



Prajay Virgin County-Villas Entrance

Annual Report 2012 - 2013



Prajay Mega Polis - Site View



Prajay Princeton Towers - Original View

CORPORATE INFORMATION

BOARD OF DIRECTORS

D. Vijay Sen Reddy	Chairman & Managing Director
K. Ravi Kumar	Whole Time Director (Technical)
Sumit Sen	Whole Time Director (Sales and Mktg.)
D. Chakradhar Reddy	Non Executive - Independent Director
Vijay Kishore Mishra	Non Executive - Independent Director
N. Nageshwara Rao	Non Executive - Independent Director
Rudresh Veerabhadrapa	Non Executive - Independent Director
M. Raja Gopala Reddy	Non Executive - Independent Director
Chief Financial Officer	P. Bhaskara Rao
Company Secretary	D. Madhavi Latha

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BANKERS

Indian Overseas Bank, Alwal, Secunderabad
 Punjab National Bank, Mid Corp Branch, Banjara Hills, Hyderabad
 State Bank of India, Indl. Fin. Branch, Somajiguda, Hyderabad
 State Bank of Mysore, Secunderabad
 Tamilnad Mercantile Bank Limited, Secunderabad
 State Bank of Bikaner and Jaipur, Secunderabad

REGISTRAR AND SHARE TRANSFER AGENTS

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

LISTING

Bombay Stock Exchange Limited
 National Stock Exchange of India Limited

REGISTERED OFFICE

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

WEBSITE

www.prajayengineers.com
 investorrelations@prajayengineers.com

AUDITOR

S.V. Rangan
 Chartered Accountant

PROFILE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT TEAM

D. VIJAY SEN REDDY

(Chairman and Managing Director)

Mr. Vijay Sen Reddy, a Chartered Accountant (Inter) has got more than two decades of rich and varied experience in the construction industry. Mr. Reddy's rich experience drives the successful completion of projects at Prajay. He is also involved with the expansion strategy of the Company and is entrusted with the responsibility of identifying new ventures. He oversees the entire construction activities with his vast / multi faceted experience and his broad vision helps energize the Prajay team.

K. RAVI KUMAR

(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.

SUMIT SEN

(Director - Marketing & Sales)

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

VIJAY KISHORE MISHRA

(Non Executive - Independent Director)

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

N. NAGESHWARA RAO

(Non Executive - Independent Director)

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

RUDRESH VEERABHADRAPPA

(Non Executive - Independent Director)

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

D. CHAKRADHAR REDDY

(Non Executive - Independent Director)

Mr. Chakradhar is an Arts Graduate with more than 18 years of experience in Government Contract works and Civil works, including road construction. Mr. Reddy's presence on the board helps the Company to strengthen its infrastructure, related areas and further enables the company to strengthen its compliance functions.

M. RAJA GOPALA REDDY

(Non Executive - Independent Director)

Mr. Raja Gopala Reddy is a Science Graduate with more than 32 years of experience in construction industry and completed many road projects. His rich experience in construction industry and infrastructure sectors helps the company in formulating its new policies in the relevant areas and further enables the company to strengthen its compliance functions.

P. BHASKARA RAO

CFO and GM - Fin. & Accounts

A Graduate in Law and a Member of ICWAI, Mr. Bhaskara Rao has got more than 30 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.

C.N. RAO

Dy. General Manager – Fin. & Accounts

An Honors Graduate in Commerce and a Member of ICAI, Mr. Rao has rich industrial and banking experience of more than 24 years in various industries like Power sector, Aeronautical industry and Banking sector. He is heading the corporate finance section of the company and also responsible for liaising with banks and institutions.

JAYADEVA

Sr. GM – Projects

Mr. Jayadeva is a Graduate in Civil Engineering with more than 24 years of experience in building various High Rise Residential Towers, IT Parks, Commercial Buildings, Five Star Hotels, in reputed corporates like Raheja, Lodha, NCCL, Mind space –IT Park. His rich experience of building high rise towers will strengthen the technical team of the company.

SAMIR DE

GM – Projects

Mr. Samir is a Graduate in Civil Engineering with specialization in construction management from North Bengal University. He has rich experience of more than 19 years in administering EPC contracts of various mini and medium sized power projects.

MADHAVI LATHA

Company Secretary & Compliance Officer

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

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Prajay Engineers Syndicate Limited will be held on Friday, the 1st day of November, 2013 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad – 500016 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and the Profit and Loss Account for the year ended on that date together with Notes annexed thereto and the reports of the Director's and Auditors thereon.
2. To appoint a Director in the place of Sri Vijay Kishore Mishra, Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Sri N. Nageshwara Rao, Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri M. Raja Gopala Reddy, Director, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Sri S.V. Rangan, Chartered Accountant, Secunderabad (Registration No. 022037) be and is hereby re-appointed as Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be fixed by the Board plus service tax as applicable from time to time."

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

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements with the Stock Exchanges and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and other rules and regulations, prescribed by the Securities and Exchange Board of India ("SEBI") or any other relevant authority, from time to time, to the extent applicable and subject to any approvals, consents, permissions and sanctions of any authorities as may be required, and subject to any such conditions or modifications as may be prescribed or imposed by such authorities while granting such approvals, consents, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to introduce and implement the Employee Stock Options Scheme (ESOS) as detailed in explanatory statement to this notice and to create, grant, offer issue and allot, to directly or through allotment to the trust created/ to be created for this purpose, or to utilize the shares held by the Trust created for this purpose, for the benefit of such person(s) who are in the permanent employment of the Company and the "Directors (including Whole-Time Directors) of the Company (hereinafter collectively referred to as the "Employees") equity shares of the company and/or options giving right to purchase such number of equity shares of the company, at such price, in such manner, during such period in one or more tranches and on such terms and conditions as the Board may decide upto a limit not exceeding 50,00,000 equity shares of ₹10/- each.

RESOLVED FURTHER THAT the maximum number of Securities issued/granted in terms of this resolution, to any single Employee (including any Director) during any one year shall be less than one percent of the issued and paid-up equity shares of the company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the ESOS on such terms and conditions as contained in the Explanatory Statement to this Item in the Notice and to make any modification(s), changes, variation(s), alteration(s) or revision(s) in the terms and conditions of the ESOS from time to time including but not limited to, amendment(s) or revision(s) with respect to vesting period and schedule, number of options, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the ESOS.

RESOLVED FURTHER THAT the shares may be allotted in accordance with the ESOS either directly and/or through an existing trust or a trust which may be set up and/or in any other permissible manner and that the ESOS may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase or subscribe the Securities of the Company as per the ESOS.

RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid Resolution shall in all respects rank pari passu inter se with the then existing equity shares of the company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised, on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of Securities, without requiring the Board to secure any further consent or approval of the Members of the Company to that end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers conferred herein, to any committee of Directors with a power to further delegate to any executives/officers of the company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary in this regard.

RESOLVED FURTHER THAT all the lapsed options will be added back to ESOS pool and the Board be and is hereby authorised to allot these lapsed options to the eligible employees as per the ESOS Scheme.

By Order of the Board

Place : Hyderabad

Date : 17.09.2013

D. Vijay Sen Reddy

Chairman

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself or herself. A proxy need not be a member of the company.
2. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to Special Business to be transacted at the meeting (Item No. 6) is annexed herewith.
3. The details of Directors seeking re-appointment, in terms of Clause 49 of the Listing Agreement, are annexed hereto and forms part of this Notice.
4. 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. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person, if he or she wishes. A form of proxy is given at the end of the Annual Report.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 23.10.2013 (Wednesday) to 01.11.2013 (Friday) both days inclusive.
6. Members are requested to send all communication relating to transfer, transmission, dividend, demat etc. of shares (Physical and Electronic) to the Company's Registrar and Share Transfer agents at the following address:

M/s Karvy Computershare Private limited

Plot No: 17-24, Vittalrao Nagar,
Madhapur, Hyderabad-500081
Andhra Pradesh
Tel.: 91 40 2342 0818-28
Fax: 040-23420859
Email: einward.ris@karvy.com
mailmanager@karvy.com

7. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS, mandates, nominations, power of attorney, change of address/ name etc. to their Depository Participant only and not to the Company's Registrar and Share Transfer Agent.
8. Pursuant to Sec. 205A (5) of the Companies Act, 1956, the unpaid/unclaimed dividends that are due for transfer to the Investor Education and Protection Fund are as follows:

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

Members who have not encashed their dividend pertaining to the aforesaid years may approach the company/ it's Registrar for obtaining payments thereof at least 30 days before they are due for transfer to the said fund.

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

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013

Item-6: Employee Stock Option Scheme (ESOS):

To attract talented employees / Directors, it is necessary to provide incentive to the employees to remain with the company and to reward them with the opportunities to have a share in the success of the company. To achieve this objective, it is proposed to grant an option to the employees to subscribe to the shares of the company.

The SEBI Guidelines have provided a conducive environment for the implementation of an Employee Stock Option Scheme. The Company proposes to introduce the following Stock Option Scheme for the benefit of employees of the Company, its Directors, and such other persons / entities as may be prescribed by SEBI from time to time, and in accordance with the provisions of prevailing regulations.

Employee Stock Option Scheme

Under this scheme, employees will be granted an option to acquire a certain number of equity shares at a Price as mentioned hereinafter. The broad terms and conditions of the Scheme are as under:

The Company's Compensation Committee, which is a committee of the Board of Directors and consisting of a majority of independent Directors, will be responsible for administration and superintendence of the ESOS. The Compensation Committee will formulate the detailed terms and conditions of the ESOS; Compensation Committee will specify, inter alia, the following.

1. Quantum of options to be granted under the Scheme per employee.
2. Conditions under which options vested in employees may lapse in case of termination of employment for misconduct.
3. Time period within which an employee may exercise vested options in the event of termination or resignation.
4. The exercise period within which the employee should exercise the options and that option would lapse on failure to exercise the options within the exercise period.
5. Rights of employees to exercise all the vested options at one time or at various points of time.
6. Procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions, or otherwise.
7. Lock-in period for the shares issued pursuant to exercise of the options, if any.
8. Any other related or incidental matters.

The following is the explanatory statement, which sets out the various disclosures as required by clause 6 of the SEBI Guidelines.

The salient features of the Scheme are as under:

1. The total number of options to be granted:

The total number of options to be granted under this scheme cannot exceed 50,00,000 equity shares of the issued equity share capital of the Company as on date or such additional quantity as may be required on account of Corporate Action. The options which lapse/expire or are forfeited will be available for grant to the eligible employees.

One option would entitle the holders of the options a right to apply for one equity share of face value of ₹ 10/- each and / or equity linked instrument including any depository receipt entitling for one equity share of ₹ 10/- each of the company, as may be decided by the Board. The option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner. The Committee has power to choose the quantum of options for each of the plans.

2. Identification of classes of employees entitled to participate in the ESOS

Employees entitled to participate in the ESOS are:

- a. Persons as are in the permanent employment of the company in such grade and with such experience / association with the company, as may be decided by the board / committee.
- b. Directors (Including Whole Time Directors) of the company at any time.
- c. Such other persons, as may, from time to time, be allowed under prevailing laws and regulations and as may be approved by the board for this purpose.

Above persons are referred herein collectively as the "Eligible Employees"

An employee who is a promoter or belongs to promoter group or a director who either by himself or through his relative or through any Body Corporate, directly or indirectly, holds more than 10 percent of the outstanding equity shares of the company at the time of granting of option, shall not be eligible to participate in ESOS.

3. Requirements of vesting, period of vesting and maximum period of vesting

There shall be a minimum period of one year between the grant of options and vesting of options. The Vesting of options may be spread over a period of six years from the date of grant. The committee is empowered to implement and decide the vesting schedule to suit the needs of the organization.

The options may vest in tranches subject to the terms and conditions as may be stipulated by the Committee, which may include satisfactory performance of the Employee/Directors and their continued employment with the company, as the case may be, unless such employment is discontinued on account of death, permanent/total disability or on retirement.

If the employee/Director voluntarily terminates employment with the Company, the options to the extent not vested shall lapse/expire and be forfeited forthwith. However, this shall not be applicable to the employee/Director (including Whole Time Director) of the company who has resigned or who may resign from time to time to join in the subsidiary companies or as approved by the Committee.

4. Exercise price or pricing formula

The exercise price shall be closing Market Price before the Grant date, subject to a minimum price of par value.

5. Exercise period and the process of Exercise

The exercise period shall commence from the date of vesting, and will expire not later than six years from the date of first vesting. The options will be exercisable by the Eligible Employees by a written application to the Committee to exercise the options, in such manner, and on execution of such documents, in such manner, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

6. Process for determining the eligibility of employees to ESOS

The process for determining the eligibility criteria for the eligible employees will be specified by the Compensation committee, and will be based on, such criteria such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential., etc., and such other factors as may be appropriate / decided by the Compensation Committee, in its discretion, from time to time.

7. Maximum number of options to be issued per employee and in aggregate

The maximum number of options granted per an eligible employee will not exceed one percent of the Shares of the Company in any financial year and shall not be more than 5% in aggregate to a single employee.

8. Disclosure and Accounting Policy

The company shall comply with the disclosure and accounting policies prescribed by securities and exchange board of India (SEBI) and any other appropriate authority, from time to time.

9. Method of Valuating the Options

The company will adopt the fair value method to value the options granted under the Scheme.

10. Disclosure in Director's Report

The Company calculates the Employee Compensation cost using the fair value of the Stock Options.

As the Scheme will entail further shares to be offered to persons other than existing shareholders of the company, consent of the members is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per the requirement of SEBI Guidelines.

The Options to be granted under the Plan shall not be treated as an offer or an invitation made to public for subscription in the securities of the company.

The Directors other than i) Promoter Director and (ii) those directors if any, holding directly or indirectly more than 10% of the outstanding equity shares of the company, namely, Sri D. Vijay Sen Reddy shall be deemed to be interested or concerned in passing of this resolution to the extent of benefit he may derive under the Scheme.

The Board accordingly recommends the resolution for approval of the members as a special resolution.

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting 19th Annual Report on the business and operations of the Company together with audited results for the financial year ended 31st March, 2013.

FINANCIAL RESULTS:

(₹ in Lacs)

Particulars	Year ended 31 st March 2013		Year ended 31 st March 2012	
	Standalone	Consolidated	Standalone	Consolidated
Gross Turnover	13776.53	9670.07	7919.08	6920.30
Profit before interest and Depreciation	1026.59	141.84	741.90	413.25
Depreciation	323.33	332.54	385.54	391.18
Profit before Tax	548.83	(350.22)	80.60	(254.03)
Provision for taxation	350.21	358.94	658.26	658.28
Profit / (Loss) after tax	198.61	(1220.94)	(577.66)	(911.69)
Transfer to General Reserve	-	-	-	-
Dividend	-	-	-	-
EPS				
Basic	0.29	(1.75)	(0.83)	(1.31)
Diluted	0.29	(1.75)	(0.83)	(1.31)

The year 2012-13 was muted for the property sector across Residential, Commercial and Retail Real Estate. An adverse economic environment, high inflation and high interest rates continued to affect demand. Property developers continued to be constrained by reduced liquidity, rising project costs, approval delays and higher leverage.

Despite the constraints, your company's gross turnover grew by 74% over the last year's and posted a profit after tax of ₹ 198.61 lacs.

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

DIVIDEND

Considering the adverse economic environment during the year 2012-13 and reduced liquidity position in the market as a whole and with a view to conserve the resources for the smooth operations of the Company, your Directors have not recommended any dividend for the year under review.

DEPOSITS

During the year under review, the company has accepted fresh deposits to the tune of ₹ 0.50 lacs and repaid matured / premature deposits to the tune of ₹ 5.41 lacs. The amount outstanding at the end of the year at 31.3.2012 is ₹ 39.32 lacs (including fresh & renewed deposits). Interest is served regularly as per the terms of the deposit scheme.

REPORT ON CORPORATE GOVERNANCE

A separate section on corporate governance with a detailed compliance report thereon is annexed and forms a part of the annual report in terms of Clause 49 (VI) of the Listing agreement with Stock Exchanges. The auditors' certificate in respect of compliance with the provisions concerning corporate governance, as required by Clause 49 of the Listing Agreement is annexed to this Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

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

SUBSIDIARY COMPANIES

As on 31.3.2013 your company has 3 subsidiaries viz. Prajay Holdings Private Limited, Prajay Developers Private Limited (step-down subsidiary) and Prajay Retail Properties Private Limited.

Further to the application by one of the company's subsidiary M/s. Prajay Realty Private Limited, to the Registrar of Companies under Fast Track Exist Scheme, the same has been approved and the company is dissolved.

As per Section 212 of the Companies Act, 1956, the company is required to attach the Directors' report, Balance Sheet, and Profit and Loss Account of the subsidiaries to its Annual Report.

The Ministry of Corporate Affairs, Government of India vide its circular no.2/2011 dated 8th February, 2011 has granted general exemption to holding companies from the provisions of Sec. 212 of the Companies Act, 1956 subject to fulfillment of certain conditions mentioned therein. Accordingly the Annual Report for 2012-13 does not contain the financial statements of the subsidiaries. However, a statement containing the financial data of the subsidiaries has been furnished along with the Statement pursuant to Sec. 212(1) (e) of the Companies Act, 1956 and forms part of the Annual Report.

The Audited Annual Accounts and related information of the subsidiaries will be made available for inspection by any member of the Company/ its subsidiaries at the head office of the company at Hyderabad during business hours.

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

DIRECTORS

As per Article 86 of the Articles of Association of the Company, Sri Vijay Kishore Mishra, Sri N. Nageshwara Rao and Sri M. Raja Gopala Reddy, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment and your directors recommend their re-appointment at the ensuing Annual General Meeting.

Brief profile of the directors proposed to be re-appointed, nature of their experience in specific functional areas is provided in the Corporate Governance Report.

AUDITORS

The Statutory Auditor Mr. S.V. Rangan, Chartered Accountant holds office until the conclusion of the ensuing Annual General Meeting and has confirmed his eligibility and willingness to accept office of the Statutory Auditor for F.Y. 2013-14, if reappointed.

The Audit Committee and the Board of Directors recommend the re-appointment of Mr. S.V. Rangan, Chartered Accountant as Statutory Auditor of the company for F.Y. 2013-14 for shareholders' approval.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of Annual Accounts the applicable accounting standards have been followed and there has been no material departure;
- (ii) the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;

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

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

PARTICULARS OF EMPLOYEES:

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

Clarifications to the observations made in Auditor's Report:

- i. Regarding Note 37(a) of the Financial Statements – As a result of economic slowdown and recession in realty sector the realization from customers are slow.
- ii. Regarding Note 37(b) of the Financial Statements –Due to long term involvement in such projects, no provision has been considered necessary.

Point no. vii of Annexure to Standalone Auditors Report:

The Audit Committee had elaborate discussions on the subject. The company has an equipped Internal Audit System and the team is headed by a financial expert. Since it is been observed by the Auditor that the same is not commensurate with the size and nature of the business of the company, the company has resolved to initiate steps to strengthen the team.

Auditors' Report on Consolidated Balance sheet:

- i. Regarding Note 35(a) of the Consolidated Financial Statements – As a result of economic slowdown and recession in realty sector the realizations from customers are slow.
- ii. Regarding Note 35 (b) of the Consolidated Financial Statements - Due to long term involvement in such projects, no provision has been considered necessary

DISCLOSURE OF PARTICULARS:

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

Conservation of Energy & Technology Absorption:

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

Foreign Exchange Earnings and Outgo:

Foreign Exchange Earnings:	₹ Nil
Foreign Exchange Outgo:	₹ 7,41,000/-

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Place : Hyderabad
Date : 17.09.2013

D. Vijay Sen Reddy
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

“Real Estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world.” – Franklin D. Roosevelt.

Indian Economy

During the fiscal 2012-13 (FY'13), Indian economic growth continued to remain weak and the economy grew at a decade low rate of less than 5 percent, much lower than the estimated growth rate of 6.7 percent at the start of the financial year and lower than the growth rate of 6.2 percent and 9.3 percent achieved in the financial years 2011-2012 and 2010-2011, respectively.

1. Industry Structure and Developments:

The year 2012-13 was muted for the property sector across Residential, Commercial and Retail Real Estate. An adverse economic environment, high inflation and high interest rates continued to affect demand. Property developers continued to be constrained by reduced liquidity, rising project costs, approval delays and higher leverage.

Real estate is a very important sector and one of the biggest drivers of economic growth and investments.

The Indian real estate sector can be broadly categorized as residential, commercial, retail and hospitality. The real estate demand from the hospitality sector is very modest compared to the other three segments. While a bulk of the current real estate demand comes from the residential segment, retail and commercial segments are expected to grow much faster over the next few years.

Residential Real Estate

While the strong structural economic drivers like the rising income level, increasing mobility of the workforce, reducing family size, increasing aspirations, easier access to credit at competitive rates, favourable demographic and growing urbanization, have helped in maintaining the demand of the quality residential spaces, the cyclical factors like the weakness in economic growth momentum, high input cost inflation leading to sharp price appreciation, execution delays and high interest rates have kept the demand momentum under check during the last 6-8 quarters.

Residential markets are expected to benefit from declining mortgage rates, improvement in the approval environment, market calibrated price points & unit sizes boosting affordability levels moving into 2013-14.

Commercial Real Estate

The demand of commercial properties in India is strongly related to the growth and prospects of service sector, especially the IT-ITES sector and their net hiring and their future outlook.

Since the last two years, the weak growth outlook has dampened corporate sentiments and impacted their expansion and hiring plans. There has been a slowdown in the services sector including IT/ITES and Banking Financial Services & Insurance (BFSI). During the year, Banking Financial Services & Insurance (BFSI) and Information Technology (IT/ITES), the primary drivers of commercial markets, witnessed compression and reported slower uptake of office space.

The slow commercial market can be attributed to cautious occupier sentiment that resulted from global and domestic uncertainties. Slower economic activity across industries led to lower job creation and a resultant decrease in commercial absorption.

Retail Real Estate

India has one of the largest yet one of the least organized retail markets in the world. Like other real estate segments, the demand in the retail segment was impacted by the economic slowdown over the last two years. But the recent government policy actions including passage of the Bill for allowing 51 percent FDI in multi-brand retail after permitting 100 percent FDI in single brand retail is likely to provide a strong fillip to the organized retail sector and should help increase its demand momentum.

As per a study by Deloitte, over the next few years while the retail industry will continue to grow in double digit, the share of modern retail is slated to increase multifold with its penetration expected to increase from the current less than 5 percent to over 20 percent by the year 2020.

Government Initiatives:

The Union Budget 2013-14 was marginally negative for premium/luxury housing but provided incentives for the affordable housing space. The clearance of key bills, including the Land Acquisition Bill & the Real Estate Regulation Bill, along with the likelihood of infrastructure status being provided to the real estate sector are positives and have the potential to greatly improve the overall outlook.

According to the latest reforms, FDI up to 100 % is allowed under the automatic route in townships, housing, built-up infrastructure and construction development projects to increase investment, generate economic activity, create new employment opportunities and add to the available housing stock and built-up infrastructure.

The Ministry of Housing & Urban Poverty Alleviation has planned to introduce a single- window system for clearance of all real estate projects across the country. The system could bring down the average approval time to 45-60 days.

2. Opportunities & Threats:

Opportunities:

The growth in IT sector and new infrastructure projects such as Hyderabad Metro are driving demand in the city and are expected to give a push to the housing and retail sector investments.

The entry of global players like Microsoft, Oracle, Bann Info, and many others is positive for the city's realty market. The demand for commercial property is driving the values in the residential property market as well. The localities closer to IT hubs continue to witness a capital appreciation.

Your Company expects demand from the affordable and mid income residential segments to remain strong as we believe there is still a significant demand supply gap in this category.

The real estate (regulation & development) bill which proposes to establish a regulatory authority for enforcing fair practices, accountability norms and fast track dispute resolution mechanisms, can be positive for developers, home buyers and investors and also expected to act as a one-window clearance for all project approvals.

Threats:

Economic growth in India has slowed down considerably due to domestic and global factors. Major economists and Government authorities have lowered growth projections for the Indian economy in 2013-14. Economic growth is the key factor with respect to demand for housing and commercial office space. Sluggish domestic GDP growth along with weak global markets can significantly affect the sector. Major political instability, macro inflationary pressures along with further rate increases can also inhibit real estate growth.

Unfavorable changes in government policies and the regulatory environment can adversely impact the performance of the sector. Retrospective policy changes and regulatory bottlenecks may impact profitability and affect the attractiveness of the sector and companies operating within the sector.

The subdued economic scenario and continuing high vacancies have resulted in slower growth in the economy, oversupply and slowdown in the BFSI sector reduces the need for office space expansion and will continue to impact commercial real estate.

The domestic construction industry has been impacted with a steep rise in prices of inputs including cement, steel, and bricks, the cost of which has increased significantly. Labor costs have also increased over the years.

3. Segment wise / Product-wise performance:

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

The company is engaged in construction and development of Commercial, Residential and Retail properties. A detailed status of projects undertaken / being undertaken by the company is briefed below:

Prajay Waterfront City – Water front City, spread across 72 acres of premium property overlooking a large natural lake, presents an alluring lifestyle near Genome Valley near Shamirpet Hyderabad. This property is well developed & DTCP approved, gated community and nearest to Alexandria the multi crore Biotechnology SEZ. The project has already seen 90% development and has attracted booking to the extent of around 75% of the project.

Prajay Virgin County (SPV Project) – The project has been successfully launched on 25/08/2012. Due to its accessibility to the International Airport, ORR, Hi-tech City/Finance District and other companies like FAB City, Tata Aerospace, Adibatla the project has achieved approximately 71% of sales in villas segment since its' launching and could sell little portion in apartments segment as well. In villa parcel all the infra works are completed including the club house and in apartment parcel – construction for 10 towers consisting of 432 units in first phase along with basement is in progress.

Prajay Megapolis (SPV Project)– This project is the most prestigious project in the history of the company, spread across 21.23 acres of land accommodating 3000 plus flats with 36,62,874 sq.ft built up area with all gated community facilities. The sales have already started and we have bookings of upto 1200 apartments. Work in Three Blocks (9 Towers) is in an advanced stage.

Prajay Windsor Park – This Project is proposed to be set up in a land parcel of about 11 acres with 834 apartments close to Hyderabad-Warangal Highway. Windsor Park shares neighborhood with premier institutions like Raheja Mind Space, Sanskrity Township and Infosys campus. Considering the present scenario in Hyderabad, this project is put on hold, for the time being.

Prajay Gulmohar – Gulmohar is a gated community project with independent villas and apartments set on 21 acres of land. There are totally 198 independent plots of which 73 are Independent Houses, 89 Duplex & 36 Villas. The apartment component consists of 2 blocks comprising 2 BHK, 3 BHK and each block consists of Ground + 5 floors. Almost all the independent units (but for 3) are sold and nearly 50% of the flats are sold in apartments segment.

The construction status of First Block of apartments segment is in progress and 90% of the independent units are expected to be handed over within next three months time.

Prajay Homes Extension – Prajay Homes extension construction work along with infrastructure is almost completed at Shamirpet on 4.5 acres area. This township is close to Celebrity Club, emerging Biotech Hubs and top notch multinational corporations like Zenotech, SP Biotech, ICICI Knowledge Park, Alexandria and many prestigious schools, colleges and hospitals. Sales of the Homes Extension are almost completed.

Prajay Princeton Towers – Prajay Princeton Towers project is one of its kind business opportunity in the heart of Saroornagar, LB Nagar with 13 floors - 5 floors meant for commercial purpose and the rest 8 floors meant for Hotel with three star status. The project has been funded by a consortium lead by State Bank of India. Reputed business firms have already set their shops in the commercial mall component of the project.

Prajay Blue Hope (Joint Development with Legend) – Prajay Blue Hope is a commercial cum residential project with 8 floors on 4032 sq. yards and situated at the heart of the city at Abids. Ground and First 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.

Tourism & Hospitality Industry in India:

The Tourism and Hospitality industry of India is thriving and growing at a fast pace. The country's travel and tourism industry is one of the most profitable industries in the country and is credited with contributing a substantial amount of foreign exchange. India's rich cultural heritage, traditions, festivals, food, architectural monuments, hospitality and services are positive strengths of its tourism sector.

Hotels are an important component of the tourism product. With international tourism increasing year-on-year and the continued strength of domestic tourism, India will see incredible opportunities for growth.

Government initiatives:

The Government of India has allowed 100 per cent FDI in the hotel sector on automated basis. The union cabinet has approved the proposal for setting up of the Central Institute of Hotel Management, Catering Technology and Applied Nutrition Society under the Societies Registration Act, 1860 with a funding of ₹ 47.86 crores.

The allocation of Ministry of Tourism in the Union Budget 2013-14 has been increased from ₹ 87.66 crores to ₹ 1297.66 crores. Moreover, the Indian companies in the hotel sector, irrespective of their geographical location, have been allowed to tap the External Commercial Borrowings (ECB) route.

The Ministry of Tourism, Government of India, has consistently been working on improving India as a prime destination for tourists. It further aims at promoting various tourism products from various destinations and to increase India's share of the global tourism market.

4. Outlook:

Increasing corporate footprint is providing a fillip to residential real estate in Hyderabad.

Development of the International Airport, completion of the Outer Ring Road around 30 radial roads, MMTS (Multi- Modal Transport System), Metro and procurement of water from Krishna and Godavari rivers has given a fillip to the real estate.

The current challenging market environment necessitates increased dynamism. Your Company is reinforcing the advantages of its differentiated business proposition and competitive strengths by focusing on remaining capital efficient, while simultaneously adding substantial new projects to ensure strong and sustainable growth.

With good infrastructure, connectivity and low property prices, the city is considered to be one of the best bets for property investments by the experts.

Expected monetary easing will provide impetus to housing demand. A marginal rate cut can positively impact affordability and consumer sentiment and encourage homebuyers and developers.

5. Risks & Concerns:

The real estate market is inherently a cyclical market and is also affected by macroeconomic conditions, changes in applicable governmental schemes, changes in supply and demand for projects, availability of consumer financing and illiquidity.

The Company is exposed to different types of risks such as credit risk, market risk (including liquidity risk, interest rate risk), operational risk and legal risk. 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.

The real estate sector in India is heavily regulated by the central, state and local governments. Real estate developers are required to comply with a number of laws and regulations, including policies and procedures established and implemented by local authorities in relation to land acquisition, transfer of property, registration and use of land.

6. Internal Control Systems & their adequacy:

The company has adequate internal control systems in place that are appropriate for its size and ensure protection of assets of the company against any loss or un-authorized usage and all the transactions are authorized, recorded and reported correctly. The control systems are also supplemented by internal audit conducted by a team of experts. The

internal audit reports are reviewed by the audit committee of the board and the audit committee reviews the internal controls at periodical intervals in close co-ordination with the management and the internal auditors.

7. Discussion on financial performance with respect to operations performance:

Revenue from operations:

The Company revenues grew by 74% over last years' revenues and the company has achieved a net profit after tax of ₹ 198.61 lacs as against a loss of ₹ (577.68) lacs for the corresponding previous year.

This increase in revenues are mainly attributed to revenues from construction / development contracts.

Operating Costs:

The increase in operating costs was primarily due to the rising energy costs, cost of key inputs, employee costs, marketing & advertisement expenses. The operating costs further escalated due to increase in professional / consultancy charges on account of increased compliance related filings and consultation fee for professionals engaged for different projects.

EBIDTA:

EBIDTA is increased by 43.72 % from ₹ 741.89 lacs in F. Y. 2011-12 to ₹ 1066.26 lacs in F.Y. 2012-13.

The main reason for increase in EBIDTA is due to increased volumes, inspite of cost escalations. However, the cost of land, plots and construction grew by 9.5 % when compared to last years'.

Profit and Ratios:

The Company earned a net profit of ₹ 198.61 lacs in the financial year 2012-13 as against a loss ₹ (577.68) lacs during 2011-12. In line with the net profit, the basic earnings per share also increased from (0.83) to ₹ 0.29 over the same period.

The current ratio of the company for the year 2012-13 stood at 1.89 which is comfortable.

Shareholders' funds:

There is no change in the capital structure of the company during the year under review and the net worth of the company stands still at a comfortable position of ₹ 66876.16 lacs.

Loan funds:

The company continues to get support from its bankers and financial institutions. The finance cost of the company has reduced during the year due to repayment of some term loans. The debt to equity position of the company remains at a comfortable position of 0.20 when compared to the acceptable lever of 2:1 and the secured borrowings component of the company is reduced from ₹ 19206.83 lacs to ₹ 16694.59 lacs.

8. Material developments in human resources / industrial relations front, including number of people employed:

The company has adequate human resources to smoothly handle its day to day operations. The company reviews its manpower requirements periodically and from time to time based on the volume of activities. The company maintains cordial relations with its employees, vendors and other agencies.

Cautionary statement:

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

REPORT ON CORPORATE GOVERNANCE

Your directors present the company's Report on Corporate Governance in compliance with clause 49 of the Listing Agreement.

1. Company's philosophy on Code of Governance:

Your Company believes that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence. In order to promote good governance, the Company follows the best practices and policies based on fairness, professionalism and accountability. Your company further believes that the welfare of the stakeholders of the Company forms the crux of the Company's Corporate Governance Policy. The Company's philosophy strives to ensure that its business strategies and plans prioritise the welfare of all stakeholders, while at the same time, maximising shareholders' value on a sustained basis.

Your Company is in compliance with the Corporate Governance guidelines as stipulated under various clauses of Listing Agreement entered into with the stock exchanges.

A report on the matters mentioned in the said clauses and the practices followed by the Company is detailed below:

2. Board of Directors:

Composition:

The Board of Directors of your Company comprises of 9 (Nine) Directors as on date of this report representing the optimum blend of professionalism, knowledge and experience. Of these, five Directors are Independent Directors. Sri D. Vijay Sen Reddy is an Executive Chairman of the Board.

None of the Directors on the Board are Members of more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(I)(C)(ii)) across all the companies in which they are Directors. All the Directors have made the requisite disclosures regarding Committee positions held by them in Prajay and other companies for the year under review.

Category of Directors:

Name of the Director	Category	Relationship between directors inter-se	Other Directorships *	Committee Memberships *	Chairman-ships in Committees *
D. Vijay Sen Reddy	Chairman & Managing Director	None	12	1	Nil
K. Ravi Kumar	Whole Time Director	None	Nil	Nil	Nil
N. Ravinder Reddy	Whole Time Director	None	9	Nil	Nil
Sumit Sen	Whole Time Director	None	5	Nil	Nil
D. Chakradhar Reddy	Non Executive - Independent Director	None	1	1	1
Vijay Kishore Mishra	Non Executive - Independent Director	None	Nil	1	1
N. Nageshwara Rao	Non Executive - Independent Director	None	1	1	Nil
Rudresh Veerabhadrapa	Non Executive - Independent Director	None	Nil	Nil	Nil
M. Raja Gopala Reddy	Non Executive - Independent Director	None	3	Nil	Nil

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

Board meetings and attendance during 2012-13:

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

- Quarterly financial results of the company
- Minutes of the meeting of the Audit committee and other committees
- Information on recruitment and remuneration of senior personnel just below the board level, including appointment of Chief Financial Officer and the Company Secretary
- Statement of significant transactions and arrangements entered, if any, by subsidiary company and associates.
- Details of any joint venture or collaboration agreements
- General notice of interest of directors

- Terms of reference of board committees
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business, etc.
- Show cause, demand, prosecution notices and penalty notices which are materially important

As per the provisions of Companies Act, 1956 and the Listing Agreement, the Board of Directors shall meet at least four times a year with a maximum time gap of four months between any two meetings.

The meetings of the board are generally held at the registered office of the company and during the financial year 2012-13, the Board has met 6 (Six) times.

The Directors' attendance at the board meetings held during the year and at the last Annual General Meeting is as follows:

Name of the Director	No. of Board Meetings held during 2012-13		Attendance at the last AGM held on 29.09.2012
	Held	Attended	
D. Vijay Sen Reddy	06	06	Yes
K. Ravi Kumar	06	06	Yes
N. Ravinder Reddy	06	00	No
Sumit Sen	06	06	Yes
D. Chakradhar Reddy	06	06	Yes
Vijay Kishore Mishra	06	06	Yes
N. Nageshwara Rao	06	06	No
M. Raja Gopal Reddy	06	02	No
Rudresh Veerabhadrapa	06	02	No

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

Name of Director	Vijay Kishore Mishra	N. Nageswara Rao	M. Raja Gopala Reddy
Date of Birth/Age	06.11.1957	26.08.1956	11.08.1955
Date of Appointment	10.03.2003	31.01.2005	17.02.2010
Qualifications	Chartered Accountant	Bachelor of Science	Bachelor of Science
Expertise in specific functional areas	More than 25 years of professional experience in the fields of finance and taxation	Experience in Hotel Management for more than 22 years	Experience in construction industry for more than 32 years
Directorships held in other public companies (excluding foreign companies)	Nil	Nil	Nil
Committee Positions held in Prajay Engineers Syndicate Limited*	2	1	Nil
Committee Positions in other Public Companies *	Nil	Nil	Nil
Relationship between Directors inter-se	Nil	Nil	Nil
Number of Shares held	36500	500	Nil

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

Code of Conduct

The Company has laid down a code of conduct for its Board of Directors and Senior Management Personnel. The code of conduct is available on the website of the company at www.prajayengineers.com

All Directors and the Senior Management personnel are under a requirement to affirm the compliance with the said code. The necessary declaration by the Managing Director of the Company regarding compliance of the code of conduct by the Directors and the Senior Management personnel of the Company forms part of the Corporate Governance Report.

3. Board Committees:

Currently the board has 4 committees viz. Audit Committee, Shareholders /Investors' Grievance Committee, Remuneration Committee and Allotment Committee. The board can delegate its certain powers to one or more committees to have proper control of the affairs of the company.

A. Audit committee:

The primary objective of the audit committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Committee oversees the work carried out by management, statutory auditors and internal auditors, in relation to the financial reporting process and the safeguards employed by them. The Company has qualified and independent Audit Committee.

The composition, procedures, powers and role of the Audit Committee constituted by the Board comply with the requirements of clause 49 of the listing agreement and Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as under:

- a. Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- b. Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fee and approval for payment for any other services.
- c. Reviewing financial statements and draft audit report, including quarterly / half-yearly financial information.
- d. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - The changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by the management
 - Qualifications in draft audit report
 - Significant adjustment arising out of audit
 - The going concern assumption
 - Compliance with the accounting standards, stock exchange & legal requirements concerning financial statements
 - Any related party transactions as per Accounting Standard 18.
- e. Reviewing, with the management, external and internal auditors, the adequacy and compliance of internal control systems
- f. Reviewing the adequacy of internal audit functions
- g. Discussion with the internal auditors on any significant findings and follow up thereon
- h. Reviewing the Company's financial and risk management policy.
- i. Any other function as delegated by the Board from time to time.

Composition:

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

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

Name of the Member	Status	No. of meetings during 2012-13	
		held	attended
Sri Vijay Kishore Mishra	Chairman	5	5
Sri N. Nageswara Rao	Member	5	5
Sri D. Chakradhar Reddy	Member	5	5

Mr. Vijay Kishore Mishra, Chairman of the Audit Committee, attended the previous Annual General Meeting of the Company held on 29 September, 2012. Company Secretary of the company acts as the Secretary to the Committee meetings.

B. Remuneration Committee:

The Compensation & Remuneration Committee deals with all elements of remuneration package, stock options, service contracts and other terms and conditions of service of the Executive Directors, Directors / Promoters relatives and the Senior Management. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

Remuneration Policy:

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

Executive Directors:

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

Details of remunerations paid / payable to the Whole Time Directors for the year ended March 31, 2013 are as follows:

Name of Director	Salary ₹	Commission ₹	Perquisites ₹	Total ₹
D. Vijay Sen Reddy	24,00,000	NIL	-.	24,00,000
K. Ravi Kumar	18,00,000	-	-	18,00,000
N. Ravinder Reddy	NIL	NIL	NIL	NIL
Sumit Sen	12,57,500		---	12,57,500

Non-Executive Directors:

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

The following are the details of the shares held by Non-Executive Directors as on 31st March 2013:

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

Composition & Meetings during 2012-13:

The Remuneration Committee consists of 3 Non-Executive Directors, namely, Sri Vijay Kishore Mishra (Chairman), Sri N. Nageswara Rao (Member) and Sri D. Chakradhar Reddy (Member) all of whom are independent directors. The committee did not meet during the year under review.

C. Shareholders' / Investors' Grievance Committee:

Share Transfer and Shareholders' / Investors' Grievance Committee of Directors was constituted to specifically look into the matters of investors' grievances such as transfer, transmission, split and consolidation of investors' holding, replacement of lost / mutilated / stolen share certificates, dematerialisation of shares, non-receipt of dividend / notices / annual reports and change of addresses and others.

The main object of the Committee is to strengthen investor relations. The Committee also evaluates the performance and service standards of the Registrar and Share Transfer Agent of the Company and also provides continuous guidance to improve the service levels for the investors.

The Committee meets from time to time for speedy disposal of the investor grievances. Status of Investor Complaints as on March 31, 2013 are as under:

Complaints as on April 1, 2012	: Nil
Received during the year	: 06
Resolved during the year	: 06
Pending as on March 31, 2013	: Nil

SEBI Complaints Redress System (SCORES) – SEBI vide its circular no. CIR/OIAE/2/2011 dated June 03, 2011 has commenced processing of investor complaints on a centralized web based complaints redress system called SCORES. During the year under review the company has not received any complaints through SCORES system.

D. Share Allotment Committee:

Terms of reference, Composition & Meetings:

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

At present this committee consists of 3 Non-Executive Directors viz. Vijay Kishore Mishra (Chairman), N. Nageswara Rao (Member) and D. Chakradhar Reddy (Member). The Company Secretary acts as Secretary to the Committee meetings.

4. General Body Meetings:

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

Financial Year	Venue	Date & Time	Special Resolutions Passed
2011-12	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad – 500 016.	29.09.2012 At 3.00 P.M.	1. Appointment of Mr. D. Vijay Sen Reddy as Managing Director of the Company and to fix his remuneration.
2010-11	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad – 500 016.	30.09.2011 At 3.00 P.M.	Nil
2009-10	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad – 500 016.	30.9.2010 at 3.00 P.M.	1. Appointment of Mr. M. Raja Gopala Reddy as director of the company, liable to retire by rotation. 2. Re-appointment of Mr. D.S. Chandra Mohan Reddy as Chairman & Managing Director of the company for a further period of 5 years and to revise his remuneration. 3. Re-appointment of Mr. D. Vijay Sen Reddy as Executive Director of the company for a further period of 5 years and to revise his remuneration.

No special resolution was passed through postal ballot during the year ended 31st March 2013 and no special resolution is proposed to be passed by postal ballot at the ensuing Annual General Meeting.

5. Disclosures:

- The company had entered certain transaction with related parties, which are given in the Notes to Accounts in the financial statements as at 31.3.2013. However, none of the transactions were of material significance that had potential conflict with the interests of the company.
- There were no instances of non-compliance on any matter related to capital markets and no penalties or strictures were imposed on the company by Stock Exchanges/SEBI/other Authorities during the last three years.
- The company has laid down well defined procedures to appraise the board of directors about the risk assessment and minimization procedures and the same are reviewed periodically.
- CEO/CFO Certification - The Managing Director (CEO) and the Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement for the financial year ended March 31, 2013.

6. Means of Communication:

Quarterly & Annual Results	Quarterly and Annual results (Un-audited & Audited) are usually published in two daily news papers viz. the Financial Express and Andhra Prabha. The results are also posted on the company's website at www.prajayengineers.com
Website	The company's corporate website www.prajayengineers.com provides comprehensive information about its portfolio of business. The entire Annual Report and accounts of the company are available in downloadable format.

7. General Shareholder Information:

S.No	Item	Details
1.	AGM Date, Time & Venue	On Friday, the 1 st day of November, 2013 At 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad – 500016.
2.	Financial Calendar	<ul style="list-style-type: none"> • Financial Reporting for the first quarter ending 30.6.2013 - 2nd week of August 2013 • Financial Reporting for the Second quarter ending 30.9.2013 - 2nd week of November 2013 • Financial Reporting for the Third quarter ending 31.12.2013 - 2nd week of February 2014 • Financial Reporting for the Last quarter / Year ending 31.03.2014 - last week of May 2014
3.	Date of Book Closure	Wednesday, 23 rd day of October 2013 to Friday, 1 st day of November 2013 (both days inclusive)

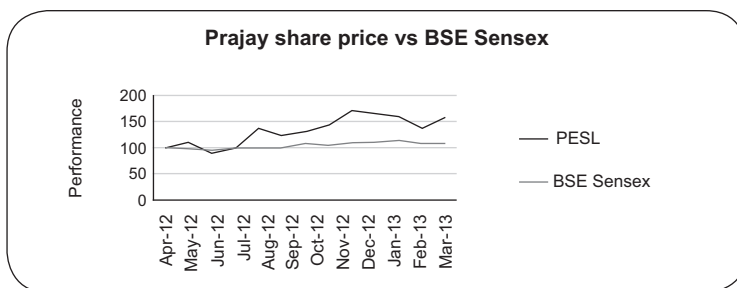
S.No	Item	Details
4.	Dividend Payment date	Not Applicable
5.	Listing on Stock Exchanges	1. Bombay Stock Exchange (BSE) – 531746 2. National Stock Exchange of India Limited (NSE) – PRAENG The Company has paid Listing Fee to both the Exchanges for the year 2013-14 and Custodial Fee to both the Depositories on the basis of no. of folios maintained by them as on 31 st March 2013.

8. Stock Market data for the Year 2012-13:

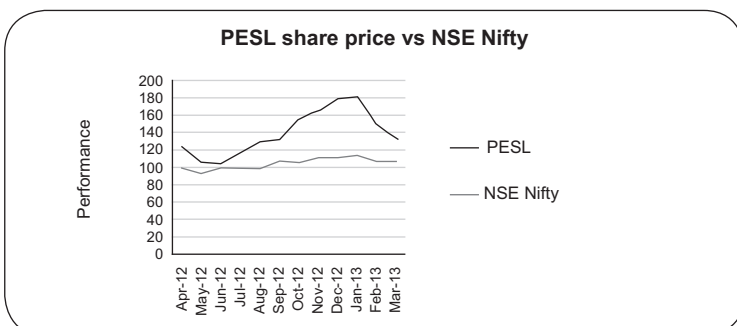
High, Low (based on the closing prices) and number of shares traded during each month in the last financial year on BSE and NSE were as follows:

Month	BSE PRICE ₹			NSE PRICE ₹		
	High (₹)	Low (₹)	Volume traded	High	Low	Volume traded
2012-13						
April, 2012	8.65	6.11	874945	8.55	6.30	655244
May, 2012	7.35	5.38	408333	7.15	5.45	494954
June, 2012	6.49	5.33	777008	6.45	5.30	711830
July, 2012	9.50	6.06	1438381	9.70	5.95	1378896
August, 2012	8.86	6.65	814277	8.90	6.60	630331
September, 2012	8.90	7.02	471204	8.70	6.75	496927
October, 2012	9.33	7.74	694591	9.35	7.90	958741
November, 2012	14.09	8.51	2126907	14.10	8.40	3197535
December, 2012	10.80	9.20	439094	11.00	9.10	650314
January, 2013	11.57	9.23	993802	11.50	9.25	559622
February, 2013	8.89	7.60	407163	9.80	7.60	421940
March, 2013	9.05	6.56	335268	8.70	6.75	514484

9. Relative stock performance in comparison to BSE Sensex:



10. Relative stock performance in comparison to NSE NIFTY:



11. RTA and Share Transfer System:

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

A certificate on half yearly basis, confirming due compliance of share transfer formalities by the Company as required under Clause 47C of the Listing Agreement, was obtained from Mr. P. Konda Reddy, Practicing Company Secretary and submitted to the Stock Exchanges within stipulated time.

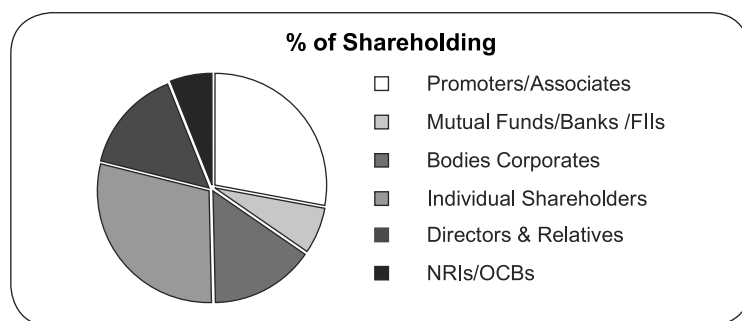
12. Distribution of Shareholding as on March 31, 2013:

Category	No. of shareholders		No. of shares		% of total shareholding	
	Physical (A)	Demat (B)	Physical (A)	Demat (B)	Physical (A)	Demat (B)
1 - 5000	267	14530	63294	2719248	0.09	3.89
5001 - 10000	96	2658	85200	2263320	0.12	3.24
10001 - 20000	10	1446	13800	2280647	0.02	3.26
20001 - 30000	11	544	25400	1421490	0.04	2.03
30001 - 40000	2	279	7500	999729	0.01	1.43
40001 - 50000	3	243	13600	1158125	0.02	1.66
50001 - 100000	3	340	23100	2548042	0.03	3.64
100001 - above	2	352	299700	56013596	0.43	80.09
Sub - Total	394	20392	531594	69404197	0.76	99.24
Grand Total (A+B)	20786		69935791		100.00	

13. Shareholding pattern as on March 31, 2013:

Category Number	Number of shares held	Percentage of Shareholding
Promoters/Associates	19526196	27.92
Mutual Funds, Banks & FIs	4669792	6.68
Bodies Corporate	10535465	15.06
Individual Shareholders	20450249	29.24
Directors & relatives	10524500	15.05
NRIs/OCBs	4229589	6.05
Total	69935791	100.00

Graphical presentation of shareholding pattern of the Company as on March 31, 2013 :



14. Dematerialization of Shares and Liquidity:

Details of Shares Dematerialized as on March 31, 2013:

Particulars	No. of Shares	% of Share Capital
NSDL	45076213	64.45
CDSL	24327984	34.79
Physical	531594	0.76
Total	69935791	100.00

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 30.6.2012, 30.9.2012, 31.12.2012 and 31.3.2013.

**AUDITORS' CERTIFICATE
ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To the members of Prajay Engineers Syndicate Limited

I have examined the compliance of the conditions of corporate governance by Prajay Engineers Syndicate Limited, for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

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

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

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

Place : Hyderabad
Date : 17.09.2013

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

DECLARATION ON CODE OF CONDUCT

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

This is to further confirm that pursuant to the provisions of Clause 49(I) (D) (ii) of the Listing Agreement, all the board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the financial year ended 31st March, 2013.

Place : Hyderabad
Date : 17.09.2013

D. Vijay Sen Reddy
Chief Executive Officer

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

We, D. Vijay Sen Reddy, Chief Executive Officer and P. Bhaskara Rao, Chief Financial Officer, of M/s. Prajay Engineers Syndicate Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee
 - c) That there were no significant changes in internal control during the year
 - d) There were no significant changes in accounting policies during the year
 - e) There were no instances of significant fraud during the year

Place : Hyderabad
Date : 17.09.2013

D. Vijay Sen Reddy
Chief Executive Officer

P. Bhaskara Rao
Chief Financial Officer

Independent Auditor's Report on Financial Statements

To the Members of
Prajay Engineers Syndicate Limited

Report on the Financial Statements

I have audited the accompanying financial statements of Prajay Engineers Syndicate Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of matter

I draw attention to the following:

- a) Note 37(a) of the Financial Statements, in respect of trade receivables considered good include an amount of ₹27,195.98 lacs due from customers which are outstanding for more than six months. For the reasons stated therein, I am unable to comment on the realization of the aforesaid receivables.
- b) Note 37(b) of the Financial Statements, in respect of advances amounting to ₹7,833.42 lacs given to landlords / developers, and ₹275.58 lacs given to suppliers, etc outstanding from earlier years in respect of which no provision has been made for the reasons stated therein.
- c) Note 24 & 25, in respect of recognizing profit on construction project under an agreement to sell, stage of completion is determined as a proportion that contract costs incurred for the work performed bear to the estimated total costs. Similarly contract revenue is recognized under the percentage of completion method measured by survey of work performed. Further, expected loss on contracts is recognized when it is probable that the total contract costs will exceed the total contract revenue. This practice is being consistently followed by the Company. For this purpose, total

project/contract costs incurred, and cost to completion of projects / contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies, etc, which being technical matters have been relied upon by me.

My opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of section 227 (4A) of the Act, I give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, I report that:
 - a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
 - b) in my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books.
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in my opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in section 211 (3C) of the Act;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of section 274 (1)(g) of the Act.

Place : Secunderabad

Date : May 30, 2013

S V RANGAN

Chartered Accountant

Membership No. 022037

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of the Auditors' Report of even date to the members of Prajay Engineers Syndicate Limited)

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

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to me, all the fixed assets are physically verified by the management in a phased periodical manner, which in my opinion is reasonable, having regard to the size of the Company and the nature of its assets. According to the information and explanations given to me, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in my opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in my opinion, not affected the going concern status of the Company.
- (ii)
 - (a) The inventories in respect of hotels and resorts have been physically verified by the management, at the year end. In my opinion the frequency of verification is reasonable.
 - (b) In my opinion and according to the information and explanations given to me, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) On the basis of my examination of the records of inventory, in my opinion, the Company is maintaining proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and book records were not material in relation to the operations of the Company.
- (iii)
 - (a) According to the information and explanations given to me, the Company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly clauses iii (b) to iii (d) of paragraph 4 of CARO are not applicable.
 - (b) According to the information and explanations given to me, the Company has taken secured/unsecured loan from two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount of loan outstanding during the year was ₹3,277.50 lacs and the balance as at the year end is ₹ 3,277.50 lacs.
 - (c) In my opinion and according to the information and explanations given to me, the terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company. There is no interest payable on the loans.
 - (d) In respect of the loans taken, the principal amounts have not fallen due for payment.
- (iv) In my opinion and according to the information and explanations given to me, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of my audit, I have not observed any continuing failure to correct major weaknesses in internal control system.
- (v)
 - (a) In my opinion, and according to the information and explanations given to me, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.
 - (b) In my opinion and according to the information and explanations given to me, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices, which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has accepted deposits from the public during the year and has complied with the provisions of sections 58A, 58AA and the rules framed there under.
- (vii) *The Company has an internal audit system, but it is not commensurate with the size and nature of the business of the Company.*
- (viii) I am informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.

- (ix) (a) According to records of the Company, the Company is generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it. There are no arrears of the aforesaid dues as at 31st March, 2013 outstanding for a period of more than six months from the date they became payable. There are no dues towards investor education and protection fund.
- (b) As at 31st March, 2013 according to the records of the Company and the information and explanations given to me, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, and cess matters that have not been deposited on account of any dispute, except as given below.

Statement of disputed dues

Particulars	Amount (₹ lacs)	Period to which the amount relates	Forum where the dispute is pending
Income tax	294.62	2007-08	Income Tax Appellate Tribunal
	289.20	2009-10	Commissioner of Income Tax (appeals)
Service tax	1820.62	2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal
Value added tax	2.77	2010-11	Appellate Deputy Commissioner
	3.00	2011-12	Appellate Deputy Commissioner

- (x) The Company does not have accumulated losses as at 31st March, 2013. The Company has not incurred cash losses during the financial year ended on that date, *but has incurred cash losses during the immediately preceding financial year.*
- (xi) In my opinion and according to the information and explanations given to me, the company, during the year, has not defaulted in repayment of dues to financial institutions and banks. There are no debentures as on the balance sheet date.
- (xii) According to the information and explanations given to me, the company has given guarantee, for loans taken by Prajay Properties Private Limited from banks or financial institutions, the terms and conditions whereof are not prima facie prejudicial to the interest of the company.
- (xiii) In my opinion and according to the information and explanations given to me, the term loans were applied for the purposes for which they were obtained.
- (xiv) According to the information and explanations given to me, and on an overall examination of the balance sheet of the Company, there are no funds raised on short term basis which have been used for long term investment.
- (xv) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xvi) The Company has not raised any money through a public issue during the year.
- (xvii) To the best of my knowledge and belief and according to the information and explanations given to me, no fraud on or by the Company was noticed or reported during the year.

Place : Secunderabad
Date : May 30, 2013

S V Rangan
Chartered Accountant
Membership No.022037

BALANCE SHEET AS AT MARCH 31, 2013

(₹ in Lacs)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	6,993.58	6,993.58
(b) Reserves and Surplus	3	59,590.37	59,391.75
2 Non-current Liabilities			
(a) Long-term borrowings	4	13,069.88	14,799.99
(b) Deferred Tax Liabilities (Net)	5	292.21	273.03
(c) Long-term provisions	6	46.79	28.16
3 Current Liabilities			
(a) Short-term borrowings	7	1,444.65	4,767.25
(b) Trade Payables	8	23,777.25	22,299.06
(c) Other current liabilities	9	6,966.76	4,576.60
(d) Short-term provisions	10	1,200.99	1,069.57
TOTAL		113,382.47	114,199.00
II ASSETS			
1 Non-current Assets			
(a) Fixed assets	11		
(i) Tangible assets		4,034.14	3,921.49
(ii) Intangible assets		7.78	10.38
(iii) Capital Work-In Progress		23,634.09	2,979.45
(b) Non-current investments	12	13,951.30	13,947.12
(c) Long-term loans & advances	13	8,722.89	8,545.81
2 Current Assets			
(a) Inventories	14	33,059.18	52,143.35
(b) Trade receivables	15	28,052.79	29,363.97
(c) Cash and cash equivalents	16	840.52	457.35
(d) Short-term loans and advances	17	1,079.78	2,830.08
TOTAL		113,382.47	114,199.00
Notes forming part of the financial statements	1-40		

As per my report attached

For and on behalf of the Board

S.V.Rangan

Chartered Accountant

D.Vijay Sen Reddy

Managing Director

Place : Hyderabad
Date : 30.05.2013

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

Particulars	Note No.	Year ended 31.03.2013	Year ended 31.03.2012
I Revenue from operations	18	13,691.64	7,750.95
II Other Income	19	84.89	168.13
III Total Revenue (I + II)		13,776.53	7,919.08
IV Expenses:			
1 Cost of Land, Plots, Constructed Properties and Contracts	20	10,431.96	4,828.97
2 Direct Cost Hotels & Resorts		530.90	451.54
3 Employee benefits expense	21	628.15	561.71
4 Finance costs	22	194.10	275.76
5 Depreciation and amortisation expense		323.33	385.54
6 Other expenses	23	1,158.93	1,334.96
Total expenses		13,267.37	7,838.49
V Profit before Prior Period Items (III - IV)		509.16	80.59
VI Prior period Items (net)		39.67	-
VII Profit before tax (V + VI)		548.83	80.59
VIII Tax expense			
1 - Current Tax		171.64	38.80
2 - Prior period Tax		159.40	833.23
3 - Deferred Tax		19.18	(213.76)
Total Tax Expense		350.21	658.26
IX Profit / (Loss) for the year (VII- VIII)		198.61	(577.68)
Earnings per share (in ₹) (Note 32)			
Basic		0.29	(0.83)
Diluted		0.29	(0.83)
Notes forming part of the financial statements	1-40		

As per my report attached

For and on behalf of the Board

S.V.Rangan

Chartered Accountant

D.Vijay Sen Reddy

Managing Director

Place : Hyderabad
Date : 30.05.2013

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013
(₹ in Lacs)

Particulars	For the year ended 31.03.2013		For the year ended 31.03.2012	
A Cash Flow from Operating Activities:				
Net Profit before Taxation		548.83		80.59
Adjustments for:				
Depreciation and amortisation	323.33		385.54	
(Profit) / Loss on sale of Investments	1.00		-	
(Profit) / Loss on sale of Fixed Assets (Net)	4.09		13.39	
Income from non trade investments	(0.43)		(0.71)	
Interest Income	(12.63)		(8.04)	
Interest and Finance Charges	194.10	509.46	275.76	665.94
Operating Profit before working capital changes		1,058.29		746.53
Adjustments for:				
Inventories	(1,620.68)		(6,426.46)	
Trade Receivables	1,311.18		1,000.10	
Loans and Advances	1,836.48		(860.95)	
Trade and Other Payables	3,886.98	5,413.96	6,930.83	643.52
Cash generated from Operations		6,472.25		1,390.05
Direct Taxes paid		(285.80)		(182.12)
Net Cash Flows from Operating Activities (A)		6,186.45		1,207.93
B Cash Flow from Investing Activities:				
Purchase of Fixed Assets	(443.01)		(50.33)	
Sale/adjustment of Fixed Assets	55.75		674.33	
Purchase of Investments	(5.18)		-	
Sale of Investments	-		200.04	
Movement in long term advances	(177.08)		697.19	
Loans and Advance to Subsidiaries	-		-	
Income from non trade investments (dividend)	0.43		0.71	
Interest income received	12.63		8.04	
Net Cash from/(used in) Investing Activities (B)		(556.46)		1,529.98

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

Particulars	For the year ended 31.03.2013		For the year ended 31.03.2012	
C Cash Flow from Financing Activities :				
Issue of Equity Capital / Share Warrants / Share Premium	-		-	
Proceeds from long term borrowings	936.35		-	
Repayment of long term borrowings	(2,666.46)		(250.51)	
Repayment of short term borrowings	(3,322.60)		(1,892.70)	
Interest Paid	(194.10)		(275.76)	
Net Cash flows from Financing Activities (C)		(5,246.82)		(2,418.97)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)		383.18		318.94
Cash and Cash Equivalents at the beginning of the year		457.35		138.41
Cash and Cash Equivalents at the end of the year		840.52		457.35

Notes: Cash and Cash Equivalents as on March 31,2013 includes :

- a) ₹4.01 lacs in Escrow Account (31.03.2012 : ₹1.29 lacs)
- b) ₹41.88 lacs (31.03.2012 : ₹104.98 lacs) in bank deposits against which banks have issued guarantees.
- c) ₹14.68 lacs (31.03.2012 : ₹19.66 lacs) in unclaimed dividend account.

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Place : Hyderabad
Date : 30.05.2013

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting

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

b) Use of Estimates

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

c) Fixed Assets

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

d) Depreciation and Amortisation

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

e) Investments

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

f) Inventories

Inventories are valued as under:

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

g) Revenue Recognition

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

Service tax does not form part of gross revenue.

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

h) Cost of Construction

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

which is charged to the statement of profit and loss based on the percentage of revenue recognized as per accounting policy (g) above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

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

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

i) Foreign Exchange Transactions

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

j) Income Tax

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

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

k) Borrowing Cost

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

l) Earnings per share (EPS)

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

m) Employee Benefits

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

i) Defined Contribution Plan:

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

ii) Defined Benefit Plan:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 2 SHARE CAPITAL

(₹in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Authorised		
250,000,000 Equity shares of ₹10 each	25,000.00	25,000.00
	25,000.00	25,000.00
Issued, Subscribed		
70,267,291 Equity shares of ₹10 each	7,026.72	7,026.72
	7,026.72	7,026.72
Paid up		
69,935,791 Equity shares of ₹10 each fully paid	6,993.58	6,993.58
	6,993.58	6,993.58
Reconciliation of Shares	No. of shares	No. of shares
Equity Shares outstanding at the beginning of the year	69,935,791	69,935,791
Changes during the year	-	-
Equity Shares outstanding at the end of the year	69,935,791	69,935,791

Of the above:

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

Rights, preferences and restrictions attached to shares

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

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

Name of the Share holder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
-D.S. Chandra Mohan Reddy	6,959,922	9.95	6,959,922	9.95
-D.Vijay Sen Reddy	9,629,755	13.77	9,196,384	13.15
-N.Ravinder Reddy	10,400,000	14.87	10,236,791	14.64
-CLSA (Mauritius) Limited	4,010,455	5.73	5,336,134	7.63

Note 3 RESERVES AND SURPLUS

(₹in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Share Premium		
Balance as per last account	40,762.16	40,762.16
Add: Amount received during the year	-	-
	40,762.16	40,762.16
Capital Reserve	475.80	475.80
General Reserve		
Balance as per last account	1,999.08	1,999.08
Add: Amount transferred from statement of Profit and Loss	-	-
	1,999.08	1,999.08

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 3 RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Surplus in Statement of Profit and Loss		
Balance as per last account	16,154.71	16,732.39
Profit/(Loss) for the year	198.61	(577.68)
Closing Balance	16,353.32	16,154.71
Total Reserves	59,590.37	59,391.75

Note 4 LONG - TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
SECURED		
a) Term Loans :		
From Banks		
- SBI Consortium:		
- State Bank of India	2,793.58	3,273.73
- State Bank of India (SBS)	856.62	1,024.67
- State Bank of Mysore	1,312.65	1,542.11
- State Bank of Bikaner and Jaipur	1,311.85	1,540.04
-The Tamilnad Mercantile Bank Limited	1,050.29	1,135.94
- Punjab National Bank	1,710.55	2,018.50
(Secured by way of first joint mortgage/charge on the entire project assets of Princeton Towers, second charge on the current assets of the Princeton Towers project and personal guarantees of some of the directors & repayable in 28 quarterly installments)		
b) Loans and advances from related parties:		
Prajay Properties Pvt Ltd	3,200.00	3,200.00
(Secured by Mortgage of 49,869 Sft of office premises at Begumpet, land admeasuring Ac 11 Gts 33 in Sy. No.1222 at Shamirpet and land admeasuring 5168 Sq.Yds in Sy.Nos 1211 to1217 and 1226 at Shamirpet village along with the personal guarantee of some of the Directors. The loan is repayable on the expiry of 72 months from the date of obtaining all statutory approvals for Prajay Megapolis project, which has not crystallised as on 31.03.13)		
c) Other loans and advances:		
-Indian Overseas Bank	149.00	750.00
(Secured by way of assignment of the receivables of the Gulmohar Project and value of unsold stock/debt of projects Prajay Enclave, Prajay Windsor Park and Prajay Harbour City & repayable in 6 quarterly installments)		
- HSBC	-	80.88
(Secured by way of equitable mortgage of the plotted land with common areas at Muraharipally village in the project Water Front City & exclusive charge over recoverables of Water Front City repayable in 14 monthly installments)		
-Indian Overseas Bank	577.78	
(Liquient loan with a prime security of assignment of rent receivable for a period of 9 years)		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 4 LONG - TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
-Hire Purchase (Vehicle Loans) (Secured by hypothecation of vehicles and equipments acquired out of the said loan. The loans are repayable in 36 equated monthly instalments.)	101.23	192.56
UNSECURED		
Deposits		
-Public deposits	6.33	41.56
	13,069.88	14,799.99

Note 5 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Arising on account of timing difference - depreciation	292.21	273.03
Net Deferred tax liability	292.21	273.03

Note 6 LONG - TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits	46.79	28.16
	46.79	28.16

Note 7 SHORT - TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Secured		
Loans repayable on demand:		
a) From Banks		
-Indian Overseas Bank [Short term loan secured by way of creation of security on Fixed deposit]	-	540.00
b) From other parties		
-Life Insurance Corporation (Secured against the Keyman Insurance Policy)	23.72	23.72
Unsecured		
-Loans & advances from related parties*	1,235.46	4,179.16
Deposits:		
-Deposits (others)	70.00	20.00
-Public deposits	35.47	4.37
Other loans and advances:		
-Bharati Retail Limited	80.00	-
	1,444.65	4,767.25

includes from Subsidiaries *

(a) Prajay Retail Properties Pvt Ltd ₹744.48 lacs (31.03.12 ₹ 787.98 lacs)

(b) Prajay Holdings Pvt Ltd ₹ 233.68 lacs (31.03.12 ₹2752.89 lacs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 8 TRADE PAYABLES

(₹in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
(i) Due to micro, small and medium enterprises	-	-
(ii) Due to other creditors	23,777.25	22,299.06
	23,777.25	22,299.06

Note 9 OTHER CURRENT LIABILITIES

(₹in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Current maturities of Long term debt:		
-Indian Overseas Bank	1,000.00	750.00
-Indian Overseas Bank (Liquirent Loan)	72.22	-
- HSBC	179.39	1,150.00
- SBI Consortium:		
- State Bank of India	480.00	480.00
- State Bank of India (SBS)	168.00	168.00
- State Bank of Mysore	228.00	228.00
- State Bank of Bikaner and Jaipur	228.00	228.00
-The Tamilnad Mercantile Bank Limited	168.00	168.00
- Punjab National Bank	300.00	300.00
(Note 4)		
Current maturities of Hire Purchase obligations :	194.52	41.53
(Note 4)		
Interest Accrued and Due on IOB Loans	18.66	42.16
Interest Accrued and Due on SBI Consortium Loans	546.70	325.97
Interest Accrued and Due on LIC Loan	5.15	3.02
Interest Accrued and Due on HSBC Loan	9.88	-
Interest Accrued and Due on short term loan	8.81	-
Other payables:		
Advance from Customers	3,275.11	666.21
Income received in advance	69.65	6.05
Unclaimed Dividend @	14.68	19.66
	6,966.76	4,576.60

@ There is no amount due to be credited to Investor Education and Protection Fund as at 31.03.2013.

Note 10 SHORT - TERM PROVISIONS

(₹in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for Income Tax	1,200.99	1,069.57
	1,200.99	1,069.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 11 Fixed Assets

(₹ In Lacs)

Sl. No	Particulars	As on 31.03.2012	Cost			Depreciation & Amortisation			Net Block	
			Additions	Deductions	As On 31.03.13	As On 31.03.12	For the year	On Deduction	As on 31.03.13	As on 31.03.12
TANGIBLE										
1	Land-Free Hold	430.85	-	-	430.85	-	-	-	430.85	430.85
2	Buildings	1,948.56	103.50	-	2,052.06	357.52	44.40	401.92	1,650.14	1,591.04
3	Lease Hold Improvements	429.32	-	-	429.32	429.33	-	429.33	-	-
4	Plant & Machinery	2,451.63	267.29	-	2,718.92	1,065.99	197.01	1,263.00	1,455.92	1,385.64
5	Furniture & Fixtures	368.41	14.05	-	382.46	152.83	21.74	174.57	207.89	215.57
6	Computers	75.44	3.80	-	79.24	62.48	6.06	68.54	10.70	12.96
7	Vehicles	562.07	54.29	23.86	592.50	276.64	51.45	313.87	278.63	285.43
	Sub Total	6,266.28	442.93	23.86	6,685.35	2,344.79	320.65	14.22	2,651.22	3,921.49
INTANGIBLE										
8	Software	24.94	0.08	-	25.02	14.56	2.68	17.24	7.78	10.38
	Total as on 31.03.2013	6,291.22	443.01	23.86	6,710.37	2,359.35	323.33	14.22	2,668.46	3,931.87
	Total as on 31.03.2012	6,670.39	50.33	429.50	6,291.22	2020.46	385.54	46.65	3,931.87	-
	Capital Work in Progress	-	-	-	-	-	-	-	23,634.09	2979.45

Note : Plant & Machinery Costing ₹704.41 Lacs (31.03.12 ₹592.24 Lacs) and Vehicles Costing ₹208.57 Lacs (31.03.12 ₹250.94 Lacs) have been acquired on hire purchase, the legal owner ship of which will be transferred to the company after the final payment.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 12 NON - CURRENT INVESTMENTS (AT COST)

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Non Trade - Quoted		
Investments in equity instruments :		
Indian Overseas Bank		
9,500 Equity Shares of ₹10 each, fully paid	2.28	2.28
Trade - Unquoted		
In Subsidiary Companies		
a) Investments in equity instruments :		
Prajay Retail Properties Private Ltd.		
5,000 Equity Shares of ₹1,000 each, fully paid	1,100.00	1,100.00
Prajay Holdings Private Limited		
9,99,900 Equity Shares of ₹10 each, fully paid	99.99	99.99
Prajay Realty Pvt Ltd		
10,000 Equity Shares of ₹10 each, fully paid	-	1.00
b) Investments in preference shares:		
Prajay Holdings Private Limited		
6,44,38,944 Preferential Shares of ₹10 each, fully paid	6,443.89	6,443.89
In associate Companies		
a) Investments in equity instruments :		
Prajay Properties Private Limited		
64,597 Equity Shares of ₹10 each, fully paid	6.46	6.46
Genesis Capital Pvt Ltd, Mauritius	5.18	-
10,000 Equity Shares of US\$ 1 each fully paid		
b) Investments in preference shares:		
Prajay Properties Private Limited	4,013.00	4,013.00
4,01,300 Preferential Shares of ₹10,000 each, fully paid		
Investments in Capital of Partnership Firm		
Prajay Binjusaria Estates	2,280.50	2,280.50
(Note 38)	13,951.30	13,947.12
(i) Aggregate of Quoted Investments		
Cost	2.28	2.28
Market Value	6.18	8.96
(ii) Aggregate of Unquoted Investments (Cost)	11,668.52	11,664.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 13 LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured considered good		
i. Security Deposits (a)	612.40	644.00
ii. Advance for purchase of land/ development (b)	7,983.34	7,858.42
iii. Capital advances	127.15	43.39
	8,722.89	8,545.81
(a) Includes deposit to Director ₹ 500 lacs (31.03.2012 ₹ 500 lacs)		
(b) 1 Includes advance to Partnership firms in which the company is partner ₹ 98.45 lacs (31.03.2012 ₹87.55 lacs)		
2. Includes advances to private companies in which any director is director ₹1,734.65 lacs (31.03.2012 ₹1,227.45 lacs)		

Note 14 INVENTORIES

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Land at Cost	14,824.07	15,043.11
Constructed Properties		
- Land and construction work in progress - at cost	18,224.53	37,076.49
Food and Beverages - at cost	10.58	23.75
	33,059.18	52,143.35

Note 15 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured , Considered good		
i. Outstanding for more than six months (a)	27,195.98	27,213.09
ii. Other Debts	856.81	2,150.87
	28,052.79	29,363.97
a) includes ₹Nil (31.03.2012: ₹1,829.27 lacs) due from Associate Companies		

Note 16 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Balance with Scheduled Banks		
On Current Account (a)	376.74	194.15
On Escrow Account	4.01	1.29
On Deposit Account (b)	41.88	104.98
Cash on Hand	417.88	156.92
	840.52	457.35
a) includes unpaid dividend accounts ₹14.68 lacs (31.03.2012 : ₹19.66 lacs)		
b) includes against bank guarantees ₹17.93 lacs (31.03.2012 : ₹80.21 lacs); includes ₹10.14 lacs (31.03.2012: ₹14.87 lacs) with more than 12 months maturity		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 17 SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
(Unsecured considered good unless otherwise specified)		
Loans and advances to related parties (a)	200.85	246.86
Others	502.14	2,292.61
Advance Tax	376.80	290.61
	1,079.78	2,830.08

a) includes ₹199.90 lacs (31.03.2012: ₹125.74 lacs) to private companies having common director, and ₹nil (31.03.2012: ₹121.12 lacs) to director.

Note 18 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Construction division		
(a) Sale of Constructed Properties	3,446.25	5,441.53
(b) Revenue from Construction Contracts	9,073.49	999.13
(c) Sale of Land	237.22	247.91
Hospitality division		
(a) Sale of Rooms	205.25	219.85
(b) Food and Beverages	641.05	776.53
(c) Others	3.00	15.31
(d) Membership Fees	85.38	50.69
	13,691.64	7,750.95

Note 19 OTHER INCOME

(₹ in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Rental Income	16.50	4.79
Interest Income [includes TDS ₹ 0.56 lacs (31.03.2012 ₹0.77 lacs)]	12.63	8.04
Dividend income	0.43	0.71
Profit on Sale of Fixed Assets	-	2.85
Proceeds of Key Man insurance policy	-	110.50
Miscellaneous	55.34	41.24
	84.89	168.13

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(₹in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Purchases, development/construction costs	4,244.21	10,588.93
Cost of construction contracts	7,821.60	672.91
Changes in inventories:		
- Closing stock		
- Land	14,824.07	15,043.11
- Constructed properties	18,224.53	37,076.49
Sub total A	33,048.60	52,119.60
Less : Opening stock		
- Land	15,043.11	14,980.24
- Constructed properties	37,076.49	30,706.49
Sub total B	52,119.60	45,686.73
B-A	19,071.00	(6,432.87)
	31,136.80	4,828.97
Adjustment on account of transfer of inventory to CWIP	(20,704.84)	-
Total	10,431.96	4,828.97

Note 21 EMPLOYEE BENEFITS EXPENSE

(₹in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Salaries, Wages and Bonus	897.96	774.62
Contribution to Provident Fund/ Pension Fund and Gratuity	26.59	17.06
Staff Welfare	10.56	6.58
	935.12	798.26
Less: Allocated to Projects	306.97	236.55
	628.15	561.71

Note 22 FINANCE COSTS

(₹in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest Expense		
-On Fixed Loans	2,731.36	2,515.40
-Others	34.71	57.35
Bank Charges	32.32	42.97
	2,798.39	2,615.72
Less: Allocated to Projects	2,604.29	2,339.96
	194.10	275.76

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 23 OTHER EXPENSES

(₹ in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Rent (a)	461.06	413.43
Rates and Taxes	173.98	554.95
Insurance	24.63	15.81
Power and Fuel	323.33	325.10
Repairs and Maintenance		
- Building	0.12	72.39
- Plant & Machinery	6.78	52.48
- Others	23.16	38.38
Travelling Expenses	32.32	27.02
Printing and Stationery	23.60	17.23
Postage, Telegrams and Telephones	22.61	25.15
Professional Charges/Consultancy Charges	229.22	50.48
Advertisement	262.73	145.59
Commission on sales	6.40	5.08
Investments written off	1.00	-
Loss on sale of fixed assets	4.09	16.24
Miscellaneous Expenses	225.78	146.10
	1,820.80	1,905.43
Less Allocated to Projects	661.86	570.47
	1,158.93	1,334.96

a) Includes rent paid to Directors ₹ 345.22 Lacs (31.03.2012 : ₹ 348.42 Lacs)

OTHER NOTES TO THE ACCOUNTS

24. As stated in Note 1(g)(ii) for recognizing profit on projects, stage of completion is determined as a proportion that project costs incurred for the work performed bear to the estimated total costs. Further, as stated in that note expected loss on projects is 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.

25. As stated in Note.1(g)(iii) the method used to recognize the contract revenue is percentage of completion method measured by survey of work performed. Further, as stated in the note, expected loss on contracts is 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 ₹9,073.49 lacs (31.03.2012 ₹999.13 lacs) is recognized as contract revenue by the company during the current financial year. The cost incurred in respect of the above is ₹ 7,821.60 lacs (31.03.2012 ₹672.91 lacs).

26. Trade Payables – Dues to Micro and small enterprises

Trade payables (Note 8) include ₹ Nil (31.03.2012 ₹ Nil) due to micro enterprises and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	2012-13	2011-12
Construction related equipment and material	-	9.35

28. Expenditure in Foreign Currency (₹ in lacs)

	2012-13	2011-12
Investments	5.18	-
Others	2.23	-

29. Auditors' Remuneration (₹ in lacs)

	2012-13	2011-12
For Services as Auditor	11.20	11.20
For Tax Audit	1.50	1.50
For Other Matters	0.19	0.42
For Reimbursement of out of pocket expenses	0.17	0.20
For Service tax	1.40	1.35

30. Contingent Liabilities (not provided for) (₹ in lacs)

	2012-13	2011-12
Guarantees given to banks (on behalf of Prajay Properties Pvt Ltd)	12,130.00	12,130.00
Service Tax demand *	1,820.62	1,036.77

* The company has disputed the liability and replied to the show cause notice, that the short payment of service tax, if any, demanded by the Service Tax Authorities is not maintainable under law. Further, as per Circular No.108/02/2009-ST, dated 29.01.2009 issued by CBEC, no service tax is payable on the Construction of Complex Service for the impugned period 2006-07 to 2010-11. During the impugned period, the company had deposited with the Service Tax Authorities, whatever service tax collected from the customers. The Company has filed appeal on 08.04.2013 with CESTAT, Bangalore, against order dated 04.01.2013 of Commissioner of Service Tax.

31. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 384.57 lacs, (31.03.2012: ₹387.35 lacs); Other commitments Nil (31.03.2012 : Nil).

32. Earnings Per Share (EPS): (₹ in lacs)

	2012-13	2011-12
a) Weighted average number of equity shares of ₹10 each		
i) Number of equity shares at the beginning of the year	6,99,35,791	6,99,35,791
ii) Number of equity shares at the end of the year	6,99,35,791	6,99,35,791
iii) Weighted average outstanding during the year	6,99,35,791	6,99,35,791
b) Net Profit/ (Loss) available for equity share holders (₹ in lacs)	198.61	(577.68)
c) Earnings per share (in ₹)		
i) Basic	0.29	(0.83)
ii) Diluted	0.29	(0.83)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33 Segment Information as per Accounting Standard 17 on Segment Reporting notified by the Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2013.

(₹ in Lacs)

Business Segment	2012-13			2011-12			Total
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	
Segment Revenue							
External	12,756.96	934.68	84.89	6,688.57	1,062.38	168.13	7,919.08
Total Revenue	12,756.96	934.68	84.89	6,688.57	1,062.38	168.13	7,919.08
Segment Result	1,076.57	(337.28)		662.57	(341.64)		320.93
Unallocated Corporate expenses net of unallocated income							26.66
Operating Profit				690.20			347.59
Interest Expense				194.10			275.76
Prior Period Items				39.67			
Interest Income				12.63			8.04
Dividend Income				0.43			0.71
Profit before Taxation				548.83			80.58
Income Tax				171.64			38.80
Prior period Tax				159.40			833.23
Deferred Tax				19.18			(213.76)
Net Profit				198.61			(577.68)
Other Information							
Segment Assets	73,121.73	25,932.64	14,328.10	94,415.62	4,798.77	14,984.61	114,198.99
Total Assets	73,121.73	25,932.64	14,328.10	94,415.62	4,798.77	14,984.61	114,198.99
Segment Liabilities	44,962.32	281.54	1,554.66	42,054.83	353.17	1,443.48	43,851.49
Total Liabilities	44,962.32	281.54	1,554.66	42,054.83	353.17	1,443.48	43,851.49
Capital Expenditure	439.91	3.10	-	48.54	1.79	-	50.33
Depreciation	216.75	106.58	-	207.46	178.07	-	385.53
Net Cash expense other than depreciation	4.09	-	-	13.39	-	-	13.39

Notes:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

34. Related Party Disclosures:

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

A. List of Related Parties

	Party	Relationship	
(a)	Prajay Holdings Private Limited	Subsidiary	
	Prajay Developers Private Limited	Step down – Subsidiary	
	Prajay Retail Properties Private Ltd	Subsidiary	
	Prajay Binjusaria Estates	Associate	
	Prajay Properties Pvt Ltd	Associate	
	Genesis Capital Pvt.Ltd.(Mauritius)	Associate	
(b)	Key Management Personnel	Designation	Relatives (Relation)*
	Mr. Vijay Sen Reddy	Managing Director	Mrs. Sharmila Reddy (Wife) Mrs.D.Hymavathi Reddy Wife of Late D S Chandramohan reddy, Ex-MD (who is a brother of present MD).
	Mr. Ravinder Reddy	Director Operations	Mr. Hanumanth Reddy (Father)
	Mr. K. Ravi Kumar	Whole time Director	-
	Mr. Sumit Sen	Whole time Director	Mrs. Rina Sen (Wife)
* Relatives of key management personnel with whom there were transactions during the year			
(c)	Other entities under the control of key management personnel and their relatives		
	Prajay Financial Services Limited	Prajay Chit Funds Private Limited	
	Prajay Lifestyle UPVC Windows Private Limited	Money Tree Investments & Holdings Pvt. Ltd.	
	Prajay Princeton Hotel Private Limited	Money Tree Life Style Destinations Pvt. Ltd	
	Prajay Princeton Developers Private Limited	Secunderabad Golf and Leisure Resorts Private Limited	
	Prajay Velocity Developers Private Limited	Prajay Land Capital Private Limited	
	Vijmohan Constructions Private Limited	Money Tree Media Ventures Private Limited	
	Money Tree Entertainment Limited.		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

34B. The following transactions were carried out with related parties in the ordinary course of business

(₹ in Lacs)

Description	Name of the Related Party	Subsidiaries / Step Down Subsidiaries		Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Sale of land, property, material and work done	Prajay Properties Private Limited	-	-	4,966.37	-	-	-
	Prajay Holdings Private Limited	4,107.11	999.13	-	-	-	-
Purchase of Materials	Prajay Lifestyle UPVC Windows Private Limited	-	-	27.35	34.91	-	-
Remuneration paid		-	-	-	-	54.77	84.96
Rent paid		-	-	-	-	351.29	360.39
Investments made during the year	Genesis Capital Pvt.Ltd.(Mauritius)	-	-	5.18	-	-	-
	Prajay Developers Private Limited	0.01	0.50	-	-	-	-
Advances given	Prajay Properties Private Limited	-	-	-	266.54	-	-
	Prajay Land Capital Private Limited	-	-	0.01	0.17	-	-
	Vijmohan Constructions Private Limited	-	-	154.29	187.18	-	-
	Secunderabad Golf and Leisure Resorts Private Limited	-	-	506.10	-	-	-
	Prajay Velocity Developers Private Limited	-	-	1.10	0.34	-	-
	Prajay Binjuseria Estates	-	-	10.22	0.41	-	-
	Prajay Realty Pvt Ltd.,	-	0.08	-	-	-	-
	Prajay Lifestyle UPVC Windows Private Limited	-	-	113.00	15.47	-	-
	Key Management Personnel/relatives	-	-	-	-	-	132.14
	Prajay Properties Private Limited	-	-	2,861.72	319.43	-	-
Repayment of Advances Taken	Prajay Velocity Developers Private Limited	-	-	-	400.00	-	-
	Prajay Holdings Private Limited	4,629.74	432.03	-	-	-	-
	Prajay Retail Properties Private Ltd	5.12	8.52	-	-	-	-
	Prajay Amav Shelters Private Limited	-	-	-	0.10	-	-
	Key Management Personnel/relatives	-	-	-	-	140.82	13.52
Repayment of Advances given	Vijmohan Constructions Private Limited	-	-	151.98	131.03	-	-
	Prajay Lifestyle UPVC Windows Private Limited	-	-	115.00	-	-	-
	Money Tree Media Ventures (P) Ltd	-	-	200.00	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

34B. The following transactions were carried out with related parties in the ordinary course of business

(₹ in Lacs)

Description	Name of the Related Party	Subsidiaries / Step Down Subsidiaries		Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives
		31.03.2013	31.03.2012	31.03.2013	31.03.2012	
Advance Taken	Prajay Properties Private Limited	-	-	9,653.15	3,739.93	-
	Prajay Holdings Private Limited	6,187.06	2,917.72	-	-	-
	Prajay Retail Properties Private Ltd	-	25.00	-	-	-
Balance at the end of the year						
Trade Receivables	Prajay Properties Private Limited	-	-	-	966.00	-
	Prajay Land Capital Private Limited	-	-	-	863.28	-
Loans & Advances	Prajay Developers Private Limited	3.45	3.44	-	-	-
	Prajay Land Capital Private Limited	-	-	0.17	0.17	-
	Vijomhan Constructions Private Limited	-	-	235.71	233.40	-
	Secunderabad Golf and Leisure Resorts Private Limited	-	-	1,191.23	685.13	-
	Prajay Velocity Developers Private Limited	-	-	543.42	542.32	-
Trade Payables & Others	Prajay Lifestyle UPVC Windows Private Limited	-	-	69.78	99.13	-
	Prajay Binjuseria Estates	-	-	89.38	79.16	-
	Money Tree Media Ventures (P) Ltd	-	-	-	200.00	-
	Prajay Realty Pvt Ltd	-	0.12	-	-	-
	Key Management Personnel	-	-	-	-	550.00
Loan Outstanding	Key Management Personnel/relatives	-	-	-	-	690.83
	Prajay Properties Private Limited	-	-	3200.00	3200.00	167.18
	Prajay Holdings Private Limited	233.68	2783.47	-	-	-
	Prajay Properties Private Limited	-	-	5564.99	3739.93	-
	Prajay Financial Services Limited	-	-	77.50	77.50	-
Prajay Retail Properties Private Ltd	774.48	779.60	-	-	-	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

35. Disclosure as required by Accounting Standard 19 – “Leases” notified by the Companies (Accounting Standards) Rules, 2006.

(a) Operating Lease:

i. Where the Company is a lessor:

Details of assets given on operating lease:

(₹ in lacs)

Particulars	Gross Block		Accumulated Depreciation as on		Depreciation for the year	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Building	88.58	88.58	19.96	18.52	1.44	1.44

(b) Hire Purchase:

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

(₹ in lacs)

	March 31, 2013			March 31, 2012		
	Total	Payments not later than one year	Payments later than one year but not later than five years	Total	Payments not later than one year	Payments later than one year but not later than five years
Total of minimum hire purchase payments at the Balance Sheet date	340.02	194.52	145.50	258.45	214.61	43.84
Less: Future Finance Charges	44.27	28.52	15.74	24.36	21.86	2.50
Present Value of minimum hire purchase payments at the Balance Sheet Date	295.75	166.00	129.76	234.09	192.75	41.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

36. Employee Benefits :

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

Particulars	Gratuity (Funded) (₹ in lacs)	
	31.03.2013	31.03.2012
I. Expense recognized in the Statement of Profit and Loss Account for the year ended March 31, 2013		
1. Current Service Cost	5.38	2.99
2. Interest	1.77	1.51
3. Expected return on plan assets	(2.37)	(2.14)
4. Actuarial (Gain)/ Loss	14.14	(0.11)
5. Past Service Cost	-	-
Total Expense	18.92	2.25
II. Net Asset/(Liability) recognized in the Balance Sheet as on March 31, 2013		
1. Present Value of Defined Benefit Obligation as on March 31, 2013.	42.94	22.44
2. Fair Value of plan assets as on March 31, 2013	(27.13)	(25.55)
3. Funded Status [Surplus/(Deficit)]	15.80	3.11
4. Net Asset/(Liability) as on March 31, 2013	15.80	3.11
III. Change in Obligation during the year ended March 31, 2013		
1. Present Value of Defined Benefit Obligation at the beginning of the year.	22.43	18.83
2. Current Service Cost	5.38	2.99
3. Interest Cost	1.77	1.51
4. Actuarial Gain/(Loss)	13.81	(0.11)
5. Benefit Payments	(0.46)	(0.78)
6. Present Value of Defined Benefit Obligation at the end of the year.	42.94	22.44
IV. Change in Fair Value of Assets during the year ended March 31, 2013		
1. Fair Value of plan assets at the beginning of the year	25.55	24.15
2. Expected return on plan assets	2.37	2.14
3. Contributions by employer	-	0.04
4. Actual benefits paid	(0.46)	(0.78)
5. Actuarial (Gain)/ Loss Plan Assets	(0.33)	-
Fair Value on plan assets at the end of the year	27.13	25.55
V. The major categories of plan assets as a percentage of total plan		
Funded with LIC	100%	100%
VI. Actuarial Assumptions		
1. Discount Rate	8.00% p.a.	8.00% p.a.
2. Expected Rate of Return on Plan Assets	9.00% p.a.	8.00% p.a.
3. Mortality	IALM (2006-08) Ultimate	LIC 1994-96 Ultimate
4. Turnover Rate	4.00 % p.a.	4.00 % p.a.

37. (a) Trade Receivables (Note 15), unsecured considered good, includes ₹ 27,195.98 lacs (31.03.2012: ₹27,213.09 lacs), outstanding for more than six months. As a result of economic slowdown and recession in realty sector, the realizations from customers are slow.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(b) Long Term Loans and Advances (Note 13) include advances given to Landlords/ developers towards certain projects amounting to ₹7,833.42 lacs (31.03.2012: ₹7,858.42 lacs) and Short Term Loans and Advances (Note 17) to suppliers, etc amounting to ₹275.58 lacs (31.03.2012: ₹1,205.17 lacs) outstanding from earlier years. Due to long term involvement in such projects, no provision has been considered necessary.

38. Details as required under Schedule VI - Part I of the Companies Act, 1956 relating to investment in partnership firm.

- (a) Name of the Partnership Firm - Prajay Binjusaria Estates
- (b) Total Capital of the said Firm is ₹2,685.50 lacs
- (c) As at March 31, 2013 the partnership firm has not commenced any activities
- (d) Share of each partner in the Profit or Loss

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

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

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

As per my report attached

For and on behalf of the Board

S.V.Rangan

Chartered Accountant

D.Vijay Sen Reddy

Managing Director

Place : Hyderabad

Date : 30.05.2013

D. Madhavi Latha

Company Secretary

Sumit Sen

Director

Statement under Section 212 of the Companies Act 1956

(₹ In lacs)

Name of Subsidiary	Financial Year Ending of the Subsidiary	Number of Equity Shares	Extent of Holding	For the Financial Year ended 31.03.2013		For the Financial Year ended 31.03.2012	
				Profit/ (Losses) not dealt within the books of accounts of the parent company	Profit/ (Losses) not dealt within the books of accounts of the parent company	Profit/ (Losses) not dealt within the books of accounts of the parent company	Profit/ (Losses) not dealt within the books of accounts of the parent company
1	2	3	4	5	6	7	8
Prajay Holdings Pvt Ltd.	31.03.2013	999,000	77.99%	(366.97)	Nil	(8.37)	Nil
Prajay Developers Pvt Ltd. (Note: Subsidiary of Subsidiary i.e Prajay Holdings Pvt Ltd.)	31.03.2013	-	-	-	Nil	Nil	Nil
Prajay Retail Properties Pvt Ltd	31.03.2013	5,000	100%	0.27	Nil	(0.05)	Nil
Prajay Realy Pvt Ltd (Note: dissolved during the year 2012-13)	31.03.2013	10,000	100%	-	Nil	(0.08)	Nil

Summary of information of subsidiary companies for the financial year ended March 31, 2013

(₹ In lacs)

Particulars	Prajay Holdings Private Limited	Prajay Developers Private Limited	Prajay Retail Properites Private Limited
1. Issued and Subscribed Equity Share Capital	128.21	2,182.32	50.00
2. Reserves & Surplus	1,437.68	(11.99)	(150.13)
3. Total Assets (Net)	22,872.79	2,216.07	965.34
4. Total Liabilities (Outside)	14,854.41	45.75	1,065.34
5. Details of Investments (Except in case of investments in the subsidiaries)	-	-	-
6. Turnover	-	-	-
7. Profit before Taxation	(366.97)	-	0.39
8. Provision for Taxation	-	-	0.12
9. Profit after Taxation	(366.97)	-	0.27
10. Proposed Dividend	Nil	Nil	Nil

Independent Auditor's Report on Consolidated Financial Statements

To the Board of Directors of
Prajay Engineers Syndicate Limited

I have audited the accompanying consolidated financial statements of Prajay Engineers Syndicate Limited (the "Company") and its subsidiaries and associates (which along with the "Company" constitute the "group") which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements

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

Auditor's responsibility

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

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

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

Opinion

In my opinion and to the best of my information and according to the explanations given to me, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of matter

I draw attention to the following:

- a) Note 35(a) of the Consolidated Financial Statements, in respect of trade receivables considered good include an amount of ₹ 27,195.98 lacs due from customers which are outstanding for more than six months. For the reasons stated therein, I am unable to comment on the realization of the aforesaid receivables.
- b) Note 35(b) of the Consolidated Financial Statements, in respect of advances amounting to ₹ 7,833.42 lacs given to landlords / developers, and ₹ 275.58 lacs given to suppliers, etc outstanding from earlier years in respect of which no provision has been made for the reasons stated therein.
- c) Note 24 & 25, in respect of recognizing profit on construction project under an agreement to sell, stage of completion is determined as a proportion that contract costs incurred for the work performed bear to the estimated total costs. Similarly contract revenue is recognized under the percentage of completion method measured by survey of work performed. Further, expected loss on contracts is recognized when it is probable that the total contract costs will exceed the total contract revenue. This practice is being consistently followed by the Company. For this purpose, total

project/contract costs incurred, and cost to completion of projects/contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies, etc, which being technical matters have been relied upon by me.

My opinion is not qualified in respect of these matters.

Other Matter

I did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets of ₹ 3,193.41 lacs as at 31st March 2013, total revenues of ₹ 0.64 lacs and net cash inflow amounting to ₹ 0.70 lacs for the year ended on that date as considered in the consolidated financial statements. The consolidated financial statements also include the group's share of net loss of ₹ 592.51 lacs of certain associates and not audited by me. These financial statements have been audited, except for one foreign associate, by other auditors whose reports have been furnished to me by the Management, and my opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. The aforesaid group's share of net loss of ₹ 592.51 lacs includes a net loss of ₹ 5.18 lacs in respect of one foreign associate, whose financial statements are not audited but have been certified by Management and furnished to me, and my opinion, in so far as it relates to the amounts included in respect of the foreign associate, is based solely on these certified financial statements.

My opinion is not qualified in respect of these matters.

Place : Secunderabad
Date : May 30, 2013

S V RANGAN
Chartered Accountant
Membership No. 022037

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

(₹ in Lacs)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	6,993.58	6,993.58
(b) Reserves and Surplus	3	59,682.72	60,903.34
2 Minority Interest		344.49	425.23
3 Non-current Liabilities			
(a) Long-term borrowings	4	25,512.53	27,242.64
(b) Deferred Tax Liabilities (Net)	5	300.81	273.03
(c) Long-term provisions	6	46.79	28.16
4 Current Liabilities			
(a) Short-term borrowings	7	436.49	1,204.19
(b) Trade Payables	8	24,814.93	22,610.16
(c) Other current liabilities	9	9,406.19	5,768.93
(d) Short-term provisions	10	1,201.13	1,069.59
TOTAL		128,739.66	126,518.85
II ASSETS			
1 Non-current Assets			
(a) Fixed assets	11		
(i) Tangible assets		4,172.01	3,997.51
(ii) Intangible assets		7.78	10.38
(iii) Capital Work-In Progress		23,634.09	2,979.45
(b) Non-current investments	12	6,295.78	6,883.11
(c) Long-term loans & advances	13	8,726.75	8,551.61
(d) Goodwill on Consolidation		1,075.70	1,075.70
2 Current Assets			
(a) Inventories	14	53,607.98	65,826.78
(b) Trade receivables	15	28,052.79	29,363.97
(c) Cash and cash equivalents	16	1,148.91	4,119.95
(d) Short-term loans and advances	17	2,017.87	3,710.38
TOTAL		128,739.66	126,518.85
Notes forming part of the consolidated financial statements	1-37		

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Place : Hyderabad
Date : 30.05.2013

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

Particulars		Note No.	Year ended 31.03.2013	Year ended 31.03.2012
I	Revenue from operations	18	9,584.53	6,751.82
II	Other Income	19	85.54	168.48
III	Total Revenue (I + II)		9,670.07	6,920.30
IV	Expenses:			
1	Cost of Land, Plots, Constructed Properties and Contracts	20	6,865.92	4,156.06
2	Direct Cost Hotels & Resorts		530.90	451.54
3	Employee benefits expense	21	628.15	561.71
4	Finance costs	22	199.19	276.10
5	Depreciation and amortisation expense		332.54	391.18
6	Other expenses	23	1,503.26	1,337.74
	Total expenses		10,059.96	7,174.33
V	Profit/(Loss) before Prior Period items, Tax & Minority Interest (III - IV)		(389.89)	(254.03)
VI	Prior Period Items (Net)		39.67	-
VII	Profit before tax (V + VI)		(350.22)	(254.03)
VIII	Tax expense			
1	- Current Tax		171.76	38.81
2	- Prior period Tax		159.40	833.23
3	- Deferred Tax		27.78	(213.76)
	Total Tax Expense		358.94	658.28
IX	Profit / (Loss) after tax & before Minority Interest (VII- VIII)		(709.16)	(912.31)
X	Minority interest		80.73	(1.15)
XI	Share in Net Profit/(Loss) of Associate		(592.51)	1.77
XII	Profit / (Loss) after tax & Minority Interest (IX-X-XI)		(1,220.94)	(911.69)
	Earnings per share (in ₹) (Note 30)			
	Basic		(1.75)	(1.31)
	Diluted		(1.75)	(1.31)
Notes forming part of the Consolidated financial statements		1-37		

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Place : Hyderabad
Date : 30.05.2013

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
MARCH 31, 2013**

(₹ In lacs)

Particulars	For the year ended 31.03.2013		For the year ended 31.03.2012	
A Cash Flow from Operating Activities:				
Net Profit before Taxation		(350.22)		(254.03)
Adjustments for:				
Depreciation and amortisation	332.54		391.18	
Profit / (Loss) on sale of Investments	1.00			
Profit / (Loss) on sale of Fixed Assets	4.09		13.39	
Income from non trade investments	(0.43)		(0.71)	
Interest Income	(181.30)		(285.85)	
Interest and Finance Charges	199.19	355.09	276.10	394.11
Operating Profit before working capital changes		4.87		140.08
Adjustments for:				
Inventories	(8,486.74)		(8,060.19)	
Trade Receivables	1,311.18		1,000.10	
Loans and Advances	1,795.65		(1,910.85)	
Trade and Other Payables	5,860.66	480.75	7,662.51	(1,308.43)
Cash generated from Operations		485.62		(1,168.35)
Direct Taxes paid		(302.76)		(182.12)
Net Cash Flows from Operating Activities (A)		182.86		(1,350.47)
B Cash Flow from Investing Activities :				
Purchase of Fixed Assets	(514.07)		(50.64)	
Sale/adjustment of Fixed Assets	55.75		674.33	
Purchase of Investments	(5.18)		1.77	
Sale of Investments	-		200.04	
Movement in long term advances	(175.14)		692.99	
Income from non trade investments (dividend)	0.43		0.71	
Interest income received	181.30		285.85	
Net Cash from/(used in) Investing Activities (B)		(456.91)		1,805.05

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
MARCH 31, 2013**

(₹ In lacs)

Particulars	For the year ended 31.03.2013		For the year ended 31.03.2012	
C Cash Flow from Financing Activities :				
Issue of Equity Capital /Share Warrants/Share Premium	-		1,974.93	
Proceeds from long term borrowings	936.35		5,029.49	
Repayment of long term borrowings	(2,666.46)		-	
Repayment of short term borrowings	(767.70)		(3,395.94)	
Interest Paid	(199.19)		(276.10)	
Net Cash flows from Financing Activities (C)		(2,697.00)		3,332.39
Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)		(2,971.05)		3,786.97
Cash and Cash Equivalents at the beginning of the year		4,119.95		332.98
Cash and Cash Equivalents at the end of the year		1,148.91		4,119.95

Notes: Cash and Cash Equivalents as on March 31,2013 includes :

- ₹ 4.01 lacs in Escrow Account (31.03.2012 : ₹1.29 lacs)
- ₹ 41.88 lacs (31.03.2012 : ₹104.98 lacs) in bank deposits against which banks have issued guarantees.
- ₹ 14.68 lacs (31.03.2012: ₹19.66 lacs) in unclaimed dividend account.

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Place : Hyderabad
Date : 30.05.2013

D. Madhavi Latha
Company Secretary

Sumit Sen
Director

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1

Significant Accounting Policies

- A. (a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 23 (AS23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the companies (Accounting Standards) Rules, 2006.
- (b) The Companies (which along with Prajay Engineers Syndicate Limited, the parent, constitute the Group) considered in the preparation of these consolidated financial statements are:

Name	Relationship	Country of Incorporation	Percentage of ownership interests as at March 31, 2013	Percentage of ownership interests as at March 31, 2012
Prajay Holdings Private Limited (PHPL).	Subsidiary	India	77.99	77.99
Prajay Developers Private Limited (Formerly MVL Trading Company Private Ltd.)	Subsidiary of PHPL	India	100.00	100.00
Prajay Retail Properties Private Limited (Formerly Dillu Cine Enterprises Pvt Ltd)	Subsidiary	India	100.00	100.00
Prajay Properties Private Limited (PPPL).	Associate	India	49.50	49.50
Prajay Land Capital Private Limited.	Associate (Subsidiary of PPPL)	India	99.98	99.98
Genesis Capital Private Limited	Associate	Mauritius	50.00*	-

*Investment made on 09.04.2012

B. SIGNIFICANT ACCOUNTING POLICIES

1. Method of Accounting

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

2. Use of Estimates

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

3. Fixed Assets

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

4. Depreciation and Amortisation

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

5. Investments

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

6. Inventories

Inventories are valued as under:

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

7. Revenue Recognition

- (i) Sale of Land and Plots is recognized in the financial year in which the agreement to sell is executed.
- (ii) Revenue from constructed properties (excluding service tax) is recognized on the "percentage of completion method". Total sale consideration as per the agreements to sell constructed properties entered into is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognized immediately. Service tax does not form part of gross revenue.
- (iii) Contract revenue from the construction contracts are recognized on "percentage of completion method measured by survey of work performed" depending on the nature of the contract. The revenue on construction contract is recognized only when the stage of completion is 20 percent or more when the outcome of the contract can be estimated reliably. When it is probable that the total costs exceeds the total contract revenue, the expected loss is recognized immediately.
- (iv) Income from sale of Rooms, Food and Beverages and allied services relating to hotel operations is recognized upon rendering of the service. Income stated is exclusive of amount received towards sales tax/ service tax etc.,
- (v) In respect of membership (club) sales, revenue is recognized as under:
 - Life membership, Permanent membership and Time-share membership over a period of 15 years.
 - Long-term membership over a period of 3 years.
 - Health club membership fully in the year of receipt.

8. Cost of Construction

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

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

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

9. Foreign Exchange Transactions

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

10. Income Tax

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

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

11. Borrowing Cost

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

12. Earnings per share (EPS)

In arriving at the EPS, the Company's net profit after tax, computed in terms of the accounting principles, generally accepted in India, is divided by the weighted average number of equity shares outstanding on the last day of the

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

13. Employee Benefits

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

(i) Defined Contribution Plan:

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

(ii) Defined Benefit Plan:

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

Note 2 SHARE CAPITAL

(₹in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Authorised		
250,000,000 Equity shares of ₹10 each	25,000.00	25,000.00
	25,000.00	25,000.00
Issued, Subscribed		
70,267,291 Equity shares of ₹10 each	7,026.72	7,026.72
	7,026.72	7,026.72
Paid up		
69,935,791 Equity shares of ₹10 each fully paid	6,993.58	6,993.58
	6,993.58	6,993.58

Reconciliation of Shares	No of Shares	No of Shares
Equity Shares outstanding at the beginning of the year	69,935,791	69,935,791
Changes during the year	-	-
Equity Shares outstanding at the end of the year	69,935,791	69,935,791
Of the above:		
2,972,787 shares have been allotted pursuant to a contract without payments being received in cash.		

Rights, preferences and restrictions attached to shares

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

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

Name of the Share holder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
-D.S. Chandra Mohan Reddy	6,959,922	9.95	6,959,922	9.95
-D.Vijay Sen Reddy	9,629,755	13.77	9,196,384	13.15
-N.Ravinder Reddy	10,400,000	14.87	10,236,791	14.64
-CLSA (Mauritius) Limited	4,010,455	5.73	5,336,134	7.63

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3 RESERVES AND SURPLUS

(₹in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Share Premium		
Balance as per last account	42,898.08	40,951.36
Add: Amount received during the year	-	1,946.72
	42,898.08	42,898.08
Capital Reserve	1,058.88	1,058.88
General Reserve		
Balance as per last account	1,999.08	1,999.08
Add: Amount transferred from statement of Profit and Loss	-	-
	1,999.08	1,999.08
Surplus in Statement of Profit and Loss		
Balance as per last account	14,947.30	16,254.87
Profit/(Loss) for the year	(1,220.94)	(910.55)
Minority Interest adjustment	-	(397.02)
Closing Balance	13,726.68	14,947.30
Total Reserves	59,682.72	60,903.34

Note 4 LONG - TERM BORROWINGS

(₹in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
SECURED		
a) Term Loans :		
From Banks		
- SBI Consortium:		
- State Bank of India	2,793.58	3,273.73
- State Bank of India (SBS)	856.62	1,024.67
- State Bank of Mysore	1,312.65	1,542.11
- State Bank of Bikaner and Jaipur	1,311.85	1,540.04
-The Tamilnad Mercantile Bank Limited	1,050.29	1,135.94
- Punjab National Bank	1,710.55	2,018.50
(Secured by way of first joint mortgage/charge on the entire project assets of Princeton Towers, second charge on the current assets of the Princeton Towers project and personal guarantees of some of the directors & repayable in 28 quarterly installments)		
b) Loans and advances from related parties:		
Prajay Properties Pvt Ltd	3,200.00	3,200.00
(Secured by Mortgage of 49,869 Sft of office premises at Begumpet, land admeasuring Ac 11 Gts 33 in Sy. No.1222 at Shamirpet and land admeasuring 5168 Sq.Yds in Sy.Nos 1211 to1217 and 1226 at Shamirpet village along with the personal guarantee of some of the Directors. The loan is repayable on the expiry of 72 months from the date of obtaining all statutory approvals for Prajay Megapolis project, which has not crystallised as on 31.03.13)		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4 LONG - TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
c) Other loans and advances:		
-Indian Overseas Bank	149.00	750.00
(Secured by way of assignment of the receivables of the Gulmohar Project and value of unsold stock/debt of projects Prajay Enclave, Prajay Windsor Park and Prajay Harbour City & repayable in 6 quarterly installments)		
- HSBC	-	80.88
(Secured by way of equitable mortgage of the plotted land with common areas at Muraharipally village in the project Water Front City & exclusive charge over recoverables of Water Front City repayable in 14 monthly installments)		
-Indian Overseas Bank		
(Liquirent loan with a prime security of assignment of rent receivable for a period of 9 years)	577.78	-
-Hire Purchase (Vehicle Loans)	101.23	192.56
(Secured by hypothecation of vehicles and equipments acquired out of the said loan. The loans are repayable in 36 equated monthly installments.)		
UNSECURED		
-Compulsorily Convertible Debentures		
Compulsorily Convertible Debentures		
Held by White Stock Limited	12,442.65	12,442.65
1. Compulsorily Convertible Debentures of 7,16,265 nos with face value ₹ 1,000 each carry interest rate of 10% p.a issued on 24th October, 2007 and 28th February, 2008 with an option to convert in whole or in part within 8 years from the date of issue of such Debentures into such number of fully paid- up equity shares of the Company which is equal to the conversion price mutually agreed as per applicable laws. If at anytime within 8 years from the date of issue, the subscribers to such debentures do not exercise the right to conversion, the Company shall compulsorily convert such debentures into fully paid up equity shares of the Company at the expiry of 8 years. These Compulsorily Convertible Debentures have been issued under Foreign Direct Investment guidelines as issued by Government of India/RBI from time to time latest vide RBI Circular A.P.(DIR series) Circular No.20 dated December 14, 2007 which classifies Compulsorily Convertible Debentures as equity instrument)		
2. Compulsorily Convertible Debentures of 5,28,000 nos with face value ₹1000 each carry interest rate of 11% p.a. issued on 24th August, 2011 with an option to convert into equity shares of the company at on the date falling on the 8th anniversary of the first completion date.		
Deposits		
-Public deposits	6.33	41.56
	25,512.53	27,242.64

Note 5 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Arising on account of timing difference - depreciation	300.81	273.03
Net Deferred tax liability	300.81	273.03

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6 LONG - TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits	46.79	28.16
	46.79	28.16

Note 7 SHORT - TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Secured		
Loans repayable on demand:		
a) From Banks		
-Indian Overseas Bank (Short term loan secured by way of creation of security on Fixed deposit)	-	540.00
b) From other parties		
-Life Insurance Corporation (Secured against the Keyman Insurance Policy)	23.72	23.72
Unsecured		
-Loans & advances from related parties	227.30	616.10
Deposits:		
-Deposits (others)	70.00	20.00
-Public deposits	35.47	4.37
Other loans and advances:		
-Bharati Retail Limited	80.00	-
	436.49	1,204.19

Note 8 TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
(i) Due to micro, small and medium enterprises	-	-
(ii) Due to other creditors	24,814.93	22,610.16
	24,814.93	22,610.16

Note 9 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Current maturities of Long term debt:		
-Indian Overseas Bank	1,000.00	750.00
-Indian Overseas Bank (Liquirent Loan)	72.22	-
- HSBC	179.39	1,150.00
- SBI Consortium:		
- State Bank of India	480.00	480.00
- State Bank of India (SBS)	168.00	168.00
- State Bank of Mysore	228.00	228.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
- State Bank of Bikaner and Jaipur	228.00	228.00
-The Tamilnad Mercantile Bank Limited	168.00	168.00
- Punjab National Bank	300.00	300.00
(Note 4)		
Current maturities of Hire Purchase obligations	194.52	41.53
(Note 4)		
Interest Accrued and Due on IOB Loans	18.66	42.16
Interest Accrued and Due on SBI Consortium Loans	546.70	325.97
Interest Accrued and Due on LIC Loan	5.15	3.02
Interest Accrued and Due on HSBC Loan	9.88	-
Interest Accrued and Due on short term loan	8.81	-
Interest Accrued but not due on Debentures	-	127.32
Other payables:		
Advance from Customers	4,674.53	691.21
Income received in advance	69.65	6.05
Other Advances	1,040.00	1,040.00
Unclaimed Dividend @	14.68	19.66
	9,406.19	5,768.93

@ There is no amount due to be credited to Investor Education and Protection Fund as at 31.03.2013.

Note 10 SHORT - TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for Income Tax	1,201.13	1,069.59
	1,201.13	1,069.59

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 11 Fixed Assets

Sl. No	Particulars	As on 31.03.2012	Cost		Depreciation & Amortisation		Net Block	
			Additions	Deductions	As on 31.03.12	For The Year	On Deduction	As on 31.03.13
	TANGIBLE							
1	Land-Free Hold	430.85	-	-	430.85	-	-	430.85
2	Buildings	1,948.56	103.50	-	2,052.06	44.40	401.93	1,591.03
3	Lease Hold Improvements	429.32	-	-	429.32	-	429.32	-
4	Plant & Machinery	2,530.52	321.87	-	2,852.39	203.38	1,287.06	1,446.84
5	Furniture & Fixtures	382.45	14.05	-	396.50	22.50	178.35	226.60
6	Computers	76.57	4.74	-	81.31	6.32	69.67	13.40
7	Vehicles	567.79	69.83	23.86	613.76	53.27	318.04	288.80
	Sub Total	6,366.06	513.99	23.86	6,856.19	329.87	2,684.37	3,997.52
	INTANGIBLE							
8	Software	24.94	0.08	-	25.02	2.68	17.24	10.38
	Total as on March 31, 2013	6,390.99	514.07	23.86	6,881.21	332.55	2,701.61	4,007.90
	Total as on March 31, 2012	6,769.85	50.64	429.50	6,390.99	391.18	2,383.09	4,007.90
	Capital Work-in-Progress	-	-	-	-	-	-	2979.45

Note: Plant & Machinery costing ₹704.41 lacs (31.03.2012 : ₹592.24 lacs) and vehicles costing ₹208.57 lacs (31.03.2012 : ₹250.94 lacs) have been acquired on hire purchase, the legal ownership of which will be transferred to the company after the final payment.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 12 NON - CURRENT INVESTMENTS (AT COST)

(₹in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Non Trade - Quoted		
Investments in equity instruments :		
Indian Overseas Bank		
9,500 Equity Shares of ₹10 each, fully paid	2.28	2.28
Trade - Unquoted		
In associate Companies		
a) Investments in equity instruments:		
Prajay Properties Private Limited		
64,597 equity shares of ₹ 10 each fully paid (reported at Nil Value as share of loss of associate exceeds carrying amount of Investment)	-	587.33
Genesis Capital Pvt Ltd, Mauritius		
10,000 Equity Shares of US\$ 1 each fully paid (reported at Nil Value as share of loss of associate exceeds carrying amount of Investment)	-	-
b) Investments in preference shares:		
Prajay Properties Private Limited	4,013.00	4,013.00
4,01,300 Preferential Shares of ₹10,000 each, fully paid		
Investments in Capital of Partnership Firm		
Prajay Binjusaria Estates (Note 36)	2,280.50	2,280.50
	6,295.78	6,883.11
(i) Aggregate of Quoted Investments		
Cost	2.28	2.28
Market Value	6.18	8.96
(ii) Aggregate of Unquoted Investments (Cost)	4,013.00	4,600.33

Note 13 LONG TERM LOANS AND ADVANCES

(₹in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured considered good		
i. Security Deposits (a)	617.00	647.10
ii. Advance for purchase of land/ development (b)	7,982.60	7,861.12
iii. Capital advances	127.15	43.39
	8,726.75	8,551.61

(a) Includes deposit to Director ₹ 500 lacs (31.03.2012 ₹ 500 lacs)

(b) 1. Includes advance to Partnership firms in which the company is partner ₹ 98.45 lacs (31.03.2012 ₹87.55lacs)

2. Includes advances to private companies in which any director is director ₹1,734.65lacs(31.03.2012 ₹1,227.45 lacs)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 14 INVENTORIES

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Land at Cost	14,824.07	15,043.11
Constructed Properties		
- Land and construction work in progress - at cost	38,773.33	50,773.66
Food and Beverages - at cost	10.58	23.75
	53,607.98	65,826.78

Note 15 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured , Considered good		
i. Outstanding for more than six months (a)	27,195.98	27,213.09
ii. Other Debts	856.81	2,150.87
	28,052.79	29,363.97

a) Includes ₹Nil (31.03.2012: ₹ 1,829.27) due from Associate Companies

Note 16 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Balance with Scheduled Banks		
On Current Account (a)	637.23	250.71
On Escrow Account	4.01	1.29
On Deposit Account (b)	49.80	3,701.67
Cash on Hand	457.87	166.28
	1,148.91	4,119.95

a) includes unpaid dividend accounts ₹14.68 lacs (31.03.2012: ₹19.66 lacs)

b) includes against bank guarantees ₹17.93 lacs (31.03.2012 : ₹80.21 lacs); includes ₹10.14 lacs (31.03.2012: ₹14.87 lacs) with more than 12 months maturity

Note 17 SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
(Unsecured considered good unless otherwise specified)		
Loans and advances to related parties (a)	284.75	330.77
Others	1,282.75	3,032.38
Advance Tax	450.37	347.23
	2,017.87	3,710.38

a) includes ₹199.90 lacs (31.03.2012: ₹125.74 lacs) to private companies having common director, and ₹Nil (31.03.2012: ₹121.12 lacs) to director.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18 REVENUE FROM OPERATIONS

(₹in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Construction division		
(a) Sale of Constructed Properties	3,446.25	5,441.53
(b) Revenue from Construction Contracts	4,966.38	-
(c) Sale of Land	237.22	247.91
Hospitality division		
(a) Sale of Rooms	205.25	219.85
(b) Food and Beverages	641.05	776.53
(c) Others	3.00	15.31
(d) Membership Fees	85.38	50.69
	9,584.53	6,751.82

Note 19 OTHER INCOME

(₹in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Rental Income	16.50	4.79
Interest Income [includes TDS ₹17.52 lacs (31.03.2012: ₹0.77 lacs)]	181.30	285.85
Dividend income	0.43	0.71
Profit on Sale of Fixed Assets	-	2.85
Proceeds of Key Man insurance policy	-	110.50
Miscellaneous	55.34	41.24
	253.57	445.94
Less: Allocated to Projects	168.03	277.46
	85.54	168.48

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

(₹in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Purchases, development/construction costs	10,859.20	12,540.49
Cost of construction contracts	4,255.55	-
Changes in inventories:		
- Closing stock		
- Land	14,824.07	15,043.11
- Constructed properties	38,773.33	51,010.30
Sub total A	53,597.40	66,053.41
Less : Opening stock		
- Land	15,043.11	14,980.24
- Constructed properties	51,010.30	42,688.74
Sub total B	66,053.41	57,668.98
B-A	12,456.01	(8,384.43)
	27,570.76	4,156.06
Adjustment on account of transfer of inventory to CWIP	(20,704.84)	-
Total	6,865.92	4,156.06

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 21 EMPLOYEE BENEFITS EXPENSE

(₹in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Salaries, Wages and Bonus	988.02	784.07
Contribution to Provident Fund/ Pension Fund and Gratuity	28.15	17.06
Staff Welfare	14.01	6.90
	1,030.18	808.03
Less: Allocated to Projects	402.03	246.32
	628.15	561.71

Note 22 FINANCE COSTS

(₹in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest Expense		
-On Fixed Loans	3,614.91	3,333.85
-Others	39.10	75.42
Bank Charges	33.02	43.31
	3,687.03	3,452.58
Less: Allocated to Projects	3,487.84	3,176.48
	199.19	276.10

Note 23 OTHER EXPENSES

(₹in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Rent (a)	461.06	413.43
Rates and Taxes	174.39	666.82
Insurance	28.90	15.97
Power and Fuel	361.14	334.75
Repairs and Maintenance		
- Building	0.12	72.39
- Plant & Machinery	22.49	52.53
- Others	31.70	38.74
Travelling Expenses	34.85	27.22
Printing and Stationery	30.01	17.27
Postage, Telegrams and Telephones	22.67	25.16
Professional Charges/Consultancy Charges	242.30	489.09
Advertisement	585.60	145.59
Commission on sales	6.40	5.08
Investment written off	1.00	-
Loss on sale of fixed assets	4.09	16.24
Miscellaneous Expenses	231.57	148.89
	2,238.29	2,469.17
Less: Allocated to Projects	735.03	1,131.43
	1,503.26	1,337.74

a) Includes rent paid to directors: ₹345.22 lacs (31.03.2012 : ₹ 348.42 lacs)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS NOTES TO THE ACCOUNTS

- 24 As stated in Note 1 (B) (7) (ii) for recognizing profit on projects, stage of completion is determined as a proportion that project costs incurred for the work performed bear to the estimated total costs. Further, as stated in the note expected loss on projects is 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.
- 25 As stated in Note 1 (B) (7) (iii) the method used to recognize the contract revenue is percentage of completion method measured by survey of work performed. Further, as stated in that note expected loss on contracts is 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.
- 26 Inventories of constructed properties, include land admeasuring acres 59 guntas 21 at Maheshwaram, Hyderabad, Andhra Pradesh for which the company has received approval vide letter no15903/HADA/GH/2007 dated 08.10.2008 for development of Group Housing layout, subject to certain conditions which include mortgage/ charge on certain dwelling units to Hyderabad Metropolitan Development Authority (HMDA).

27 **Contingent Liabilities** (not provided for) (₹ in lacs)

	2012-13	2011-12
Guarantees given to Banks (on behalf of Prajay Properties Private Limited.)	12,130.00	12,130.00
Service Tax Demand *	1820.62	1,036.77

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

Further, as per Circular No.108/02/2009-ST, dated 29.01.2009 issued by CBEC, no service tax is payable on the Construction of Complex Service for the impugned period 2006-07 to 2010-11. During the impugned period, the company had deposited with the Service Tax Authorities, whatever service tax collected from the customers. The Company has filed appeal on 08.04.2013 with CESTAT, Bangalore, against order dated 04.01.2013 of Commissioner of Service Tax.

- 28 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 384.57 lacs (31.03.2012 : ₹387.35 lacs), Other commitments Nil (31.03.2012 : Nil).

29 **Deferred Tax Asset / (Liability) (Net) comprise of:** (₹ in lacs)

	March 31, 2013	March 31, 2012
Deferred Tax Liability :		
Arising on account of timing difference – Depreciation	300.81	273.03
Net Deferred Tax Liability	300.81	273.03

30 **Earnings Per Share (EPS):** (₹in Lacs)

	2012-13	2011-12
a) Weighted average number of equity shares of ₹10 each		
i) Number of equity shares at the beginning of the year	6,99,35,791	6,87,21,330
ii) Number of equity shares at the end of the year	6,99,35,791	6,99,35,791
iii) Weighted average number of equity shares outstanding during the year	6,99,35,791	6,99,35,791
b) Net Profit/ (Loss) available for equity share holders (₹ in lacs)	(1,220.94)	(911.69)
c) Earnings per share (in ₹)		
i) Basic	(1.75)	(1.31)
ii) Diluted	(1.75)	(1.31)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

32 Related Party Disclosures:

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

A. List of Related Parties

Party	Relationship	
(a) Prajay Holdings Private Limited	Subsidiary	
Prajay Developers Private Limited	Step down – Subsidiary	
Prajay Retail Properties Private Ltd	Subsidiary	
Prajay Binjusaria Estates	Associate	
Prajay Properties Pvt Ltd	Associate	
Genesis Capital Pvt.Ltd.(Mauritius)	Associate	
(b) Key Management Personnel	Designation	Relatives (Relation)*
Mr. Vijay Sen Reddy	Managing Director	Mrs. Sharmila Reddy (Wife) Mrs.D.Hymavathi Reddy Wife of Late D S Chandramohan Reddy, Ex-MD (who is a brother of present MD).
Mr. Ravinder Reddy	Director Operations	Mr. Hanumanth Reddy (Father)
Mr. K. Ravi Kumar	Whole time Director	-
Mr. Sumit Sen	Whole time Director	Mrs. Rina Sen (Wife)

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

32B. The following transactions were carried out with related parties in the ordinary course of business

Description	Name of the Related Party	Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives	
		31.3.2013	31.3.2012	31.3.2013	31.3.2012
Sale of land, property, material and work done	Prajay Properties Private Limited	4,966.37	-	-	-
Purchase of Materials	Prajay Lifestyle UPVC Windows Private Limited	27.35	34.91	-	-
Remuneration paid		-	-	54.77	84.96
Rent paid		-	-	351.29	360.39
Investments made during the year	Genesis Capital Pvt.Ltd. (Mauritius)	5.18	-	-	-
	Prajay Properties Private Limited	-	266.54	-	-
	Prajay Land Capital Private Limited	0.01	0.17	-	-
	Vijimohan Constructions Private Limited	154.29	187.18	-	-
	Secunderabad Golf and Leisure Resorts Private Limited	506.10	-	-	-
Advances given	Prajay Velocity Developers Private Limited	1.10	0.34	-	-
	Prajay Binjusaria Estates	10.22	0.41	-	-
	Prajay Lifestyle UPVC Windows Private Limited	113.00	15.47	-	-
	Key Management Personnel/relatives	-	-	-	132.14
	Prajay Properties Private Limited	2,861.72	319.43	-	-
	Prajay Velocity Developers Private Limited	-	400.00	-	-
	Prajay Arnav Shelters Private Limited	-	0.10	-	-
	Key Management Personnel/relatives	-	-	140.82	13.52
	Vijimohan Constructions Private Limited	151.98	131.03	-	-
Repayment of Advances given	Prajay Lifestyle UPVC Windows Private Limited	115.00	-	-	-
	Money Tree Media Ventures (P) Ltd	200.00	-	-	-
Advance Taken	Prajay Properties Private Limited	9,653.15	3,739.93	-	-

(₹ in lacs)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

32B. The following transactions were carried out with related parties in the ordinary course of business (₹ in lacs)

Description	Name of the Related Party	Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives
		31.3.2013	31.3.2012	
Balance at the end of the year				
Trade Receivables	Prajay Properties Private Limited	-	966.00	-
	Prajay Land Capital Private Limited	-	863.28	-
	Prajay Land Capital Private Limited	0.17	0.17	-
	Vijmohan Constructions Private Limited	235.71	233.40	-
	Secunderabad Golf and Leisure Resorts Private Limited	1,191.23	685.13	-
Loans & Advances	Prajay Velocity Developers Private Limited	543.42	542.32	-
	Prajay Lifestyle UPVC Windows Private Limited	69.78	99.13	-
	Prajay Binjuria Estates	89.38	79.16	-
	Money Tree Media Ventures (P) Ltd	-	200.00	-
	Key Management Personnel	-	-	690.83
Trade Payables & Others	Key Management Personnel/relatives	-	-	167.18
	Prajay Properties Private Limited	3200.00	3200.00	-
Loan Outstanding	Prajay Properties Private Limited	5564.99	3739.93	-
	Prajay Financial Services Limited	77.50	77.50	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

33 Consolidated Segment Information as per Accounting Standard 17 on Segment Reporting notified by the Companies (Accounting Standards) Rules 2006 for the year ended 31st March, 2013.

(₹ in Lacs)

Business Segment	2012-13			2011-12				
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total
Segment Revenue								
External	8,649.85	934.68	85.54	9,670.07	5,689.44	1,062.38	168.48	6,920.30
Total Revenue	8,649.85	934.68	85.54	9,670.07	5,689.44	1,062.38	168.48	6,920.30
Segment Result	(166.17)	(337.28)	-	(503.45)	105.06	(341.64)	-	(236.58)
Unallocated Corporate expenses net of unallocated income				131.02				27.92
Operating Profit				(372.43)				(264.50)
Interest Expense				199.19				276.10
Prior Period Items				39.67				-
Interest Income				181.30				285.85
Dividend Income				0.43				0.71
Profit before Taxation				(350.22)				(254.03)
Income Tax				171.76				38.81
Prior period Tax				159.40				833.23
Deferred Tax				27.78				(213.76)
Minority Interest				80.73				(1.15)
Share of Net Profit / (Loss) of Associate				(592.51)				1.77
Net Profit				(1,220.94)				(911.69)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lacs)

Other Information	2012-13			2011-12				
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Total
Segment Assets	94,985.17	25,932.64	7,821.85	128,739.66	116,250.59	2,347.66	7,290.59	125,888.84
Total Assets	94,985.17	25,932.64	7,821.85	128,739.66	116,250.59	2,347.66	7,290.59	125,888.83
Segment Liabilities	59,873.92	281.54	1,563.41	61,718.87	56,400.02	353.17	1,443.50	58,196.70
Total Liabilities	59,873.92	281.54	1,563.41	61,718.87	56,400.02	353.17	1,443.50	58,196.70
Capital Expenditure	510.97	3.10		514.07	48.54	1.79	-	50.33
Depreciation	225.96	106.58		332.54	213.11	178.07		391.18
Net Cash expense other than depreciation	4.09			4.09	13.39			13.39

Notes:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

34 Disclosure as required by Accounting Standard 19 – “Leases” notified by the Companies (Accounting Standards) Rules, 2006.

(a) Operating Lease:

Where the Company is a lessor:

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

Particulars	Gross Block		Accumulated Depreciation as on		Depreciation for the year	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Building	88.58	88.58	19.96	18.52	1.44	1.44

(b) Hire Purchase:

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

(₹ in lacs)

	March 31, 2013			March 31, 2012		
	Total	Payments not later than one year	Payments later than one year but not later than five years	Total	Payments not later than one year	Payments later than one year but not later than five years
Total of minimum hire purchase payments at the Balance Sheet date	340.02	194.52	145.50	258.45	214.61	43.84
Less: Future Finance Charges	44.27	28.52	15.74	24.36	21.86	2.50
Present Value of minimum hire purchase payments at the Balance Sheet date	295.75	166.00	129.76	234.09	192.75	41.34

35 (a) Trade Receivables – (Note 15) unsecured, considered good, includes ₹ 27,195.98 lacs, (31.03.2012: ₹27,213.09 lacs) outstanding for more than six months. As a result of economic slowdown and recession in realty sector the realizations from customers are slow.

(b) Long Term Loans and Advances – (Note 13) include advances given to Landlords / developers towards certain projects amounting to ₹ 7,833.42 lacs (31.03.2012: ₹ 7,858.42 lacs) and Short Term Loans and Advances (Note 17) to suppliers, etc., amounting to ₹ 275.58 lacs (31.03.2012: ₹ 1,205.17 lacs) outstanding from earlier years. Due to long term involvement in such projects, no provision has been considered necessary.

36 Details as required under Schedule VI - Part I of the Companies Act, 1956 relating to investment in partnership firm.

(a) Name of the Partnership Firm - Prajay Binjusaria Estates

(b) Total Capital of the said Firm is ₹ 2,685.50 lacs

(c) As at March 31, 2013 the partnership firm has not commenced any activities.

(d) Share of each partner in the Profit or Loss

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

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

As per my report attached

For and on behalf of the Board

S.V.Rangan

Chartered Accountant

D.Vijay Sen Reddy

Managing Director

Place : Hyderabad

Date : 30.05.2013

D. Madhavi Latha

Company Secretary

Sumit Sen

Director

PRAJAY ENGINEERS SYNDICATE LIMITED

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

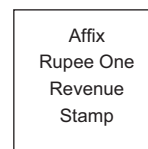
PROXY FORM

*DP.ID	
*Client ID	

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

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

as my/our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Members of Prajay Engineers Syndicate Limited to be held on Friday, the 1st day of November, 2013 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad – 500016 and at any adjournment thereof.



Signed thisday of 2013

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

*Applicable for investors holding shares in electronic form.

PRAJAY ENGINEERS SYNDICATE LIMITED

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

ATTENDANCE SLIP

*DP.ID	
*Client ID	

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

I hereby record my presence at the 19th Annual General Meeting of the Company held on Friday, the 1st day of November, 2013 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Secunderabad - 500 016.

Name of the Member: _____
(In Block Letters):

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

Member's/ Proxy Signature: _____

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

*Applicable for investors holding shares in electronic form



Prajay Water Front - Amphitheatre



Prajay Virgin County - Club House

PRINTED MATTER
BOOK - POST

If undelivered, please return to:

PRAJAY
Prajay Engineers Syndicate Limited

Registered Office:

8-2-293/82/A

Plot No. 1091 A, Road No. 41

Near Peddamma Temple, Jubilee Hills,
Hyderabad 500 033.

Phone: +91-40-66222999

Fax: +91-40-66222966

FORM A

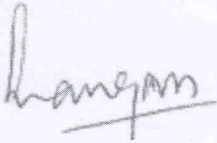
1.	Name of the Company	Prajay Engineers Syndicate Limited
2.	Annual Financial Statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Un-qualified / Matter of Emphasis - the existing Internal Audit System is not commensurate with the size and nature of the business of the Company.
4.	Frequency of Observation	Appearing since 2007-08



D. Vijay Sen Reddy
Chief Executive Officer / Managing Director



P. Bhaskara Rao
Chief Financial Officer



S.V. Rangan
Audit of the Company



Vijay Kishore Mishra
Audit Committee Chairman

Prajay Engineers Syndicate Ltd.

▲ Regd. Office : 8-2-293/82/A, Plot No. # 1091,
Road No. # 41, Near Peddamma Temple
Jubilee Hills, Hyderabad - 500 033
Phone: 040-66 222 999, Fax: 040-66 222 966

▲ E-mail: : info@prajayengineers.com