Total comprehensive income for the year		(2,420.03)	(2,945.82)
Profit attributable to :			
Owners of the company		(2,330.40)	(2,854.72)
Non Controlling Interest		(67.06)	(89.55)
Profit for the year		(2,397.46)	(2,944.27)
Total Comprehensive Income attributable to:			
Owners of the company		(2,352.97)	(2,856.27)
Non Controlling Interest		(67.06)	(89.55)
Profit for the year		(2,420.03)	(2,945.82)
Earnings per equity share (nominal value of INR 10) in INR			
Basic and Diluted		(3.47)	(4.22)
Summary of significant accounting policies	1 to 5		
The accompanying notes are an integral part of the consolidated financial statements.			

As per our report of even date attached
For **Karumanchi & associates**
Chartered Accountants
ICAI Firm Registration number: 001753S

For and on behalf of the Board of Directors of **Prajay Engineers Syndicate Limited**

K.Peddabbai
Partner
Membership No: 025036

D. Vijay Sen Reddy
Managing Director
DIN: 00291185

Sumit Sen
Whole time Director
DIN: 01028417

Place: Hyderabad
Date: 30.05. 2017

P. Bhaskara Rao
Chief Financial Officer
CMA M No.9445

D. Madhavi Latha
Company Secretary
M No. F7394

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017
(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

a. Equity Share Capital	No. of shares	Amount			
Equity shares of INR 10 each issued					
At April 1, 2015	70,267,291	7,026.72			
At March 31, 2016	70,267,291	7,026.72			
At March 31, 2017	70,267,291	7,026.72			
Equity shares of INR 10 each subscribed and fully paid-up					
At April 1, 2015	69,935,791	6,993.58			
At March 31, 2016	69,935,791	6,993.58			
At March 31, 2017	69,935,791	6,993.58			
b. Other equity					
Particulars	Reserves and Surplus				Total
	Share Premium	Capital Reserve	General reserve	Retained Earnings	
At April 1, 2015	42,898.08	1,058.88	1,999.08	14,279.18	60,235.22
Profit for the year				(2,944.27)	(2,944.27)
Other comprehensive income					
Net (loss)/ gain on Fair Value Through OCI (FVTOCI) equity securities				(1.17)	(1.17)
Re-measurement gains/ (losses) on defined benefit plans				(0.74)	(0.74)
Income-tax effect				0.36	0.36
At March 31, 2016	42,898.08	1,058.88	1,999.08	11,333.36	57,378.95
Profit for the year				(2,397.46)	(2,397.46)
Other comprehensive income					
Net (loss)/ gain on Fair Value Through OCI (FVTOCI) equity securities				(0.32)	(0.32)
Re-measurement gains/ (losses) on defined benefit plans, net of tax				(27.56)	(0.74)
Income-tax effect				5.31	5.31
Balance as of 31 March 2017	42,898.08	1,058.88	1,999.08	8,913.33	55,015.70

Summary of significant accounting policies 1 to 5

The accompanying notes are an integral part of the consolidated financial statements.

 As per our report of even date attached
 For **Karumanchi & associates**
 Chartered Accountants
 ICAI Firm Registration number: 001753S

 For and on behalf of the Board of Directors of **Prajay Engineers Syndicate Limited**
K.Peddabai
 Partner
 Membership No: 025036

D. Vijay Sen Reddy
 Managing Director
 DIN: 00291185

Sumit Sen
 Whole time Director
 DIN: 01028417

 Place: Hyderabad
 Date: 30.05. 2017

P. Bhaskara Rao
 Chief Financial Officer
 CMA M No.9445

D. Madhavi Latha
 Company Secretary
 M No. F7394

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017*(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)*

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Operating activities		
Profit before tax	(2,228.32)	(2,703.39)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	574.69	641.11
Amortisation of intangible assets	0.01	0.01
Finance income (including fair value change in financial instruments)	(5.88)	(5.60)
Finance costs (including fair value change in financial instruments)	1,592.57	1,446.92
Provision for doubtful debts, net	-	350.00
Provision for doubtful advances, net	-	700.00
<i>Working capital adjustments:</i>		
(Increase)/ decrease in trade receivables	1,307.22	1,266.71
(Increase)/ decrease in inventories	766.82	1,148.94
(Increase)/ decrease in loans	1,176.02	(903.62)
(Increase)/ decrease in other assets	(679.44)	833.97
Increase/ (decrease) in trade payables and other financial liabilities	3,665.73	3,431.59
Increase/ (decrease) in provisions	30.90	(1.85)
Increase/ (decrease) in other non financial liabilities	(479.91)	(751.18)
	5,720.41	5,453.61
Income tax paid	(102.09)	(203.96)
Net cash flows from operating activities	5,618.32	5,249.65
Investing activities		
Purchase of property, plant and equipment (including capital work in progress)	(1,931.80)	(1,697.36)
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(27.08)	7.74
Interest received (finance income)	5.88	5.60
Net cash flows used in investing activities	(1,953.00)	(1,684.02)
Financing activities		
Proceeds / (repayment) from long term borrowings, net	(2,685.82)	(1,943.66)
Proceeds / (repayment) from short term borrowings, net	814.44	(22.36)
Interest paid	(1,552.89)	(1,518.59)
Net cash flows from/ (used in) financing activities	(3,424.27)	(3,484.61)
Net increase / (decrease) in cash and cash equivalents	241.05	81.02
Cash and cash equivalents at the beginning of the year (refer note 13)	246.71	165.69
Cash and cash equivalents at the end of the year (refer note 13)	487.76	246.71

Cash & Cash Equivalents INR 31.13 lakhs in Escrow account (31.03.2016 : INR 31.13 lakhs)

Summary of significant accounting policies 1 to 5

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached
For **Karumanchi & associates**
Chartered Accountants
ICAI Firm Registration number: 001753S

For and on behalf of the Board of Directors of **Prajay Engineers Syndicate Limited**

K.Peddabbai
Partner
Membership No: 025036

D. Vijay Sen Reddy
Managing Director
DIN: 00291185

Sumit Sen
Whole time Director
DIN: 01028417

Place: Hyderabad
Date: 30.05. 2017

P. Bhaskara Rao
Chief Financial Officer
CMA M No.9445

D. Madhavi Latha
Company Secretary
M No. F7394

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

1. General information

Prajay Engineers Syndicate Limited (the parent company) is a public company domiciled & incorporated under the provisions of the Companies Act, 1956 on April 19, 1994. The Company together with its subsidiaries, partnership firms and associates (hereinafter collectively referred to as "the Group" or "the Company") is engaged primarily in the business of real estate construction, development and maintaining hospitality projects. The shares of the parent company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

Description of the Group

Subsidiaries, step down subsidiaries and associates of the parent company are listed below:

Name	Relationship	Country of Incorporation	Percentage of ownership interests as at March 31, 2017	Percentage of ownership interests as at March 31, 2016
Prajay Holdings Private Limited (PHPL).	Subsidiary	India	78.00	78.00
Prajay Developers Private Limited (Formerly MVL Trading Company Pvt 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	50.00	50.00

2. Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015. For all periods, up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014. These financial statements for the year ended 31 March 2017 are the first Group has prepared in accordance with Ind AS.

Refer Note 3.17 for details of the first-time adoption exemptions availed by the Group.

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

2.1 Functional currency

The financial statements are presented in Indian rupees, which is the functional currency of the parent Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

2.2 Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

3. Significant accounting policies

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company

Associates (equity accounted investees)

Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies. Significant influence is generally presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The carrying value of the Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities. Investments in such entities are accounted by the equity method of accounting. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

For the purpose of preparing these consolidated financial statements, the accounting policies of associates have been changed where necessary to align them with the policies adopted by the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

Loss of Control

Upon loss of control, the Company derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of profit and loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a FVTOCI or FVTPL financial asset, depending on the level of influence retained.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

3.2 Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from transition date i.e., 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

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The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, the excess is recognised in equity as capital reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the consolidated statement of profit and loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Company incurs in connection with a business Combination are expensed as incurred.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

3.3 Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of taxes and applicable trade discounts and allowances.

- (i) Revenue from sale of land / plots is recognized in the financial year in which the agreement to sell is executed, at which time all the following conditions are satisfied:
 - the Company has transferred to the buyer the significant risks and rewards of ownership;
 - the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold;
 - the amount of revenue can be measured reliably;
 - it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- (ii) Revenue from constructed properties (excluding service tax) is recognized on the "percentage of completion method". The total sale consideration as per the agreements to sell constructed properties entered is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognized immediately.

Service tax does not form part of gross revenue.
- (iii) Contract revenue from the construction contracts are recognized on "percentage of completion method measured by survey of work performed" depending on the nature of the contract. The revenue on construction contract is recognized only when the stage of completion is 20 percent or more when the outcome of the contract can be estimated reliably. When it is probable that the total cost exceeds the total contract revenue, the expected loss is recognized immediately.
- (iv) Income from sale of Rooms, Food and Beverages and allied services relating to hotel operations is recognized upon rendering of the service. Income stated is exclusive of amount received towards sales tax/ service tax etc.
- (v) In respect of membership (club) sales, revenue is recognized as under:
 - Life membership, Permanent membership and Time-share membership over a period of 15 years,

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- Long-term membership over a period of 3 years.
- Health club membership fully in the year of receipt.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.4 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, 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 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.

3.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.6 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.8 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on

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the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.9 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

3.10 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/ expense, net" in the income statement.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the income statement as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment as prescribed in Schedule II to the Companies Act, 2013. Leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset. Land is not depreciated.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, is capitalized as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

3.11 Inventories

Inventories are valued as under:

- Land earmarked for property development is valued at cost. Cost includes land acquisition cost, registration charges and stamp duty.
- 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.
- Stock of food and beverages are carried at cost and net realizable value, whichever is lower. Cost is determined on the "weighted average" method.

3.12 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

3.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

3.14 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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3.15 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.16 Financial instruments

Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

Non-derivative financial instruments

- Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held with a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held with a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the Company had made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

- Investment in subsidiaries and associates

Investment in subsidiaries and associates are carried at cost in the separate financial statements.

- Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

3.17 First-time adoption of Ind AS– mandatory exceptions, optional exemptions

These financial statements have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company followed the guidelines prescribed in Ind AS 101, First time adoption of Indian Accounting Standards, with April 1, 2015 as (the transition date) and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Note 5.

Exemptions on the first-time adoption of Ind AS availed in accordance with Ind AS 101 have been set out below:

Ind AS 103, Business Combinations has not been applied to acquisitions, which are considered businesses under Ind AS that occurred before 1 April 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Company recognises all assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognised and that fall under the derecognition exception, and (ii) assets (including goodwill) and liabilities that were not recognised in the acquirer's consolidated balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognize or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

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Ind AS 101 also requires that Indian GAAP carrying amount of goodwill must be used in the opening Ind AS balance sheet (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the Company has tested goodwill for impairment at the date of transition to Ind AS. No goodwill impairment was deemed necessary at 1 April 2015.

Freehold land and buildings (properties) were carried in the balance sheet prepared in accordance with Indian GAAP on the basis of carrying cost (cost model) on 31 March 2015. The company has elected to regard those carrying costs of property as deemed cost at the date of transition. Accordingly, the Company has not revalued the property at 1 April 2015.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

5. First-time Ind AS adoption reconciliations

5.1 Reconciliation of total equity as at March 31, 2016.

Particulars	As at March 31, 2016
Equity as reported under previous GAAP	52,625.39
Impact on account of measuring investments at fair value	0.57
Impact on account of Equity portion of Compound Financial Instruments	2,925.41
Impact on account of discounting liabilities/assets	2,138.73
Impact on change in Investment in associate	84.97
Impact on deferred taxes	(384.13)
Others	(11.99)
Equity reported under Ind AS	57,378.95

5.2 Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2016

Particulars	Year ended March 31, 2016
Net Profit under previous GAAP	(2,874.23)
Impact on measuring investments at fair value through OCI	(1.17)
Finance cost on account of unwinding of interest on discounted liabilities	(159.54)
Impact on deferred taxes	30.41
Change in Share of profit/(Loss) of associate	58.72
Net Profit under Ind AS	(2,945.82)

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6 Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and Machinery	Furniture and fixtures	Computers	Vehicles	Total
Cost							
At April 1, 2015 (Refer note a)	430.85	11,687.53	2,139.72	102.86	7.12	186.21	14,554.29
Additions	-	-	45.32	-	0.45	-	45.77
Adjustments	-	81.56	-	-	-	-	81.56
At March 31, 2016	430.85	11,605.97	2,185.04	102.86	7.57	186.21	14,518.50
Additions	-	48.60	20.79	9.07	0.61	10.77	89.84
Adjustments	-	11.64					11.64
At March 31, 2017	430.85	11,642.93	2,205.83	111.93	8.18	196.98	14,596.70
Accumulated depreciation							
At April 1, 2015	-	-	-	-	-	-	-
Charge for the year	-	188.02	367.85	24.41	4.48	56.36	641.12
Less: Adjustments	-	14.45					14.45
At March 31, 2016	-	173.57	367.85	24.41	4.48	56.36	626.67
Charge for the year	-	186.80	339.53	20.93	1.05	26.39	574.70
Less: Adjustments	-	2.79					2.79
At March 31, 2017	-	357.58	707.38	45.34	5.53	82.75	1,198.58
Carrying amount							
At April 1, 2015	430.85	11,687.53	2,139.72	102.86	7.12	186.21	14,554.29
At March 31, 2016	430.85	11,432.40	1,817.19	78.45	3.09	129.85	13,891.84
At March 31, 2017	430.85	11,285.35	1,498.45	66.59	2.65	114.23	13,398.14

- a) For property, plant and equipment existing as on the date of transition to Ind AS, i.e., April 1, 2015, the Company has used Indian GAAP carrying value as deemed costs.
- b) Capitalised borrowing costs:
The amount of borrowing costs capitalised during the year ended March 31, 2017 was INR Nil (March 31, 2016 - INR Nil).
- c) Charge on Property, plant and equipment:
Property, Plant and Equipment with a carrying amount of INR 217.15 lakhs (March 31, 2016 : INR 239.93) lakhs and Vehicles with a carrying amount of INR 52.67 lakhs (March 31, 2016 : INR 77.76 lakhs) are subject to a first charge to secure the Company's bank loans.

7 Intangible assets

Particulars	Computer softwares	Total
Cost		
At April 1, 2015 (refer note a)	0.92	0.92
At March 31, 2016	0.92	0.92
At March 31, 2017	0.92	0.92
Accumulated depreciation		
At April 1, 2015	-	-
Depreciation expense	0.01	0.01
At March 31, 2016	0.01	0.01
Depreciation expense	0.01	0.01
At March 31, 2017	0.01	0.01

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Particulars	Computer softwares	Total
Carrying amount		
At April 1, 2015	0.92	0.92
At March 31, 2016	0.91	0.91
At March 31, 2017	0.91	0.91

(a) For intangible assets existing as on the date of transition to Ind AS, i.e., April 1, 2015, the Company has used Indian GAAP carrying value as deemed costs.

8 Investments

Particulars	31 March 2017	31 March 2016	1 April 2015
Non-current investments			
Investments carried at cost			
Unquoted equity shares			
<i>Investments in associates</i>			
64,597 (March 31, 2016: 64,597; April 1, 2015: 64,597) equity shares of face value Rs. 10 each fully paid up in Prajay Properties Private Limited	6.46	6.46	6.46
10,000 (March 31, 2016: 10,000; April 1, 2015: 10,000) equity shares of face value USD 1 each fully paid up in Genesis Capital Private Limited, Mauritius	5.18	5.18	5.18
Unquoted preference instruments			
<i>Investment in associate</i>			
401,300 (March 31, 2016: 401,300; April 1, 2015: 401,300) optionally convertible preference shares of face value Rs. 10 each fully paid up in Prajay Properties Private Limited	4,013.00	4,013.00	4,013.00
Investment in the capital of partnership firm			
50% (March 31, 2016: 50%; April 1, 2015: 50%) share in the profits of Prajay Binjusaria Estates	1,650.50	1,650.50	1,650.50
Total investments carried at cost	5,675.14	5,675.14	5,675.14
Investments carried at Fair Value Through Other Comprehensive Income (FVTOCI)			
Quoted equity shares			
9,500 (March 31, 2016: 9,500; April 1, 2015: 9,500) equity shares of face value Rs.10 each, fully paid up in Indian Overseas Bank	2.53	2.85	4.02
Total investments carried at fair value through other comprehensive income	2.53	2.85	4.02
Investments in term deposit accounts (original maturity more than 12 months)			
Term deposits with Banks @	47.68	21.36	15.93
Total other investments	47.68	21.36	15.93
Total investments	5,725.35	5,699.35	5,695.09

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Particulars	31 March 2017	31 March 2016	1 April 2015
@ Includes against bank guarantees INR 40.55 Lakhs (31.03.2016 : INR 17.60 Lakhs) ; includes INR Nil (31.03.2016 : INR 14.33 Lakhs) with more than 12 months of maturity			
Current investments			
Investments in term deposit accounts (original maturity more than 3 months and less than 12 months)			
Term deposits with Banks	13.73	12.97	26.14
Total other investments	13.73	12.97	26.14
Category-wise investments			
Investment in equity instruments	14.17	14.49	15.66
Investment in preference shares	4,013.00	4,013.00	4,013.00
Investment in capital of partnership firm	1,650.50	1,650.50	1,650.50
Investment in term deposit accounts with original maturity more than 3 months	61.41	34.33	42.07
Other disclosures			
Investment in associates	4,024.64	4,024.64	4,024.64
Investment in capital of partnership firm	1,650.50	1,650.50	1,650.50

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

9 Loans (Unsecured, considered good unless otherwise stated)

Particulars	31 March 2017	31 March 2016	01 April 2015
Non-current			
Security deposits	84.53	771.58	70.19
	84.53	771.58	70.19
Current			
Security deposits (a)	541.73	644.69	547.16
Other loans and advances (b)	1,203.97	1,565.42	1,460.72
	1,745.70	2,210.11	2,007.88

(a) includes deposit to Director INR 500.00 lakhs (31.03.2016 : INR 595.97 lakhs)

(b) includes INR 128.48 lakhs (31.03.2016 : INR 307.26 lakhs) to Privale Companies having Common Director.

10 Other assets

Non-current assets

Unsecured, considered good

Advances for Purchase of Land / development (a) 5,405.13 5,383.43 6,065.79

Capital advances 42.40 142.29 140.49

Unsecured, considered doubtful

Advances for Purchase of Land / development 700.00 -

6,147.53 5,525.72 6,206.28

Less: Provision against advances for Purchase of Land / development 700.00 700.00 -

5,447.53 4,825.72 6,206.28

Current assets

Unsecured, considered good

Prepaid expenses 28.75 18.21 25.08

Advances for material and works 2,078.42 2,031.33 2,177.87

2,107.17 2,049.54 2,202.95

(a) 1. includes advance to Partnership firm in which the company is partner INR 89.96 lakhs (31.03.2016 : INR 89.65 lakhs)

2. includes advance to Private Companies in which any director is director INR 1,981.84 lakhs (31.03.16:1,956.72 lakhs)

3. includes advance to Director INR 50.00 lakhs (31.03.2016 : INR 50.00 lakhs)

11 Inventories

	31 March 2017	31 March 2016	1 April 2015
Land at Cost	14,193.15	14,193.15	14,193.15
Land and construction work in progress - at cost	40,489.95	41,248.73	42,326.99
Food and Beverages - at cost	11.93	11.11	9.63
	54,695.02	55,452.99	56,529.77

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

12 Trade receivables

Particulars	31 March 2017	31 March 2016	1 April 2015
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	19,982.48	21,427.21	23,519.03
Doubtful	1,246.96	1,246.96	896.96
	21,229.44	22,674.17	24,415.99
Provision for doubtful receivables	1,246.96	1,246.96	896.96
	19,982.48	21,427.21	23,519.03
Other receivables			
Unsecured, considered good	858.28	720.77	245.67
Total Trade receivables	20,840.76	22,147.98	23,764.69

13 Cash and bank balances

Balances with banks:			
- On current accounts	476.13	162.83	91.63
Cash on hand	11.63	83.88	68.60
Cash and cash equivalents (A)	487.76	246.71	160.23
Other bank balances			
In unclaimed dividend accounts	-	-	5.46
Other bank balances (B)	-	-	5.46
Total (A+B)	487.76	246.71	165.69

Disclosure for Specified Bank Notes

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

Particulars	SBN's	Other notes*	Total
Closing cash in hand as on November 8, 2016	21,100,000	372,295	21,472,295
(+) Cash withdrawal	-	215,000	215,000
(+) Permitted receipts	199,000	1,247,769	1,446,769
(-) Permitted payments	-	236,332	236,332
(-) Amount deposited in banks	21,299,000	-	21,299,000
Closing cash in hand as on December 30, 2016	-	1,598,732	1,598,732

* Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular-RBI/2016-17/112 dated November 8, 2016.

These are general receipts and payments of other denomination notes.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

14 Share Capital

Particulars	31 March 2017	31 March 2016	1 April 2015
Authorised Share Capital 250,000,000 (March 31, 2016: 250,000,000; April 1, 2015: 250,000,000) equity shares of Rs.10 each	25,000.00	25,000.00	25,000.00
Issued equity capital 70,267,291 (March 31, 2016: 70,267,291; April 1, 2015: 70,767,291) equity shares of Rs.10 each	7,026.72	7,026.72	7,026.72
Subscribed and fully paid-up 69,935,791 (March 31, 2016: 69,935,791; April 1, 2015: 69,935,791) equity shares of Rs.10/- each fully paid-up	6,993.58	6,993.58	6,993.58
	6,993.58	6,993.58	6,993.58

(a) Reconciliation of shares outstanding at the beginning and end of the reporting year

Particulars	31 March 2017		31 March 2016	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	69,935,791	6,993.58	69,935,791	6,993.58
Issued during the year	-	-	-	-
Outstanding at the end of the year	69,935,791	6,993.58	69,935,791	6,993.58

Of the above:

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

(b) Terms / rights attached to the equity shares

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

(c) Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2017		31 March 2016	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
- 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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

15 Other equity

Particulars	31 March 2017	31 March 2016
Capital reserves		
Opening balance	1,058.88	1,058.88
Add: Additions during the year	-	-
Closing balance	1,058.88	1,058.88
Share premium		
Opening balance	42,898.08	42,898.08
Add: Premium on fresh issue	-	-
Closing balance	42,898.08	42,898.08
General reserve		
Opening balance	1,999.08	1,999.08
Add: Amount transferred from retained earnings	-	-
Closing balance	1,999.08	1,999.08
Retained earnings		
Opening balance	11,333.36	14,279.18
Profit/(loss) for the year	(2,397.46)	(2,944.27)
Other comprehensive income	(22.57)	(1.55)
Less: Transfers to general reserve	-	-
Closing balance	8,913.33	11,333.36
Total other equity	55,015.70	57,378.95

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

16 Borrowings

Particulars	31 March 2017	31 March 2016	1 April 2015
Non-current Borrowings			
Secured loans			
Term loans from Banks			
SBI consortium	346.31	2,654.95	4,658.79
[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]			
Indian Overseas Bank	19.20	266.10	367.07
[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 Rs.37.50 per quarter w.e.f. December 2013]			
Liquirent loan from Indian Overseas Bank	528.25	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	47.15	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)			
Loans from related parties - Prajay Properties Private Limited	1,362.50	1,195.18	1,048.40
(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 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 31-3-17)			
Compulsorily Convertible Debentures	12,442.65	12,442.65	12,442.65
(held by White Stock Limited)			
1. Compulsorily Convertible Debentures of 716265 nos with face value Rs 1,000 each carry interest rate of 10% p.a issued on 24th October, 2007 and 28th February, 2008 with an option to convert in whole or in part within 8 years from the date of issue of such Debentures into such number of fully paid- up equity shares of the Company which is equal to the conversion price mutually agreed as per applicable laws. If at anytime within 8 years from the date of issue, the subscribers to such debentures do not exercise the right to conversion, the Company shall compulsorily convert such			

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Particulars	31 March 2017	31 March 2016	1 April 2015
debentures into fully paid up equity shares of the Company at the expiry of 8 years. These Compulsorily Convertible Debentures have been issued under Foreign Direct Investment guidelines as issued by Government of India/RBI from time to time latest vide RBI Circular A.P.(DIR series) Circular No.20 dated December 14,2007 which classifies Compulsorily Convertible Debentures as equity instrument)			
2. Compulsorily Convertible Debentures of 5,28,000 nos with face value Rs.1000 each carry interest rate of 11% p.a (net of withholding tax) issued on 24th August, 2011 with an option to convert into equity shares of the company at on the date falling on the 8th anniversary of the first completion date.			
Less: Equity Component of CCD	1,127.06	1,127.06	1,127.06
	11,315.59	11,315.59	11,315.59
Debt Application Money	1,050.00	1,050.00	1,050.00
Total non-current borrowings	14,668.99	17,354.80	19,298.46
Current Borrowings			
Secured loans from			
Life Insurance Corporation (Secured against the Keyman Insurance Policy)	42.49	42.49	42.49
Emami Realty Limited (Secured against mortgage of 4 villas at Celebrity Villas)	200.00	100.00	-
Deposits			
Unclaimed public deposits	1.39	1.80	1.80
Other deposits	70.00	70.00	70.00
Unsecured loans from related parties	815.93	101.08	223.44
Total current Borrowings	1,129.81	315.37	337.73
17 Deferred tax liabilities			
Difference in WDV of PPE as per books and WDV as per Income tax Act	814.24	575.52	298.47
Deferred tax for opening Ind AS adjustments	417.32	417.32	417.32
Deferred tax for periods Ind AS adjustments	(71.54)	(31.49)	
	1,160.02	961.35	715.79
18 Trade payables			
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Others	22,026.16	23,964.23	25,188.95
	22,026.16	23,964.23	25,188.95
19 Other financial liabilities			
Current			
Current maturities of non-current borrowings	11,558.99	9,267.98	7,523.39
Interest accrued and due on borrowings	10,691.68	7,339.21	4,493.70
Unclaimed dividend@	-	-	5.46
	22,250.67	16,607.19	12,022.55

@There is no amount due to the credited to Investor Education and Protection Fund as at 31.03.2017

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Particulars	31 March 2017	31 March 2016	1 April 2015
20 Other current liabilities			
Advance from Customers	4,088.82	4,541.04	5,290.74
Income received in advance	-	0.13	0.87
	4,088.82	4,541.17	5,291.61
21 Revenue from operations			
Particulars	31 March 2017	31 March 2016	
Construction division			
(a) Sale of Constructed Properties	2,202.15	2,556.03	
(b) Revenue from Construction Contracts	3,517.80	5,606.12	
(c) Sale of Land	119.38	127.42	
Hospitality division			
(a) Sale of Rooms	342.85	313.32	
(b) Food and Beverages	393.76	386.67	
(c) Others	91.89	95.49	
(d) Membership Fees	191.03	170.48	
	6,858.86	9,255.53	
22 Other income			
Interest income			
On fixed deposits	2.58	2.31	
Others	3.31	3.29	
Other operating revenues-Rental Income	256.62	589.73	
Miscellaneous income	196.61	171.40	
	459.12	766.73	
23 Cost of sales			
a. Raw material and components consumed, development/ construction costs:			
Inventory at the beginning of the year:			
- Land	14,193.15	14,193.15	
- Constructed Properties	41,248.73	42,326.99	
	55,441.88	56,520.14	
Add: Purchases, development/construction costs	4,765.25	6,697.09	
Less: inventory at the end of the year :			
- Land	14,193.15	14,193.15	
- Constructed Properties	40,489.95	41,248.73	
Sub total	54,683.10	55,441.88	
Cost of raw material and components consumed, development/ construction costs:			
- Construction Contracts	3,059.04	4,842.22	
- Development /Construction Costs	2,464.98	2,933.14	
	5,524.02	7,775.36	

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Particulars	31 March 2017	31 March 2016
b. Direct Cost of Hotels & Resorts		
Inventory at the beginning of the year	11.11	9.63
Add: Purchases	306.77	311.56
Less: inventory at the end of the year	11.93	11.11
Cost of food & others	305.95	310.08
Other Direct Expenditure	166.43	145.26
	472.38	455.34
24 Employee benefits expense		
Salaries, wages and bonus	815.08	906.77
Contribution to provident and other funds	14.39	5.92
Staff welfare expenses	7.33	20.74
	836.80	933.43
Less:Allocated to Projects	270.63	316.39
	566.17	617.04
25 Depreciation and amortisation expense		
Depreciation of tangible assets	574.69	641.11
Amortization of intangible assets	0.01	0.01
	574.70	641.12
26 Finance costs		
Interest on long term borrowings	4,696.31	4,155.39
Unwinding of interest on liabilities discounted	174.51	159.54
Finance charges payable under finance leases and hire purchase contracts	22.70	36.91
Bank Charges	11.52	11.09
	4,905.04	4,362.93
Less:Allocated to Projects	3,312.79	2,917.18
	1,592.25	1,445.75

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

27 Other expenses

Particulars	31 March 2017	31 March 2016
Advertisements	96.12	14.99
Legal and professional	50.45	23.66
Power and fuel	280.58	301.09
Repairs and maintenance		
Buildings	47.98	12.05
Plant and machinery	9.95	34.96
Others	65.23	6.90
Insurance	28.64	21.86
Travel and conveyance	14.97	9.18
Rent @	41.72	91.73
Rates and taxes	125.82	187.88
Provision for doubtful debts, net	-	350.00
Provision for doubtful advances, net	-	700.00
Auditors' remuneration	18.01	16.07
Other general expenses	253.72	222.06
	1,033.19	1,992.43
Less: Allocated to Projects	216.42	201.38
	816.77	1,791.05

@ Includes rent paid to Director INR 40.06 lakhs (31.03.2016: INR 88.26 lakhs)

28. As stated in Note 3.3 (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 recognized 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 recognized revenue and debtors as management is confident that it shall be able to realize the sale proceeds.
29. As stated in Note 3.3 (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 recognized 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.
30. Inventories of constructed properties include land admeasuring 59 acres 21 guntas at maheshwaram, Hyderabad, Telangana for which the subsidiary company has received approval vide letter no.1503/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).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

31. Related party transactions

A) The following table provides the name of the related party and the nature of its relationship with the Company:

	Name of the Party	Relationship	
(a)	Prajay Holdings Private Limited	Subsidiary	
	Prajay Retail Properties Private Ltd	Subsidiary	
	Prajay Developers Private Limited	Subsidiary of Prajay Holdings Private Limited	
	Prajay Binjusaria Estates	Associate	
	Prajay Properties Private Limited	Associate	
	Genesis Capital Private Limited (Mauritius)	Associate	
(b)	Other Related Parties	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) Ms. Sunayana Sen (Daughter)

(c) Other entities under the control of Directors and their relatives

Prajay Financial Services Limited	Prajay Chit Fund Private Limited
Prajay Lifestyle UPVC Windows Private Limited	Secunderabad Golf and Leisure Resorts Private Limited
Prajay Princeton Hotel Private Limited	Prajay Princeton Developers Private Limited
Prajay Velocity Developers Private Limited	Prajay Land Capital Private Limited
VijMohan Constructions Private Limited	Prajay Chits (Hyderabad) Private Limited

(d) Terms and conditions of transactions with related parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016 - ` Nil; April 1, 2015 - ` Nil). This assessment is undertaken each financial year through examining the financial position of the related party

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

and the market in which the related party operates.

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

Description	Name of the Related Party	Other Entities under the control of Directors and their Relatives		Other Related Parties	
		31.3.2017	31.3.2016	31.3.2017	31.3.2016
Sale of land, property, material and work done	Prajay Properties Private Limited	3,517.80	5,606.12	-	-
	Prajay Holdings Private Limited	-	-	-	-
Purchase of Materials	Prajay Lifestyle UPVC Windows Private Limited	-	1.42	67.58	74.22
Remuneration paid				40.07	100.56
Rent paid					
Investments diluted during the year	Prajay Binjuseria Estates	-	-	-	-
Advances Given		38.56	53.79	-	-
Repayment of Advances Taken		916.34	759.74	-	-
Repayment of Advances given		196.97	48.06	-	-
Advances Taken		2,751.59	4,838.86	-	-
Balance at the end of the year					
	Prajay Developers Private Limited				
	Prajay Land Capital Private Limited	0.55	0.38		
	VijMohan Constructions Private Limited	-	184.45		
	Secunderabad Golf and Leisure Resorts Private Limited	1,436.51	1,411.40		
	Prajay Velocity Developers Private Limited	545.33	545.33		
	Prajay Lifestyle UPVC Windows Private Limited	121.61	121.61		
	Prajay Princeton Developers Pvt. Ltd	0.36	0.42		
	Prajay Princeton Hotels Pvt. Ltd	0.35	0.41		
	Prajay Kamanwala Developers	-	-		
	Prajay Binjuseria Estates	89.97	89.65		
	Key Management Personnel			550.00	645.97
	Prajay Properties Private Limited	3200.00	3200.00		
	Prajay Holdings Private Limited				
	Prajay Properties Private Limited	3260.57	4943.12		
	Prajay Financial Services Limited	76.07	76.07		
	Prajay Retail Properties Private Ltd				
	Prajay Kamanwala Developers	2.50	2.54		
	VijMohan Constructions Private Limited	0.11			
	Key Management Personnel/relatives			794.67	53.82
Credit balances outstanding					

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

32. Segment information

The senior management of the Company monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Company has identified following as its reportable segment for the purpose of Ind AS 108:

- a) Real estate segment;
- b) Hotels and resorts segment.

Real Estate segment (RE) is into development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

Hotels and Resorts Segment (HR) is into upkeep and maintenance of Hotels, Restaurants and Resorts.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Company's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

- c) The following table's present revenue and profit information for the Company's operating segments for the year ended March 31, 2017 and March 31, 2016 respectively.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

Segment Reporting

Business Segment	2016-17			2015-16				
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total
Segment Revenue								
External	5,839.33	1,019.53	459.12	7,317.98	8,289.57	965.96	766.73	10,022.26
Total Revenue	5,839.33	1,019.53	459.12	7,317.98	8,289.57	965.96	766.73	10,022.26
Segment Result	(953.57)	(7.73)		(961.30)	(1,834.26)	(79.06)		(1,913.32)
Unallocated Corporate expenses net of unallocated income				(319.35)				(650.08)
Operating Profit				(641.95)				(1,263.24)
Interest Expense				1,592.25				1,445.75
Prior Period Adjustments				-				-
Interest Income				5.88				5.60
Dividend Income				-				-
Profit before Taxation				(2,228.32)				(2,703.39)
Income Tax				0.18				0.03
Prior period Tax				-				-
Deferred Tax				203.98				245.92
Other comprehensive income				(22.57)				(1.55)
Non Controlling Interest				(67.06)				(89.55)
Share of Net Profit/(Loss of Associate)				35.02				5.07
Net Profit				(2,352.97)				(2,856.27)
Other Information								
Segment Assets	97,179.63	23,256.80	7,737.37	1,28,173.80	101,122.76	21,259.92	7,609.98	129,992.66
Total Assets	97,179.63	23,256.80	7,737.37	1,28,173.80	101,122.76	21,259.92	7,609.98	129,992.66
Segment Liabilities	48,141.75	223.90	1,793.84	50,159.49	44,944.15	168.44	1,594.98	46,707.57
Total Liabilities	48,141.75	223.90	1,793.84	50,159.49	44,944.15	168.44	1,594.98	46,707.57
Capital Expenditure	20.37	69.47	-	89.84	38.33	7.44	-	45.77
Depreciation	483.62	91.08		574.70	521.34	119.78		641.12
Non Cash expense other than depreciation	-			-				-

Notes:

- Segments have been identified in accordance with Ind AS 108 on Segment Reporting, concerning the returns/risk profiles of the business. The company has identified business segments as mentioned below as primary segments for disclosure.
 - Construction and Development of Property.
 - Hospitality - Hotels & Resorts.
- As the operations of the company are only in India, there is no reportable geographical segment.
- Unallocated corporate expenditure includes common service expenses.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

33. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2017	31 March 2016
Profit/(Loss) after tax attributable to shareholders in INR Lakhs	(2,420.03)	(2769.28)
Weighted average number of equity shares of INR 10 each outstanding during the period used in calculating basic and diluted EPS	69,935,791	69,935,791
Earnings per share (Basic & Diluted)	(3.47)	(4.22)

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.

34. Commitments and contingencies

a. Leases

Operating lease obligations: The Company has taken equipments and 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 as per the agreement. The Company has paid INR 71.20 lakhs (March 31, 2016 –INR 111.63 lakhs) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

Particulars	31 March 2017	31 March 2016	1 April 2015
Within one year	69.74	71.20	168.89
After one year but not more than five years	47.40	117.15	63.96
More than five years	Nil	Nil	Nil

b. Commitments

i. The estimated amount of contracts, net of advances remaining to be executed on capital account is Nil (March 31, 2016 – Rs.311.80lakhs; April 1, 2015 – Rs.466.80lakhs).

c. Contingent liabilities (to the extent not provided for)

Particulars	31 March 2017	31 March 2016
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*	1820.62	1820.62
Income tax	791.71	791.71
VAT	Nil	Nil

* 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 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 04.01.2013 of commissioner of service tax. CESTAT has pronounced stay against recovery during the pendency of appeal.

35. (a) Trade Receivables (Note 12), unsecured considered good, includes Rs.21,229.44 lakhs (31-03- 2016: Rs. 22,674.17 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 Rs.1246.96 lakhs towards doubtful debts against Trade receivables, unsecured, considered doubtful.
- (b) Non-current assets (Note 10) include advances given to Landlords/ developers towards certain projects amounting to Rs.6,105.13 lakhs (31-03-2016: Rs.6,086.13 lakhs) and Short Term Loans and Advances to suppliers, etc amounting

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

to Rs.2,078.42 lakhs (31-03-2016: Rs.2,031.33 lakhs) are outstanding. An amount of Rs.700 lakhs is set aside towards provision for advances considered as doubtful.

- (c) Interest accrued INR 5924.82 lakhs (including INR 1361.60 lakhs for the year) on compulsorily convertible debentures has not been provided for the period 24.11.2012 to 31.03.2017.

36. Based on the information available with the Company and the Group, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2017.

37. The Secured loan of INR 3200.00 Lakhs from Prajay Properties Pvt. Ltd. is continuing as interest free by virtue of the agreement dated 06th 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 31.06.2017.

38. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Group's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and land advances and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors or respective companies reviews and agrees policies for managing each of these risks, which are summarized below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest

Rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as

Follows:

	Increase/decrease in interest rate	Effect on profit before tax
March 31, 2017		
INR	+1%	(334.87)
INR	-1%	334.87
March 31, 2016		
INR	+1%	(307.62)
INR	-1%	307.62

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

Trade receivables

- Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Company's credit risk in this respect.
- Receivables resulting from other than sale of properties: Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company's credit period generally ranges from 30-60 days.

Financial Instrument and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party.

Counterparty credit limits are reviewed by the Group and respective Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the respective Company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counter party's potential failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of consolidated financial position at 31 March 2017 and 2016 is the carrying amounts.

c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Year ended March 31, 2017						
Borrowings	7,670.75	611.96	12,656.26	18,375.69	107.75	39,422.41
Trade payables	348.52	843.33	3,340.00	17,494.31	-	22,026.16
Year ended March 31, 2016						
Borrowings	5,745.16	617.49	9,117.52	19,807.07	310.51	35,597.75
Trade payables	446.16	870.27	3,340.00	19,307.80	-	23,964.23
As at April 1, 2015						
Borrowings	3,125.71	639.03	6,363.68	22,352.75	405.03	32,886.20
Trade payables	212.38	856.75	3,360.00	20,759.82	-	25,188.95

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

39. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group Companies. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group and respective Board of Directors of the Company's seek to maintain a balance between the higher returns that might be possible with higher level of borrowing and advantages by a sound capital position.

The Group monitors capital using a ratio of "Net debt to equity". The Group's net debt to equity ratio is as follows:

Particulars	31 March 2017	31 March 2016	1 April 2015
Net debt	38,049.47	34,277.70	31,653.28
Total equity	62,131.86	64,562.17	67,507.99
Net debt to equity ratio	0.61	0.53	0.47

40. Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the Current year's classification.

41. Additional Information , as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associate

Sl. No	Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
		As a % of consolidated net assets	Amount INR (in Lakhs)	As a % of consolidated net assets	Amount INR (in Lakhs)	As a % of consolidated OCI	Amount INR (in Lakhs)	As % of TCI	Amount INR (in Lakhs)
Parent:									
	Prajay Engineers Syndicate Limited	97.82	60,777.02	(88.75)	(2,127.79)	(100.00)	(22.57)	(88.86)	(2,150.36)
Subsidiaries									
1	Prajay Holdings Private Limited	5.49	3,412.62	(12.72)	(304.88)		-	(12.60)	(304.88)
2	Prajay Developers Private Limited	3.49	2,170.09	(0.01)	(0.23)		-	(0.01)	(0.23)
3	Prajay Retail Properties Private Ltd	(0.16)	(98.82)	0.02	0.41		-	0.02	0.41
Associates (Indian) (Investment as per Equity Method)									
1	Prajay Properties Private Limited		-	1.46	35.02			1.45	35.02
2	Prajay Land Capital Private Limited		-		-				-
Associates (Foreign)(Investment as per Equity Method)									
1	Genesis Capital Private Limited		-		-				-
	Inter Company Eliminations & consolidation adjustments	(6.65)	(4,129.05)	-	-		-		-
	Total	100.00	62,131.86	100.00	(2,397.46)	100.00	(22.57)	100.00	(2,420.03)

As per our report of even date attached
For **Karumanchi & associates**
Chartered Accountants
ICAI Firm Registration number: 001753S

For and on behalf of the Board of Directors of **Prajay Engineers Syndicate Limited**

K.Peddabai
Partner
Membership No: 025036

D. Vijay Sen Reddy
Managing Director
DIN: 00291185

Sumit Sen
Whole time Director
DIN: 01028417

Place: Hyderabad
Date: 30.05. 2017

P. Bhaskara Rao
Chief Financial Officer
CMA M No.9445

D. Madhavi Latha
Company Secretary
M No. F7394



PRAJAY

PRAJAY ENGINEERS SYNDICATE LIMITED

CIN: L45200TG1994PLC017384

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

23rd Annual General Meeting, Wednesday the 27th day of September, 2017 at 12.00 Noon
(To be presented at the entrance)

Regd. Folio/		DP ID*	
Shares held		Client ID	

Name of Share Holder	
Name of Proxy	

I hereby certify that I am registered shareholder/proxy/ representatives of the registered shareholder (s) of Prajay Engineers Syndicate Limited.

I hereby record my presence at the 23rd Annual General Meeting to be held on Wednesday, the 27th day of September, 2017 at 12.00 Noon at Hotel Woodbridge, A.C. Guards, Lakadikapul, Hyderabad - 500004

SIGNATURE OF THE MEMBER / PROXY :

If Member, please sign here

If Proxy, please sign here

Note:

- To be signed at the time of handing over the slip.
*Members are requested to register their names atleast 15 minutes prior to be commencement of the Meeting.



PRAJAY

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CIN: L45200TG1994PLC017384

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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 Member(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 : _____ OR
E-mail id of failing him : _____ Signature : _____
failing him/her
- Name : _____
Address : _____ OR
E-mail id of failing him : _____ Signature : _____
failing him/her
- Name : _____
Address : _____ OR
E-mail id of failing him : _____ Signature : _____
failing him/her



As my/our proxy to attend and vote (on a poll) for me/us and on my/our at the 23rd Annual General Meeting of the Company to be held on Wednesday, the 27th day of September, 2017 at 12.00 Noon. at Hotel Woodbridge, A.C. Guards, Lakadikapul, Hyderabad - 500004 and at any adjournment thereof in respect of such resolutions as are indicated below:

S. No	Resolutions	Vote**	
		For	Against
ORDINARY BUSINESS:			
1	To adopt Audited Financial Statements of the Company – both Standalone and Consolidated for the year ended 31.3.2017		
2	To re-appoint of Mr. M. Raja Gopal Reddy as Director, who is liable to retire by rotation		
3	To appoint of M/s. Karumanchi & Associates as Statutory Auditors for 4 years and authorise the board to fix their remuneration		
SPECIAL BUSINESS:			
4.	To fix minimum fees for serving various documents on the members of the company		
5.	To re-appoint Mr. D. Vijay Sen Reddy as Managing Director for 3 years and to fix his remuneration		
6.	To re-appoint Mr. K. Ravi Kumar as Whole Time Director for 3 years and to fix his remuneration		
7.	To re-appoint Mr. Sumit Sen as Whole Time Director for 3 years and to fix his remuneration		
8.	To ratify the remuneration paid or payable to Mr. D. Vijay Sen Reddy, MD for 2 years from 1.2.2015 to 31.1.2017		
9.	To ratify the remuneration paid or payable to Mr. K. Ravi Kumar, WTD, for 3 years from 1.2.2014 to 31.1.2017		
10.	To ratify the remuneration paid or payable to Mr. Sumit Sen, WTD, for 2 years from 1.2.2015 to 31.1.2017		

Signed this _____ day of _____ 2017

Signature of the Share holder: _____

Signature of the Proxy holder(s)

Note:

Please Affix
₹. 1/-
Revenue
Stamp

Signature

Notes:

- 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.
- A Proxy need not be a member of the Company.
- 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.
- **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.
- Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- 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 23rd AGM



PRAJAY PRINCETON TOWERS, LB Nagar



Front View



Banquet Hall



Hotel Rooms

PRAJAY GULMOHAR-KUNTLOOR HAYATHNAGAR



Apartments



Independent Houses

By Courier / Regd. Post

If undelivered, please return to:

PRAJAY

Prajay Engineers Syndicate Limited

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