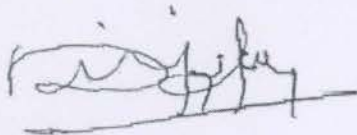



1.	Name of the Company	Prajay Engineers Syndicate Limited
2.	Annual Financial Statements for the year ended	31 st March, 2015
3.	Type of Audit observation	<p>Un-qualified / Matter of Emphasis - in the Standalone Financial Statements:</p> <p>a. Note 37(a) of the Financial Statements, in respect of trade receivables considered good include an amount of Rs.23,519.03 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.</p> <p>b. Note 37(b) of the Financial Statements, in respect of advances amounting to Rs. 5,999.05 lacs given to landlords /developers, and Rs.727.58 lacs given to suppliers, etc outstanding from earlier years in respect of which no provision has been made for the reasons stated therein.</p> <p>c. Note 24 and 25, in respect of recognizing profit on construction project under an agreement to sell, stage of completion is determined as a proportion that contract costs incurred for the work performed bear to the estimated total costs. Similarly contract revenue is recognized under the percentage of completion method measured by survey of work performed. Further, expected loss on contracts is recognized when it is probable that the total contract costs will exceed the total contract revenue. This practice is being consistently followed by the Company.</p> <p>Company's Explanation: Notes is self explanatory.</p>
4.	Frequency of Observation	Repetitive since 2007-08



D. Vijay Sen Reddy
Managing Director



P. Bhaskara Rao
Chief Financial Officer



S.V. Rangan
Auditor of the Company



Vijay Kishore Mishra
Audit Committee Chairman

Prajay Engineers Syndicate Limited

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

Annual Report 2014 - 2015





Prajay Megapolis - Hafeezpet, near Hitech City



Celebrity Holiday Retreat-Shamirpet

COROPORATE INFORMATION

BOARD OF DIRECTORS

D. Vijay Sen Reddy	Managing Director
K. Ravi Kumar	Whole Time Director
Sumit Sen	Whole Time Director
Vijay Kishore Mishra	Independent Director
N. Nageshwara Rao	Independent Director
S.K. Rudresh	Independent Director
M. Raja Gopal Reddy	Non-Executive Director
Mrs. V. Padma	Independent Director
Chief Financial Officer	P. Bhaskara Rao
Company Secretary & Compliance Officer	D. Madhavi Latha

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Bankers

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

Registrar and Share Transfer Agents

M/s Karvy Computershare Private limited

Karvy Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad – 500 032.
Tel. Nos.: 040-67161603,
Email Id: einward.ris@karvy.com

Registered Office

8-2-293/82/A, Plot No.1091,
Road No.41, Near Peddamma Temple,
Jubilee Hills, Hyderabad-500 033
Tel.Nos. : 040-66222999
Fax: 040-66222966

Website

www.prajayengineers.com
Email Id: investorrelations@prajayengineers.com

Listing

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Auditor

S.V. Rangan
Chartered Accountant

PROFILE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT TEAM

Mr. D. Vijay Sen Reddy (Managing Director)

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

Mr. K. Ravi Kumar (Wholetime Director - Technical)

Mr. Ravi Kumar is a Master of Technology and a Civil Engineer and brings a repository of technical expertise in construction and guides the adoption of progressive building practices to Prajay, steering innovation and quality in the Company.

Mr. Sumit Sen (Wholetime Director - Marketing & Sales)

A Post Graduate in Commerce and a Diploma Holder in Marketing and Personnel Management, he has served the Indian Air Force for 15 years and secured a diploma in Mechanical Engineering while in service. He is responsible for 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.

Mr. Vijay Kishore Mishra (Independent Director)

A qualified Chartered Accountant, with more than 26 years of professional experience in the fields of finance and taxation, Mr. Mishra guides the Company in the matters of financing and taxation harnessing his vast experience in these areas.

Mr. N. Nageshwara Rao (Independent Director)

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

Mr. S.K.Rudresh (Independent Director)

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

M. Raja Gopal Reddy (Non-Executive Non-Independent Director)

Mr. Raja Gopala Reddy is a Science Graduate with more than 3 decades of experience in construction industry and completed many road projects. His rich experience in construction industry and infrastructure sectors helps the company in formulating its new policies in the relevant areas.

Mrs. V. Padma (Independent Director)

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

SENIOR MANAGEMENT TEAM**Mr. P. Bhaskara Rao (GM - Fin. & Accounts and CFO)**

A graduate in Law and a Member of ICWAI, Mr. Bhaskara Rao has got more than 32 years of experience in various industries. He is overall in-charge of finance and accounting responsibilities and further acts as Chief Financial Officer of the company.

Mr. Jayadeva (Sr. GM - Projects)

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

Mr. Samir De (GM - Projects)

Mr. Samir is a Civil Engineering Graduate with specialization in the subject of Construction Management from North Bengal University. He has more than 21 years of experience in administering EPC contracts of various mini and medium sized power projects.

Mr. G Dasu - Sr. (GM - MEP (Elec.))

Mr. Dasu is a B.Tech. Graduate with Electrical & Electronics as specializations with more than 16 years of rich working experience with reputed companies viz. Lodha Group, Yashoda Hospitals, Jones Lang Lasalle.

Mr. D. Rohit Reddy (Coordinator – Projects)

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

Ms. Nayanika Reddy (Chief Technology Officer)

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

Ms. Madhavi Latha (Company Secretary & Compliance Officer)

A Commerce graduate and a qualified member of The Institute of Company Secretaries of India (ICSI) with more than 9 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 statues.

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of Prajay Engineers Syndicate Limited will be held on Wednesday, the 30th day of September, 2015 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 financial statements of the company for the year ended March 31, 2015 together with the report of the Board of Directors and report of the Auditor's thereon.
2. To re-appoint Mr. Sumit Sen (DIN-01028417) as Director, who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditor for the F.Y. 2015-16 and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the company hereby ratifies the appointment of Mr. S.V. Rangan, Chartered Accountant, (M.No. 022037) Secunderabad as the Statutory Auditor of the company to hold office from the conclusion of this meeting up to the conclusion of the next Annual General Meeting of the Company, on such remuneration to be determined by the board of directors in addition to out of pocket expenses as may be incurred by him during the course of audit.”

SPECIAL BUSINESS:

4. To appoint Mrs. V. Padma (DIN-07145633) as Independent Director of the Company and in this regard, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sec. 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and provisions of Listing Agreement, Mrs. V. Padma (DIN-07145633), who was earlier appointed as an Additional Director the Company (in the capacity of an Independent Director) and in respect of whom the company has received a notice in writing from a member under Sec. 160 of the Companies Act, 2013 signifying her intention to propose Mrs. V. Padma as a candidate for the Office of Director of the company, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 consecutive years with effect from the date of this AGM i.e. 30.09.2015 and whose period of office shall not be liable to retire by rotation.”

5. To re-appoint Mr. Sumit Sen as Whole Time Director and in this regard, to pass, with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals and consents as may be necessary, be and is hereby re-appointed Mr. Sumit Sen (holding DIN 01028417), as Whole Time Director of the Company for a period of Two years effective from 1st February, 2015, on such terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board as detailed below:

1. Salary ₹ 1,20,000/- per month
2. Provision of car for use on Company's business
3. Telephone / mobile for official use

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

“RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. Sumit Sen, the remuneration by way of salary, perquisites, other

allowances as specified above and in accordance with the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.”

“**RESOLVED FURTHER THAT** the Board of directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient or desirable to give effect to the foregoing resolution and to settle any question or doubt that may arise in relation thereto.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals and consents as may be necessary, Mr. D. Vijay Sen Reddy (DIN: 00291185), be and is hereby re-appointed as Managing Director of the Company for a period of Two years with effect from 1.2.2015, on such terms and conditions as recommended by the Nomination and Remuneration Committee and as detailed below:

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

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

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

“**RESOLVED FURTHER THAT** the Board of directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient or desirable to give effect to the foregoing resolution and to settle any question or doubt that may arise in relation thereto.”

On behalf of the Board

Sd/-

D. Vijay Sen Reddy
Chairman & Managing Director

Place: Hyderabad
Date : 14th August, 2015

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other member.

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 with respect to Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto and forms part of notice.
3. Corporate members intending to send their representatives to attend the 21st Annual General Meeting are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting. A form of proxy is given at the end of the Annual Report.
4. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS, mandates, nominations, power of attorney, change of address/ name etc. to their Depository Participant only and not to the Company's Registrar and Share Transfer Agent.
6. The details of the director(s) seeking appointment / re-appointment under item no. 2, 4 & 6 of this notice, is annexed hereto and brief profile of above directors has been given in the section on Corporate Governance in this Annual Report.
7. Members who have not en-cashed their dividend warrants for the financial year 2007-08, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund (IEPF) by 04.11.2015 and thereafter the members lose their right to claim the same.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2015 (Thursday) to 30.09.2015 (Wednesday) both days inclusive.
9. Members are requested to send all their communication relating to transfer, transmission, dividend, demat etc. of shares (Physical and Electronic) to the Company's Registrar and Share Transfer agents at the following address:

M/s Karvy Computershare Private limited

Karvy Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad – 500 032.
Tel. Nos.: 040-67161603,
Email Id: einward.ris@karvy.com

10. All documents referred to in the notice and explanatory statements are open for inspection at the Registered Office of the Company on all working days from 10.00 a.m. to 1.00 p.m. upto the date of the meeting.
11. Members are requested to send their queries, if any, on the accounts and operations of the Company, to the Company Secretary at least 7 days before the meeting.
12. Electronic copy of the Annual Report for the financial year 2014-15 containing Attendance Slip and Proxy Form along with the e-voting instructions indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2014-15 are being sent in the permitted mode.

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 above.

13. Members may also note that the Notice of the 21st Annual General Meeting and the Annual Report for FY 2014-15 will also be available on the Company's website at www.prajayengineers.com in a downloadable format.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
15. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
16. Voting through electronic means:

Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 [(including any statutory modification(s) or re-enactment thereof for the time being in force), as amended by the Companies (Management and Administration) Amendment Rules, 2015] and Clause 35B of the Listing Agreement, Members can exercise right to vote at the 21st AGM by electronic means and the business may be transacted through remote e-voting facility made available by Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited ('KCPL' or 'Karvy'). The remote e-voting facility is available at the link <https://evoting.karvy.com>

The persons who have become Members of the Company after the dispatch of the Notice and Annual Report and their names appear in the Register of Members/List of Beneficial owners as on the Cutoff date may contact the Registrars & Share Transfer Agents to obtain the Notice of AGM and the login id and password for casting vote electronically or may cast their vote through physical ballot at the AGM. The Cut-off date for the purpose of remote e-voting is Wednesday 23rd September, 2015.

The e-voting period will commence from 9.00 A.M. on Saturday 26th September, 2015 and will end at 5.00 P.M. on Tuesday, 29th September, 2015. The Company has appointed Mr. D. Raghavendar Rao, Practicing Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The detailed instructions regarding e-voting will be sent separately to the members, members are requested to refer to the same.

The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs along with physical copy of the Annual Report. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by email.

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

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESSES

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

Item No. 4

Section 149 of the Companies Act, 2013 read with Rule 3 of Companies (Appointment & Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement, provide for the appointment of a woman director on the board of the company before 31.3.2015. Accordingly, the Board of Directors, on the recommendations of the Nomination and Remuneration Committee, appointed Mrs. V. Padma (DIN-07145633) as Additional Director (in capacity of Independent Director) at its meeting held on 31.3.2015.

Mrs. V. Padma proposed to be appointed in the ensuing Annual General Meeting possess the required skills, experience and knowledge in the fields of management, administration, business strategy.

Mrs. V. Padma will be holding the office of Director till the date of ensuing Annual General Meeting of the Company. The Company has received notice under Section 160(1) of the Act from a member proposing her candidature for appointment as Director.

Pursuant to the provisions of Sec. 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV to the Companies Act, 2013 the appointment requires the approval of the shareholders by way of an Ordinary Resolution.

Accordingly, the Board recommends the Ordinary Resolution as set out at Item no. 4 for approval of the Members.

None of the Directors except Mrs. V. Padma, Key Managerial Personnel of the Company and their relatives, is concerned or interested, financially or otherwise, in the Resolution except to the extent of their shareholding.

Item No. 5

The current term of office of Mr. Sumit Sen as Whole Time Director of the Company expired on 31st January, 2015. Considering the commitment consistently shown and results exhibited by him, the Board of Directors on the recommendation of the Nomination and Remuneration Committee at its' meeting held on 28.1.2015, re-appointed, Mr. Sumit Sen as the Whole Time Director of the Company subject to the approval of the members, for a further period of 2 (Two) years effective from 1st February, 2015.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services for a term of 2 more years. Accordingly, the Board recommends the Special Resolution as set out at Item no. 5 for approval of the Members.

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

Item No. 6:

The current term of office of Mr. Vijay Sen Reddy as Managing Director of the Company expired on 13 February, 2015. Considering his contributions to the business development of the company from its inception and the results exhibited by him, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee at its' meeting held on 28.1.2015, re-appointed, Mr. Vijay Sen Reddy as Managing Director of the Company subject to the approval of the members, for a further period of 2 (Two) years effective from 1st February, 2015.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services for a term of 2 more years. Accordingly, the Board recommends the Special Resolution as set out at Item no. 6 for approval of the Members.

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

On behalf of the Board

Sd/-

D. Vijay Sen Reddy
Chairman & Managing Director

Place: Hyderabad
Date : 14th August, 2015

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

Name of Director	Mr. Sumit Sen	Mrs. V. Padma	Mr. D. Vijay Sen Reddy
Date of Birth	27.05.1957	02.04.1963	03.12.1956
Director's Identification Number(DIN)	01028417	07145633	00291185
Date of Appointment	01.02.2000	31.3.2015	19.4.1994
Experience in specific functional area	More than two decades of wide experience in the areas of sales, marketing and general administration.	More than a decade of experience in Management, Administration, and business strategy.	More than three decades of rich experience in construction industry at all levels and in formulation of business strategies.
Qualification	M.Com., Dip.- Mechanical Engineering, Dip.- Marketing & Personnel Management	Graduate of Commerce	C.A. Inter
Relationship with Directors	Nil	Nil	Nil
Board membership of other Indian Companies as on 31.3.2015	5	Nil	11
Chairman/ member of the committees of the Board of Directors as on 31.3.2015	Member - Stakeholders Relationship Committee	Nil	Nil
Chairman / Member of the committees in other companies in which he/ she is a Director as on 31.3.2015	Nil	Nil	Member - Audit Committee
Number of shares held in the company as on 31st March 2015	14,68,693	Nil	1,23,15,183

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty First Directors' Report of your Company along with the Audited Financial Statements for the financial year ended March 31, 2015.

FINANCIAL RESULTS

Certain key aspects of your Company's performance during the financial year ended March 31, 2015, as compared to the previous financial year are summarized below:

(₹ in lacs)

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
	Standalone	Consolidated	Standalone	Consolidated
Gross Turnover	5812.10	11150.04	8747.78	7267.17
Profit before interest and Depreciation	(1016.09)	(1089.05)	(317.44)	(1218.33)
Depreciation	608.49	637.87	347.07	358.10
Profit before Tax	(2368.15)	(2482.67)	(797.92)	(1756.58)
Provision for taxation	(7.97)	15.42	(595.01)	(576.85)
Profit / (Loss) after tax	(2360.18)	(2469.62)	(202.91)	(1216.29)
Transfer to General Reserve	-	-	-	-
Dividend	-	-	-	-
EPS				
Basic	(3.37)	(3.53)	(0.30)	(1.74)
Diluted	(3.37)	(3.53)	(0.30)	(1.74)

Review of Operations:

In FY'15, your Company reported consolidated revenues of 111.50 crore, an increase of 53% from 72.67 crores in FY'14. However, EBIDTA stood at ₹ (12.53) crore, a decrease of 1% from ₹(12.64) crore in the previous year. Net profit after tax, minority interest and prior period items was at ₹ (24.70) crores, a decline of 103 % from ₹ (12.16) crores. The EPS for FY'15 stood at (3.53) as compared to (1.74) for FY'14.

Due to lackluster demand scenario, continued high borrowing costs and volatile market conditions, your company could achieve a turnover of ₹ 58.12 crores only against ₹ 87.47 crores for the previous year (on standalone basis), a decline of 33.56%. The net loss after tax is ₹ (23.60) crores against a loss of ₹ (2.02) crores for the previous year. The increase in net loss is mainly due to increase in finance and depreciation components.

However, your Company's Balance Sheet as at 31st March, 2015 reflects a healthy position with a net worth of ₹ 636.39 crores. Net debt was ₹ 203.45 crores as on 31st March, 2015. The debt to equity ratio was at 0.32.

Your Company's development business primarily focuses on the development and sale of residential real estate which include houses, villas and apartments of varying sizes and integrated townships, with a focus on the mid income, high end and luxury residential developments.

Future Outlook

Your Company continues to implement its strategy to concentrate on its core business & geographies and to develop a right product mix well suited for the market.

Although FY2014-15 was a difficult year for the real estate sector, the long-term potential for the sector remains intact and it continues to be an important catalyst to the nation's overall economic growth.

Hyderabad's superior infrastructure, affordability and cosmopolitan ethos still make Hyderabad the choice of many home buyers. The Govt. of Telangana is aiming to rebuild brand 'Hyderabad' by concentrating on the information technology sector. Among the companies geared up for expanding their operations in and around

Hyderabad are tech major such as Amazon, Google, Facebook, Microsoft, Cognizant and TATA Consultancy Services (TCS).

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

Dividend

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

Fixed Deposits

The Company has not accepted / renewed any public deposits during the year under review. The company has repaid all the deposits before 31.3.2015 but however an amount of ₹ 1,79,839/- (including interest) is still unclaimed by the depositors.

The company, if necessary, will start accepting deposits after complying with the provisions of Sec. 73 & 74 of Companies Act, 2013 and Companies (Acceptance of Deposits) rules, 2014.

Share Capital

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

Directors & Key Management Personnel

Board of Directors, in compliance with Sec. 149, 161 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement and on the recommendations of the Nomination and Remuneration Committee, appointed Mrs. V. Padma (DIN-07145633) as Additional Director (in the capacity of Independent Director) on 31.3.2015.

Mrs. V. Padma will be holding the office of Director till the date of ensuing Annual General Meeting of the Company. The Company has received notice under Section 160(1) of the Act from a member proposing her candidature for appointment as Director. Mrs. V. Padma possess the required skills, experience and knowledge in the fields of management, administration, business strategy.

Pursuant to the provisions of Sec. 152 of the Companies Act, 2013 and Article 86 of the Articles of Association of the Company, Mr. Sumit Sen (DIN-01028417) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Further the term of Mr. Sumit Sen as Whole Time Director expired on 31.1.2015. The Board at its meeting held on 28.1.2015, subject to the approval of shareholders, re-appointed him as Whole Time Director for a period of 2 years, effective from 1.2.2015 on the recommendations of the Nomination and Remuneration Committee. Your Board of Directors recommend for his re-appointment.

The term of Mr. D. Vijay Sen Reddy, Managing Director, expired on 13.2.2015. The Board of Directors, on the recommendations of the Nomination and Remuneration Committee, re-appointed Mr. D. Vijay Sen Reddy (DIN-00291185) as Managing Director of the company at the board meeting on 28.1.2015, subject to the approval of shareholders, for a period of 2 years effective from 1.2.2015. Your Board of Directors recommend for his re-appointment.

Brief profile of the aforesaid Directors, is provided separately in the Report on Corporate Governance.

Mr. P. Bhaskara Rao is the Group Chief Financial Officer and Mrs. Madhavi Latha is the Company Secretary of the Company.

Changes in Directors

Mr. D. Chakradhar Reddy, Independent Director has resigned to his office during the year under review.

Declarations by Independent Director:

All Independent Directors have submitted declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Clause 49 of the Listing Agreement.

Board Meetings:

During the year 2014-15, 09 (Nine) meetings were held by the Board of Directors including the separate meeting of independent directors which was held on 31.3.2015.

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

Audit Committee

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

Corporate Governance Report

The Corporate Governance Report, as stipulated under Clause 49 of the Listing Agreement forms part of this Report. The requisite certificate from the Practicing Company Secretary, Mr. P. Konda Reddy confirming compliance with the conditions of corporate governance as stipulated under the aforesaid clause is attached to Corporate Governance Report.

Transfer to the Investor Education & Protection Fund (IEPF)

During the year under review, dividend unclaimed for more than 7 years amounting to 3,94,159/- (Rupees Three Lacs Ninety four thousand One Hundred and Fifty Nine only) pertaining to the financial year 2006-07, was transferred to the Investor Education and Protection Fund.

Industrial relations

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

Policy to prevent Sexual Harassment at the work-place

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

During the year ended March 31, 2015, the ICC received nil complaints pertaining to sexual harassment.

Listing at Stock Exchanges

The equity shares of your Company are listed on NSE and BSE (the stock exchanges). The listing fees for the year 2015-16 have been paid to the stock exchanges.

CEO & CFO certification as per Cl. 49 of the Listing Agreement

As required by Clause 49 of the Listing Agreement, the CEO and CFO certification on the Financial Statements and the Internal Control Systems for financial reporting has been obtained from Mr. D. Vijay Sen Reddy – Managing Director & Chief Executive Officer and Mr. P. Bhaskara Rao - Chief Financial Officer and the same was reviewed by the Board of Directors and is annexed to the Corporate Governance Report.

Internal Audit & Controls

The company has appointed Mr. M. Shanker, B.Com. and MBA-Finance, as Internal Auditor of the company and takes his suggestions and recommendations to improve and strengthen the internal control systems. His scope of work includes review of operational efficiency, effectiveness of systems & processes, compliances and assessing the internal control strengths in all areas.

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

Management Discussion & Analysis Report

The Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement with the stock exchanges forms part of this Report.

Subsidiary Companies & Consolidated Financial Statements

As on 31st March, 2015, the Company has 3 subsidiary companies in terms of the Act. A separate section containing a report on performance and financial position of each of subsidiaries, associates and joint ventures in Form AOC-1, is included in the consolidated financial statements of the Company.

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

The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with applicable accounting standards, issued by the Institute of Chartered Accountants of India and forms part of this Annual Report. In terms of Section 136 of the Companies Act, 2013 ('the Act'), financial statements of the subsidiary companies are not required to be sent to the members of the Company.

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

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

Statutory Auditor & his Report:**Auditor:**

Mr. S.V. Rangan, Chartered Accountant (M. No. 022037) was appointed as the Statutory Auditor of the Company to hold office from the conclusion of 20th Annual General Meeting till the conclusion of the 23rd Annual General Meeting to be held in 2017, subject to ratification by the shareholders at every Annual General Meeting. Accordingly, your Board recommends for the ratification of appointment of Mr. S.V. Rangan as the Statutory Auditor of the Company for the financial year 2015-2016.

Certificate from the Auditor has been received to the effect that his re-appointment, if made, would be within the limits prescribed under Section 141(3)(g) of the Act and he is not disqualified for re-appointment.

Auditors' Report

- (i) Emphasis of Matter given for Note 37(a) of the Standalone Financial Statements –is self explanatory and do not call for any further comments.
- (ii) Emphasis of Matter given for Note 37(b) of the Standalone Financial Statements – is self explanatory and do not call for any further comments.
- (iii) Explanation for point no.(a) of Consolidated Audit Report - in respect of note 35(c) of CFS.

Secretarial Auditor

The Board has appointed Mr. P. Konda Reddy, Practicing Company Secretary, to conduct Secretarial Audit for the FY 2014-15. The Secretarial Audit Report for the financial year ended 31st March, 2015 is an Annexure to this Report. The said report does not contain any qualification, reservation and adverse remarks.

Establishment of Vigil Mechanism:

The Company has established a vigil mechanism in the form of Whistle Blower Policy in line with Listing Agreement, to deal with instances of unethical and / or improper conduct, actual or suspected fraud, violation of company's code of conduct and suitable steps to investigate and correct the same. The details of the Whistle Blower Policy are furnished in the Corporate Governance Report and the same is posted on the website of the Company.

Extract of Annual Return

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

Particulars of Loans, Guarantees and Investments:

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

Particulars of Contracts or Arrangements with Related Parties

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

During the year, the Company had certain material transactions referred to in Section 188 of the Companies Act, 2013 with related parties. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is applicable and given as annexure to this Report. Attention of Members is drawn to the disclosure of transactions with related parties set out in Notes to Accounts – Note No. 34B forming part of the Standalone financial statements.

The company has formulated a policy on related party transactions in line with Listing Agreement. The policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and related parties.

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

There are no material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2015 and the date of this Report.

Risk management:

The company has a risk management policy and framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives, and enhance the company's competitive advantage. This framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

Your company has a Risk Management Committee and further details are set out in the Corporate Governance Report forming part of Directors' Report.

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

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

Particulars of Employees:

The percentage of increase in remuneration of each director, Chief Financial Officer, and Company Secretary during the financial year 2014-15, ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2014-15 and the comparison of remuneration of each KMP against the performance of the company are as under:

Sl. No.	Name of the director/ KMP and designation	Remuneration of director/ KMP for financial year 2014-15	% increase in remuneration in the financial year 2014-15	Ratio of remuneration of each director/to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the company
1.	Mr. D. Vijay Sen Reddy – Managing Director	24,00,000	Nil	22.22	The remuneration of the Directors & KMPs is well within the industry limits and in tandem with the performance of the company
2.	Mr. K. Ravi Kumar – Whole Time Director	18,00,000	Nil	16.67	
3.	Mr. Sumit Sen	14,40,000	Nil	13.33	
4.	Mr. P. Bhaskara Rao – CFO	10,44,000	Nil	9.67	
5.	Ms. D. Madhavi Latha	6,36,000	Nil	5.89	

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

Nomination & Remuneration Committee:

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

The board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Key Management Personnel and Senior Management including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Companies Act, 2013.

Board Evaluation

Your Company conducted a formal Board Effectiveness Review as part of its efforts to evaluate, identify improvements and thus enhance the effectiveness of the Board of Directors (Board), its Committees, and individual directors. This was in line with the requirements mentioned in the Companies Act and the Listing Agreement.

The Corporate HR team of the company worked directly with the Chairman and the Nomination and Remuneration Committee of the Board, to design and execute this process which was adopted by the Board.

Corporate Social Responsibility:

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

Human Resources:

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

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

Code of Conduct & Declaration by MD & CEO:

Your Company has laid down a Code of Conduct for all Board members, Senior Management and Independent Directors of the company in line with the provisions of clause 49 of the Listing Agreement and Schedule V to Companies Act, 2013. The Code of Conduct has been posted on the website of the Company.

A declaration by the Managing Director & CEO stating that all the Board Members and senior management personnel have affirmed their compliance with the Code of Conduct for the financial year ended March 31, 2015, is annexed to the Corporate Governance Report.

Directors' Responsibility Statement

In terms of provisions of Section 134(5) of the Act, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and the profit and loss of the Company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis;
- (v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

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

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

On behalf of the Board

Sd/-

D. Vijay Sen Reddy
Chairman & Managing Director

Place : Hyderabad
Date : 14th August, 2015

ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

I. Steps taken for conservation of energy:

- (a) Company is using T-5 fluorescent lamps with electronic ballasts, which are saving 60% energy consumption than that of normal tube lights
- (b) In corridors of typical floors, we are using CFL fixtures with electronic ballasts
- (c) In the basement and external areas, we are using LED light fixtures which are less in wattage with high efficiency compared to normal conventional metal halide, sodium vapour & mercury vapour light fixtures. By using LEDs we will be able to save 50% energy consumption compared to that of CFL fixtures
- (d) Using high efficiency motors to save power consumption. Fire fighting pumps, PHE pumps which generally run continuously are of higher capacities and will consume more power. By using high efficiency motors, the power consumption will be saved by 18-20% than that of normal regular pumps.
- (e) Creating more number of fresh air paths to the basements to reduce utilization of mechanical ventilation system.
- (f) Introducing motion detection sensors in the common areas to auto control of lighting

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

- (i) Solar power system for street lighting, garden lighting & power to common loads like water pumps, fire pumps & basement ventilation fans which consumes more energy
- (ii) DG power supply is one more alternative source of power supply to the premises in case of either shortage of power supply or in case of power failures. Even these generators are also of low emission with high efficiency alternators and engines to give longer span of life
- (iii) Commitment to a minimum level of certification under a green building rating will ensure that our customers are able to enjoy the benefits of clean fuels and lower energy bills.
- (iv) Innovative and intelligent planning and energy modeling is a core feature of our design practices. Orientation of our buildings coupled with appropriate fenestration significantly decreases the energy requirements for cooling and lighting.
- (v) Solar rooftop reduces the energy requirement for common area lighting. Solar water heating reduces the energy requirement for hot water in residential buildings.

III. The capital investment on energy conservation equipments, if any:

There was no capital investment made on energy conservation equipments during the year under review.

B. TECHNOLOGY ABSORPTION

I. The efforts made towards technology absorption

(a) Technical Initiatives:

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

(b) Process Initiatives:

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

II. The benefits derived like product improvement, cost reduction, product development or import substitution:

- Cross learnings and best practices already implemented are being replicated across all projects to optimize the construction process in terms of cost and time.
- The cost of materials has been optimized through a revision of the procurement strategy while maintaining quality.
- Materials with less embodied energy are being included as alternate materials.

III. Information regarding imported technology (imported during last 3 years)

The Company has not imported any technology during last 3 years.

IV. Expenditure incurred on Research & Development: N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year 2014-15, expenditure in foreign currencies in terms of actual outflow amounted to ₹ 9.64 lakhs (Previous Year 146.06 lakhs). The Company has not earned any foreign exchange during the year.

Form No. MR-3**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015**

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

To
The Members
Prajay Engineers Syndicate Limited

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

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

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (Not notified during the Audit Period and hence not applicable).
- (ii) The Listing Agreement entered into by the Company with Stock Exchanges.

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

I further report that-

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

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

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

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

Place : Hyderabad
Date : 14th August, 2015

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

ANNEXURE TO SECRETARIAL AUDIT REPORT

The Members

Prajay Engineers Syndicate Limited

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

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

Place : Hyderabad
Date : 14th August, 2015

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

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31.3.2015

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L45200AP1994PLC017384
ii.	Registration Date	19-04-1994
iii.	Name of the Company	Prajay Engineers Syndicate Limited
iv.	Category/Sub-Category of the Company	Public Limited company
v.	Address of the Registered office and contact details	8-2-293/82/A, Plot No.1091, Road No. 41, Jubilee Hills, Hyderabad-500 033; Tel.: 040-66222999 Fax:040-66222966; website: www.prajayengineers.com, Email Id: investorrelations@prajayengineers.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot # 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Phone:040- 67161603; Website: www.karvy.com Email Id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Construction and Real Estate Development	4100	81%
2	Hospitality - Hotels and Resorts	55101	16%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Prajay Holdings Private Limited 1-10-63 & 64, Prajay Corporate House, Chikoti Gardens, Begumpet, Hyderabad-500016.	U51909TG2006PTC053715	Subsidiary	78.00%	
2.	Prajay Properties Private Limited 8-2-293/82/A, Plot No.1091, Road No.41, Near Peddamma Temple, Jubilee Hills, Hyderabad -500 033	U70102TG2007PTC053296	Associate	49.49%	
3.	Genesis Capital Private Limited C/o. ABAX Corporate Services Limited 6th Floor, Tower A, 1 Cyber city, Ebene, Republic of Mauritius	N.A.	Associate	50.00%	

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

i. Category-wise Share Holding

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during The year
	Demat	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
g) FIs	4139792	0	4139792	5.92	1103199	0	1103199	1.58	-4.34
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(1)	4139792	0	4139792	5.92	1103199	0	1103199	1.58	-4.34
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	11550030	4300	11554330	16.52	11654471	4300	11659071	16.67	+0.15
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	10948003	227594	11175597	15.98	11219142	226984	11446126	16.36	+0.38
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	9222622	299700	9522322	13.62	10580261	299700	10879961	15.56	+1.94
c) Others(Specify)	0	0	0	0	0	0	0	0	0
Clearing Members	35199	0	35199	0.05	35101	0	35101	0.05	Nil
Non Resident Indians	5283057	0	5283057	7.55	6813105	0	6813105	9.74	+2.19
HUFs	1111679	0	1111679	1.59	885413	0	885413	1.27	-0.32
Directors & Their Relatives	4124297	0	4124297	5.90	4124297	0	4124297	5.90	Nil
Trusts	1500	0	1500	0	1500	0	1500	0	Nil
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Sub-total(B)(2)	42276387	531594	42807981	61.21	45313590	530984	45844574	65.55	+4.34
Total Public Shareholding (B)=(B)(1)+ (B)(2)	46416179	531594	46947773	67.13	46416789	530984	46947773	67.13	Nil
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	69404197	531594	69935791	100	69404807	530984	69935791	100	Nil

ii. Shareholding of Promoters

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

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

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

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

Sl. No.	Name	Shareholding at the beginning of the year 01.04.2014		Bought during the year	Sold during the year	Shareholding at the end of the year 31.03.2015	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company
1.	Shalini Rodrigo Torbol	3496789	4.99	0	0	3496789	4.99
2.	Ultimate Money Makers India Pvt. Ltd.	3428905	4.90	0	0	3428905	4.90
3.	Claus Christian Torbol	0	0	1700000	0	1700000	2.43
4.	M Abhinav Reddy	1537000	2.20	0	0	1537000	2.20
5.	Vansh Value Realty Pvt Ltd	1500000	2.14	0	0	1500000	2.14
6.	Maplenet Technologies Pvt Ltd	1500000	2.14	0	0	1500000	2.14
7.	Vdb Projects Private Limited	1438451	2.06	0	0	1438451	2.06
8.	Ravindar Reddy Nandi	1423000	2.03	0	0	1415207	2.02
9.	Money Tree Media Ventures Pvt Ltd	1000000	1.43	0	0	1000000	1.43
10.	Cisa (Mauritius) Limited	973862	1.39	0	0	973862	1.39

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

Sl. No.	Name	Shareholding at the beginning of the year 01.04.2014		Bought during the year	Sold during the year	Shareholding at the end of the year 31.03.2015	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company
1.	Sumit Sen	1468693	2.10	0	0	1468693	2.10
2.	K. Ravi Kumar	50000	0.07	0	0	50000	0.07
3.	N. Nageshwara Rao	500	0.00	0	0	500	0.00
4.	Vijay Kishore Mishra	1063034	1.52	0	0	1063034	1.52
5.	P. Bhaskara Rao	5410	0.007	0	0	5410	0.007
6.	D. Madhavi Latha	0	0	0	0	0	0

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1605363872	7607500	8395648	1621367020
ii) Interest due but not paid	212961858	-	-	212961858
iii) Interest accrued but not due	414951	-	-	414951
Total(i+ii+iii)	1818740681	7607500	8395648	1834743829
Change in Indebtedness during the financial year				
- Addition	-	512	-	512
- Reduction	24464004	-	1395648	25859652
Net Change	(24464004)	512	(1395648)	(25859140)
Indebtedness at the end of the financial year				
i) Principal Amount	1580899868	7608012	7000000	1595507880
ii) Interest due but not paid	449053153	-	-	449053153
iii) Interest accrued but not due	317366	-	-	317366
Total (i+ii+iii)	2030270387	7608012	7000000	2044878399

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		D. Vijay Sen Reddy-MD/ CEO	K. Ravi Kumar-WTD	Sumit Sen-WTD	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,00,000	18,00,000	14,40,000	56,40,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
6.	Total (A)	24,00,000	18,00,000	14,40,000	56,40,000
	Ceiling as per the Act				1,80,00,000

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	6,36,000	10,44,000	16,80,000
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	-	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961	-	Nil	Nil	Nil
2.	Stock Option	-	Nil	Nil	Nil
3.	Sweat Equity	-			
4.	Commission - as % of profit - others, specify...	-	Nil	Nil	Nil
5.	Others, please specify	-	Nil	Nil	Nil
6.	Total (A)	-	6,36,000	10,44,000	16,80,000

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

FORM NO. AOC -2

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

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

1. Details of contracts or arrangements or transactions not at Arm's length basis.

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

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

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Indian Economy:

The Indian economy has been reporting a growth of less than 5% for the past two financial years. India's GDP growth was 4.5% and 4.7% in FY 2013 and FY 2014, respectively. However, since the start of FY 2015, business and investor sentiments have been positive which coincided with the new government assuming power at the Centre.

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

Real estate is a critical sector for India's economy due to its large potential for employment generation, capital attraction and revenue generation for the government. It is one of the fastest growing sectors contributing about 6% to India's GDP. The real estate sector witnessed a slowdown in FY15 due to moderate end user demand, rising inventory and high finance costs. However, despite adverse sector dynamics, prices were resilient in most cities and have dropped only in select micro markets.

To cope with reduced demand and high pricing, developers are now reducing the sizes of apartments in new projects in order to target mid-income customers.

Although FY2014-15 was a difficult year for the real estate sector the long-term potential for the sector remains intact and it continues to be an important catalyst to the nation's overall economic growth.

(i) Residential Real Estate:

The residential real estate sector in India witnessed moderation in sales, absorption and new launches. Divergent trends were witnessed based on location and price. Overall, demand continued to be weak across top cities and did not witness a meaningful pick up after the general elections. Despite the subdued performance in recent years India's demographics and urbanization trends present an optimistic future for the residential market. Demand is expected to revive given the reduction in interest rates and higher GDP growth. The rate cut cycles bodes well for the residential sector with lower outgo for mortgage payments improving affordability.

(ii) Commercial Real Estate:

Developers were wary of launching new office projects on account of cautious expansion plans of corporate and oversupply of office space. Overall vacancy is likely to gradually reduce over Cy15-17, owing to limited launches of new office space. Corporate entities have already begun rolling out their expansion plans due to an improvement in business fundamentals. The anticipated revival of the economy is expected to be a key trigger for the segment.

Given that the market has seen an oversupply in the last few years, the gap between demand and supply is likely to shorten, leading to a further increase in rentals. IT/ITeS, financial and services segments continued to drive demand for office space in India's leading cities.

(iii) Retail Real Estate:

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

Tourism and Hospitality - Industry-Structure and Development:

The Indian Tourism and Hospitality Industry has emerged as one of the key drivers of growth among the services sector in India. Hospitality as major segment of tourism has growth by 10-15% on the back of better consumer sentiment with the change of government. As demands going up occupancies are improving. The supply of rooms hitting the market now is from projects announced between 2009 and 2011. Most hotel owners are in a wait and watch mode.

IRDA limited rating agency expects the revenue growth of Indian hotel industry strengthening to 9-11% in 2015-16.

2. OPPORTUNITIES AND THREATS:

A. Opportunities:

A no. of factors are expected to contribute to the growth of housing demand in India. Chief among them are rapid urbanization, decreasing average household size and easier availability of home loans. The socio-cultural shift towards nuclear families is also providing an additional impetus to housing demand in India. The urban sector currently contributes around to 60% of India's GDP.

(i) Demand for housing:

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

(ii) Monetary Easing:

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

(iii) Government reforms:

Real Estate Regulation Bill – the Union Cabinet approved amendments to the long-pending real estate bill to bring all ongoing projects under its ambit. The bill entails the formation of a Housing Regulatory Authority (HRA) to ensure compliance by the developer and increase transparency in the housing sector.

This bill provides a renewed boost to transparency levels in the Indian real estate sector. This will instill more confidence among global investors and in turn provide better access to structured capital for the sector.

(iv) Foreign Direct Investment (FDI) in Real Estate:

The government's policy initiatives to ease FDI rules in construction by reducing the minimum capital requirement from US\$10 million to US\$5 million and the built up area from 50,000sq. mt. to 20,000 sq.mts. is likely to boost foreign fund inflows significantly. This will bring in both capital and expertise, ensuring development of sustainable and quality urban housing in India. The relaxation of lock-in period also comes as a major relief for the industry.

(v) Bank's long term bonds for financing affordable housing:

RBI has allowed issuance of long-term bonds by banks for raising capital, in order to ensure adequate credit flow to the affordable housing sector. Lending to the affordable housing sector, the RBI has allowed issuance of long-term bonds by banks for raising capital. Lending to the affordable housing sector includes mortgage loans that are limited to INR 5 million in 6 metro cities – for houses valued up to INR 6.5 million in Mumbai, New Delhi, Chennai, Kolkata, Bengaluru and Hyderabad and up to INR 4 million for houses valued up to INR 5 million in other locations.

(vi) Real Estate Investment Trusts (REITs):

The introduction of REITs will provide access to funding for developers, better valuations for commercial properties, access to individual investors in commercial real estate and a more structured and transparent commercial real estate market. REITs primarily invest in completed real estate assets that generate revenue and the majority of their earnings are distributed among investors. REITs are thus a low-risk investment avenue providing regular income.

The union budget 2015 rationalized the capital gain tax regime for the sponsors of REITs. The budget also proposed that the rental income arising from real estate assets directly held by the REIT would be allowed to pass through and will be taxed in the hands of the unit holders of the REIT.

This would help to channel both the domestic and over seas investments into real estate projects in the country.

Opportunities - Hyderabad Real Estate:

Hyderabad's superior infrastructure, affordability and cosmopolitan ethos still make Hyderabad the choice of many home buyers.

A survey by indiaproerty.com during December, 2014 says that a major buying trend that can be seen in the real estate industry, include high proportion of end-users looking for mid-segment properties, buyers giving importance to infrastructure, presence of public transport and security before deciding the locality.

When it comes to purchasing property, apartments continue to be the most popular choice among buyers in Hyderabad.

On analyzing commercial leasing and absorption in Hyderabad over the last few years, it emerges that grade A commercial leasing picked up from 6.8% in 2011 to 8.6% in 2014. In spite of the uncertain political environment, Hyderabad still held a 9% share of total Indian office leasing. It is quite possible that Hyderabad's share could move into double digits over the next few months.

Centre & State Government Initiatives:

Government of India has launched the 'Make in India' campaign, which includes major new initiatives designed to facilitate investment, foster innovation, protect intellectual property and build best-in-class manufacturing infrastructure. There is also an increased emphasis on reducing entry barriers by introducing new de-licensing and deregulation measures thereby reducing complexity and significantly increasing the ease of doing business.

Housing and urban development are key priorities of the new government, the recent policy measures to relax foreign direct investment (FDI) norms, providing housing for all by 2022, create 100 smart cities and approve Real Estate Investment Trusts (REITs) have boosted the confidence of stakeholders.

The Govt. of Telangana is aiming to rebuild brand 'Hyderabad' by concentrating on the information technology sector. Among the companies geared up for expanding their operations in and around Hyderabad are tech major such as Amazon, Google, Face book, Microsoft, Cognizant, and TATA Consultancy Services (TCS).

-ITER project is coming with a central funding of over 1.32 lakh crores, is a long term programme expected to be completed by 2024.

- Cognizant, has plans to expand operations to develop its own encryption software and anti-spam software products for which is has sought 54 acres of land at Adibatla village on the city outskirts, which would provide over 12,000 jobs.

- Google –is looking to build its own township on a 20 acre plot in Kokapet to house its entire operations in Hyderabad.

The govt. plans to set up an IT governing body that will monitor various sector-related issues. The government wants to take the sector to Two Tier and Three Tier cities. Special incentives and tax rebates have been planned for start-ups and investors in these corridors.

B. THREATS AND CHALLENGES

- (i) **Regulatory hurdles:** Unfavorable changes in government policies and the regulatory environment can adversely impact the performance of the sector. There are substantial procedural delays with regards to land acquisition, land use, project launches and regulatory bottlenecks may impact profitability and affect the attractiveness of the sector and companies operating within the sector
- (ii) **Funding problems:** The RBI has set a threshold of 15% for the total maximum exposure of banks to real estate, including individual housing loans and lending to developers for construction finance which is quite low and is curtailing the growth of the sector. Absence of long term funding from banks is forcing developers to look at alternative sources of funds, most of which do not offer affordable interest rates.
- (iii) **Shortage of manpower and technology:** Despite being the second largest employer in the country the construction sector as a whole faces a manpower shortage. Further the sector is

heavily dependent on manual labour which increases the timelines for projects and results in supply getting deferred. Hence, less labour intensive alternative methods of construction need to be adopted on a large scale through training and skill development of manpower.

3. SEGMENT WISE – PRODUCT WISE PERFORMANCE:

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

Prajay Waterfront City situated at Murharpally Village, Shamirpet: Water front City is spread across 72 acres of premium property, nearby a large natural lake offers an alluring lifestyle and is nearby Genome Valley. This property is well developed and approved by DTCP with all gated community features and nearest to Alexandria, a multi crore Biotechnology SEZ. This project is completed 90% in all respects and got 5% bookings during the year thereby aggregating to 85% of the first phase of the project.

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

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

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

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

Construction work in Three Blocks (comprising of 9 Towers) is in an advanced stage and it is planned to hand over possession of 3 towers by October first week for carrying out interiors to customers and rest of the towers by March 16.

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

Prajay Gulmohar situated at Kuntloor, Hayathnagar Mandal: A gated community project with 198 independent plots, out of which 73 are independent houses, 89 duplex houses and 36 being villas, is set on 21 acres of land. This project is almost completed in all respects and families are staying with all amenities in place.

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

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

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

Part of the commercial space in ground floor and fifth floor are sold. Third & fourth floors are occupied by Future Lifestyle (Brand Factory), first & second floors are vacant at present. Part of office space in fifth floor is leased to different firms/clients.

Prajay Blue Hope (Joint Development with Legend) situated at Abids Road, Hyderabad – Prajay Blue Hope is a commercial cum residential project with 8 floors on 4032 sq. yards and situated at the heart of the city at Abids. Ground and First floor are meant for retail purpose, 2-4 floors earmarked for Office space and the rest 5-8 floors are meant for residential purpose – the construction work is in progress.

4. OUTLOOK

Your Company continues to implement its strategy to concentrate on its core business & geographies and to develop a right product mix well suited for the market.

Although FY2014-15 was a difficult year for the real estate sector, the long-term potential for the sector remains intact and it continues to be an important catalyst to the nation's overall economic growth.

Hyderabad's superior infrastructure, affordability and cosmopolitan ethos still make Hyderabad the choice of many home buyers. The Govt. of Telangana is aiming to rebuild brand 'Hyderabad' by concentrating on the information technology sector. Among the companies geared up for expanding their operations in and around Hyderabad are tech major such as Amazon, Google, Facebook, Microsoft, Cognizant and TATA Consultancy Services (TCS).

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

5. RISKS AND CONCERNS

Your company is exposed to a number of risks such as economic, regulatory, taxation and environmental risks and also the investment outlook towards Indian real estate sector. Some of the risks that may arise in its normal course of its business and impact its ability for future developments include inter alia, credit risk, liquidity risk, counterparty risk, regulatory risk, commodity inflation risk and market risk. Your company's chosen business strategy of focusing on certain key products and geographical segments is also exposed to the overall economic and market conditions.

Your company has implemented robust risk management policies and guidelines that set out the tolerance for risk and your company's' general risk management philosophy. Your company has established a framework and process to monitor the exposures to implement appropriate measures in a timely and effective manner.

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

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

Many of company's future projects are in preliminary stages of planning and any delay in obtaining approvals could warrant revised scheduling of project timelines.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

7. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS PERFORMANCE.

Revenue /loss from Operations:

The company revenues are reduced to ₹ 5812.10 lacs during the year as against ₹ 8747.78 lacs during the previous year, reduced by 33.56%.

The company has incurred a loss of ₹ 2360.18 lacs during the year as against loss of ₹ 202.91 lacs for the corresponding previous year.

Operational cost:

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

EBIDTA:

EBIDTA is negative and is at ₹ (1180.03) lacs in the financial year 2014-15 as against ₹ (363.40) lacs in the financial year 2013-14.

The reasons for negative EBIDTA is due to adverse market conditions in Real estate and construction sectors in and around Hyderabad where the company has concentrated its operations and also due to rising energy costs and cost of key inputs.

Profits & ratios:

The company has incurred a loss of ₹ 2360.18 lacs during the year as against a loss of ₹ 202.91 lacs for the corresponding previous year.

The basic earnings per share stood at ₹ (3.37) for the current financial year as against ₹ (0.30) for the previous financial year.

However, the current ratio of the company for the year 2014-15 stood at 1.48 which is comfortable.

Shareholders' Funds:

There is no change in the capital structure of the company during the year under review and the net worth of the company stands at a comfortable position of ₹ 636.39 crores.

Loan Funds:

The company continues to get support from its bankers and financial institutions. The debt to equity position of the company remains at a comfortable position of 0.32 when compared to acceptable level of 2:1. The secured borrowings of the company stood at 203.45 crores as at the end of the year.

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

Our human capital continues to be the key driver for growth, effectiveness and success. Our focus was to ensure optimum utilization and development of our talent pool aligned with our existing business plans and outlook. As on 31.3.2015, our company's 'on rolls' talent pool comprise of about 275 Employees.

The company's HR practices and policies are geared toward retention and capability building of our key talent. Career growth opportunities & lateral movements are provided as a part of the growth trajectory for our employees. Reward & retention strategy aims at strengthening alignment of performance and reward. We continue to work towards employee well being through various welfare programs.

Pursuant to the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under, we have aligned our existing policy to bring it in line with the provisions of the Act and also taken necessary steps to ensure compliance with the Act.

To redress complaints of sexual harassment, an Internal Complaints Committee has been formed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made there under

CAUTIONARY STATEMENT:

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

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the financial year ending 31st March 2015 pursuant to Clause 49 of the Listing Agreement is set out below:

1. Company's philosophy on Code of Corporate Governance

The Company's philosophy on Corporate Governance is to conduct its business in a manner, which is ethical and transparent with all stakeholders of the Company. This objective is achieved by adopting corporate practices based on principles of transparency, accountability, fairness and integrity to create long term sustainable value for all its stakeholders.

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

During the period under review, the Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges with regard to Corporate Governance.

2. The Board of Directors

The Company has an Executive Chairman. The Chairman along with the Whole time Directors, manages the day-to-day affairs of the Company. The Board of the Company has a combination of Three Executive Directors comprising 37.5 % and Five Non-Executive Directors comprising 62.5 % of the Board as on 31st March 2015.

a. Composition and Category of Directors as on 31st March 2015.

Sl.No.	Category	Name of the Director
1.	Promoter /Whole Time Director	D. Vijay Sen Reddy
2.	Whole Time Director	K. Ravi Kumar
3.	Whole Time Director	Sumit Sen
4.	Independent director	Vijay Kishore Mishra
5.	Independent director	N. Nageshwara Rao
6.	Non-Executive Director	M. Raja Gopala Reddy
7.	Independent Director	S.K. Rudresh
8.	Independent Director	V. Padma(DoJ-31.3.2015)

None of the Directors is related to other Director on the Board. None of the Directors on the Board is a member of more than 10 (Ten) Committees or Chairman of more than 5 (Five) Committees as specified in Clause 49 of the Listing Agreement, across all the Companies in which he / she is a Director. All the Directors on the Board of the Company have made necessary declarations / disclosures regarding their other directorships along with Committee positions held by them in other Companies.

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

The Board critically evaluates the Company's strategic directions, management policies and their effectiveness. The Board regularly reviews inter-alia, industry environment, annual business plans and performance against the plans, business opportunities including investments/ divestment, related party transactions, compliance processes including material legal issues, strategy, risk management practices and approval of Financial statements/results.

Appointment of Independent Directors

The Board of Directors of the Company has adopted the provisions with respect to appointment and tenure of Independent Directors laid down under the Companies Act, 2013 and the Listing Agreement.

At the 20th Annual General Meeting of the Company held on September 30, 2014, the members had appointed all existing Independent Directors of the Company, being, Mr. Vijay Kishore Mishra, Mr. N. Nageshwara Rao and Mr. S.K. Rudresh as Independent Directors under the provisions of the Companies Act, 2013 and Listing Agreement for a period of five years effective from September 30, 2014 to September 29, 2019.

The Company has issued a formal letter of appointment to the Independent Directors in the manner as provided in the Companies Act and the revised Clause 49 of the Listing Agreement. The terms and conditions of appointment have also been displayed on the website of the Company @ <http://www.prajayengineers.com/investors/corporate-governance>

Familiarisation Program for Independent Directors

The Company has conducted a familiarization Program for the Independent Directors appointed during the year. The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarize them with the processes, businesses and functionalities of the Company and to assist them in performing their role as Independent Directors of the Company. The Company's Policy for conducting the Familiarization Program has been disclosed on the website of the Company at <http://www.prajayengineers.com/investors/corporate-governance>

Information to be placed before the Board

The information provided to the Board includes:

- Annual operating plans and budgets, capital budgets and any updates thereon;
- Quarterly results of the Company and its operating divisions / business segments;
- Minutes of meetings of Audit Committee and other Committees of the Board;
- Information on recruitment and remuneration of senior officers just below the Board level including appointment or removal of CFO and the Company Secretary;
- Materially important show cause, demand, prosecution and penalty notices;
- Fatal or serious accidents or dangerous occurrences; if any
- Any materially significant effluent or pollution problems;
- Any unplanned materially relevant default in financial obligations to and by the Company;
- Any issue which involves possible public or product liability claims of a substantial nature;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions;
- Significant development in human resources / industrial relations;
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business;
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement; and
- Non-compliance of any regulatory, statutory nature or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer etc.

The Board of the Company is presented with all relevant information under the above heads, whenever applicable. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

Separate Meeting of Independent Directors

The Company's Independent Directors met on March 31, 2015 without the presence of the Managing Director & CEO, Executive Directors, Non-Executive Directors and the Management Team. The meeting was attended by all the Independent Directors and they have reviewed and considered the following:

- a. the performance of Non-Independent Directors and the board as a whole;
 - b. the performance of the Chairperson of the Company after considering the views of Executive Directors & Non-Executive Directors;
 - c. Assessed the quality, quantity and timeliness of flow of information between the company management and the board as a whole, to enable them to discharge their duties effectively.
- b. Attendance of each Director at the Board Meetings held during the year 2014-15 and at the last Annual General Meeting.

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

Name of the Director	No. of Board Meetings during 2014-15		Attendance at the last AGM held on 30.09.2014
	Held	Attended	
D. Vijay Sen Reddy	09	08	Yes
K. Ravi Kumar	09	06	Yes
Sumit Sen	09	06	Yes
Vijay Kishore Mishra	09	09	Yes
N. Nageshwara Rao	09	08	No
M. Raja Gopala Reddy	09	05	No
S.K. Rudresh	09	06	No
V. Padma (appointed on 31.3.2015)	09	01	N.A.

- c. **Number of directorships and committee chairmanships/memberships held by them in other public companies as on 31 March 2015 are given herein below:**

Name of the Director	Category	Relationship between directors inter-se	Other Director or ships *	Committee Memberships **	Chairmanships in Committees
D. Vijay Sen Reddy	Managing Director	None	11	1	Nil
K. Ravi Kumar	Whole Time Director	None	Nil	Nil	Nil
Sumit Sen	Whole Time Director	None	5	1	Nil
Vijay Kishore Mishra	Independent Director	None	Nil	Nil	2
N. Nageshwara Rao	Independent Director	None	1	2	Nil
S.K.Rudresh	Independent Director	None	Nil	1	Nil
M. Raja Gopala Reddy	Non-Executive Director	None	3	1	Nil
V. Padma	Independent Director	None	Nil	Nil	Nil

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

Directors with materially significant related party transactions, pecuniary or business Relationship or transaction with the Company

Except for drawing remuneration, none of the Directors have any other materially significant related party transactions, pecuniary relationship or transaction with the Company. The Company enters into transactions in the ordinary course of business with the companies in which the Directors hold directorship. Attention of the Members is drawn to the disclosures of transactions with related parties set out in Notes to Accounts Note No. 34B of Standalone Financial Statement, forming part of the Annual Report.

Non-Executive Directors Interest

None of the Non-Executive Directors has any pecuniary or material relationship or transaction with the Company. The following are the details of the shareholding of Non-Executive Directors as on 31st March 2015:

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

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

Brief resume of Directors who are retiring by rotation and Director(s) getting appointed / re-appointed at this Annual General Meeting of the Company are as under:

Mrs. V. Padma:

Mrs. Padma is Commerce graduate and has good experience in the fields of management, administration, business strategy and her presence on the board would help the company to get benefitted from her experience and to enable the company to strengthen its compliance functions.

Mr. Sumit Sen:

Mr. Sumit Sen, aged about 58 years is a market expert and has been associated with the Company since 2000. Mr. Sumit Sen has more than two decades of experience and expertise in the construction industry and plays vital role in formulating the sales strategy, identifying consumer trends and finalizing the pricing mechanism for various projects of the company.

His updated knowledge about market trends, government and semi – governmental policies pertaining to the realty industry, cordial relations with the market players helps the company to formulate /modify its marketing and sales strategies from time to time.

Mr. D. Vijay Sen Reddy:

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

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

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

Functions of the Company Secretary

The Company Secretary being a Key Managerial Personnel of the Company ensures that the Board procedures are followed and reviewed regularly. She/he provides all the relevant information, details and documents to the Directors and senior management for effective deliberation and decision making

at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in conducting affairs of the Company, to ensure compliance with applicable statutory requirements and secretarial standards, to provide guidance to the Directors and to facilitate convening of meeting. She/he interfaces between the management and regulatory authorities for governance related matters.

d. Number of Board meeting held during the year under review:

Total Nine (09) Board meetings were held during the year April – March 2015. The dates on which the Board meetings were held are: 14th April, 2014; 30th May, 2014; 14th August, 2014; 21st October, 2014; 14th November, 2014; 28th January, 2015; 14th February, 2015; 31st March, 2015 and the separate meeting of Independent Director held on 31st March, 2015.

Committees of the Board

The Board has constituted Five Committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. The Board constitutes additional functional committees, from time to time, depending on the business needs.

3. Audit Committee

The composition of the Audit Committee of the Company is in line with the provisions of Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement. The Company's Audit Committee comprises 3 (Three) Independent Directors. The Committee met 4 (Four) times during the Financial Year ended March 31, 2015, i.e. on May 30, 2014, August 14, 2014, November 14, 2014, and February 14, 2015. Table below gives composition and the attendance record for the aforesaid meetings of the Audit Committee:

Name of the Member & Category	Number of meetings during the year 2014-15		
		Held	Attended
Mr. Vijay Kishore Mishra	Chairman-Independent Director	04	04
Mr. N. Nageshwara Rao	Member-Independent Director	04	04
S.K. Rudresh	Member-Independent Director	04	04

All the members of the Audit Committee are eminent professionals and draw upon their experience and expertise across a wide spectrum of functional areas such as finance, taxation, planning and corporate strategy. The Chairman of the Audit Committee was present at the Annual General Meeting to answer Members' queries. Minutes of each of the meeting of the Audit Committee are placed before the Board in its meetings. The Audit Committee invites the executives of the Company viz., Managing Director & Chief Executive Officer, Executive Directors, Head of Finance, as it considers appropriate and the representatives of the Statutory Auditors and Internal Auditors at its meetings. Mrs. D. Madhavi Latha, Company Secretary acts as the Secretary to the Audit Committee.

The Audit Committee of the Company performs the following functions:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report,
 - b. Changes, if any, in accounting policies and practices and reasons for the same,
 - c. Major accounting entries involving estimates based on the exercise of judgment by management,
 - d. Significant adjustments made in the financial statements arising out of audit findings,

- e. Compliance with listing and other legal requirements relating to financial statements,
 - f. Disclosure of any related party transactions, and
 - g. Qualifications in the draft audit report,
5. Reviewing along with the management, the quarterly financial statements before submission to the board for approval.
 6. Reviewing along with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document /prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 9. Discussion with internal auditors on any significant findings and follow up there on.
 10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 13. To review the functioning of the Whistle Blower mechanism, in case the same is existing including operating of the vigil mechanism system for directors and employees of the Company in accordance with Section 177 of the Companies Act.
 14. Approval of appointment of CFO (i.e., the Whole Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters relating to any internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to instances of internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
6. Approval or any subsequent modification of transactions of the company with related parties;
7. Scrutiny of terms of inter-corporate loans and investments.
8. Valuation of undertakings or assets of the Company, wherever it is necessary; and
9. Evaluation of internal financial controls and risk management systems.

4. Nomination & Remuneration Committee

The constitution, scope and powers of the Nomination & Remuneration Committee of the Board of Directors is in accordance with the provisions of Section 178 of the Companies Act and Clause 49 of the Listing Agreement.

The Nomination & Remuneration Committee looks at all matters pertaining to the appointment and remuneration of the Managing Director & Chief Executive Officer, the Executive Directors, Key & Senior Managerial Personnel of the Company.

The Nomination & Remuneration Committee consists of 3 (Three) Non-Executive Directors out of which two are Independent. During the Financial Year ended March 31, 2015, the Committee met 3 (Three) times, i.e. on August 14, 2014, January 28, 2015 and March 31, 2015. The composition and attendance details of the Nomination & Remuneration Committee are given in Table below:

Name of the Director	Category	Number of meetings during the year 2014-15	
		Held	Attended
Mr. Vijay Kishore Mishra	Chairman-Independent Director	03	03
Mr. M. Raja Gopala Reddy	Member-Non-Executive Director	03	03
Mr. N. Nageshwara Rao	Member-Independent Director	03	03

The role of the Nomination & Remuneration Committee, inter alia, include the following:

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

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

Remuneration policy of the Company:

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

The remuneration of the Managing Director and the Executive Director(s) is in consensus with the Company's size, industry practice and overall performance of the Company. At present the company is not paying any remuneration to the Non-Executive Directors.

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

5. Stakeholders Relationship Committee:

The constitution and scope of the Stakeholder Relation Committee of the Board of Directors is in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Stakeholders Relationship Committee of the Board consists of the following members:

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

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

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

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

Complaints / Requests as on April 1, 2014: Nil

Received during the year: 51

Resolved during the year: 51

Pending as on March 31, 2015: Nil

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

6) Risk Management Committee:

The members of the risk management committee are as follows:

SI. No.	Name of the Director / Executive	
1.	D. Vijay Sen Reddy - Managing Director	Chairman
2.	Vijay Kishore Mishra - Independent Director	Member
3.	Sumit Sen - Whole Time Director	Member
4.	D. Rohit Reddy - Executive Director	Member

The risk management committee is inter alia, responsible for risk identification, evaluation and mitigation and control process for such risks and internal control process; monitoring and reviewing risk management policy of the company.

7. Corporate Social Responsibility Committee:

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

SI. No.	Name of the Director	Category
1.	D. Vijay Sen Reddy	Managing Director - Chairman
2.	K. Ravi Kumar	Whole Time Director - Member
3.	Sumit Sen	Whole Time Director - Member
4.	Vijay Kishore Mishra	Independent Director - Member

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

However, the Company is committed to adhere to the provisions of the Companies Act, 2013 and the Rules made thereunder on Corporate Social Responsibility, once the Company starts reporting profits for the coming years.

8. General Body Meetings:

i) Details of previous three Annual General Meetings of the Company are as under:

Financial Year	Venue	Date & Time	Special Resolutions Passed
2013-14	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad – 500 016.	30.09.2014 At 3.00 P.M.	1. Alteration of Articles of Association of the Company 2. Appointment of Mr. Vijay Kishore Mishra as Independent Director of the company for 5 years. 3. Appointment of Mr. N. Nageshwara Rao as Independent Director of the company for 5 years. 4. Appointment of Mr. S.K.Rudresh as Independent Director of the company for 5 years. 5. Re-appointment of Mr. K. Ravi Kumar as Whole Time Director for 3 years.
2012-13	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad – 500 016.	01.11.2013 At 3.00 P.M.	1. Approving Employee Stock Option Scheme for the eligible employees of the company
2011-12	Prajay Corporate House 1-10-63 & 64, Begumpet, Hyderabad – 500 016.	29.09.2012 At 3.00 P.M.	1. Appointment of Mr. D. Vijay Sen Reddy as Managing Director of the Company and to fix his remuneration.

Postal Ballot

For the year ended 31st March 2015 there were no resolutions passed through postal ballot and no special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting

Material Related Party Transactions

All transactions entered with Related Parties as defined under the Companies Act, 2013 rules made there under and Clause 49 of the Listing Agreement were in the ordinary course of business and on an arm's length basis and have been approved by the Audit Committee.

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

In line with the requirements of the Act and Listing Agreement, the Company has formulated a Policy on Related Party Transactions which is also available on Company's website – <http://www.prajayengineers.com/investors/corporate-governance>

The policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and related parties.

Subsidiary Companies

During the Financial Year ended March 31, 2015, the Company was not required to appoint an Independent Director of the Company on the Board of any of its non-listed Indian Subsidiary.

The financial statements of the subsidiaries are reviewed by the Audit Committee of the Company. Further, the minutes of the meetings of board of directors of the subsidiary companies are also placed before the Board of Directors of the Company.

As required under Clause 49(V) of the Listing Agreement, the Company has formulated a Policy for determining 'material' subsidiaries which has been put up on the website of the Company at <http://www.prajayengineers.com/investors/corporate-governance>

Management Discussion & Analysis

- i) Management Discussion and Analysis - A detailed chapter on Management Discussion and Analysis has been separately included in the Annual Report.
- ii) Disclosures by Management to the Board - All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.
- ii) Code of Conduct - the code of conduct for the board of directors and the senior management has been formulated and the same is posted on the website of the company at <http://www.prajayengineers.com/investors/corporate-governance>

Whistle Blower Policy – Vigil Mechanism

The Company's Whistle Blower Policy is in line with the provisions of the Sub-Section 9 and 10 of Section 177 of the Companies Act and Clause 49 of the Listing Agreement. This Policy establishes a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.

The said mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

We confirm that during the financial year 2014-2015, no employee of the Company was denied access to the Audit Committee.

The said Whistle-Blower Policy is available on the website of the Company at <http://www.prajayengineers.com/investors/corporate-governance>

9. Disclosures:

- i) During the year, there were certain transactions with related parties which are material in nature and all are approved by the Audit Committee. All contracts or arrangements with related parties, entered or modified during the financial year, were on arm's length basis and in the ordinary course of business. Attention of Members is drawn to the disclosure of transactions with related parties set out in Notes to Accounts – Note No. 34B forming part of the Standalone financial statements.
In line with the requirements of the Act and Listing Agreement, the Company has formulated a Policy on materiality of related party transactions and also on dealing with Related Party Transactions which is available on Company's website – <http://www.prajayengineers.com/investors/corporate-governance>.
- ii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets; no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI during the last three years.
- iii) The company has a vigil mechanism for the directors and employees under which the employees are free to report instances of unethical behavior or improper conduct and violation of company's code of conduct and no person has been declined access to the audit committee.
- iv) All the mandatory requirements of Clause 49 of the Listing Agreement on Corporate Governance have been complied with. The company has complied with the non mandatory requirement of the company relating to reporting of internal auditor directly to the audit committee.

10. 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 / Business Standard 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 company's website contains a separate dedicated section "Investors" where shareholders information is available. The company's Annual Report is available in downloadable format.

11. General Shareholders' Information:

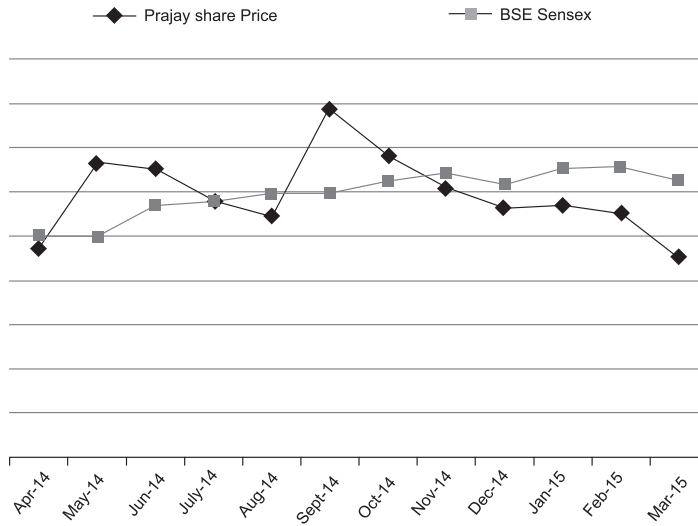
Sl. No.	Item	Details
(i)	AGM Date, Time & Venue	On Wednesday, the 30th day of September, 2015 At 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad – 500016.
(ii)	Financial Calendar	<ul style="list-style-type: none"> Financial Reporting for the first quarter ending 30.6.2015 - 2nd week of August 2015 Financial Reporting for the Second quarter ending 30.9.2015 - 2nd week of November 2015 Financial Reporting for the Third quarter ending 31.12.2015 - 2nd week of February 2016 Financial Reporting for the Last quarter / Year ending 31.03.2016 - last week of May 2016
(iii)	Date of Book Closure	Thursday 24th day of September 2015 to Wednesday 30th day of September, 2015 (both days inclusive)
(iv)	Dividend Payment date	Not Applicable
(v) & (vi)	Listing on Stock Exchanges & Stock Code	<p>1. Bombay Stock Exchange Limited (BSE) – 531746 2. National Stock Exchange of India Limited (NSE) – PRAENG ISIN-INE505C01016</p> <p>The Company has paid Listing Fee to both the Exchanges for the year 2015-16 and the Custodial Fee to both the Depositories shall be paid as and when the Bills are received by the company.</p>

(vii) Market Price Data

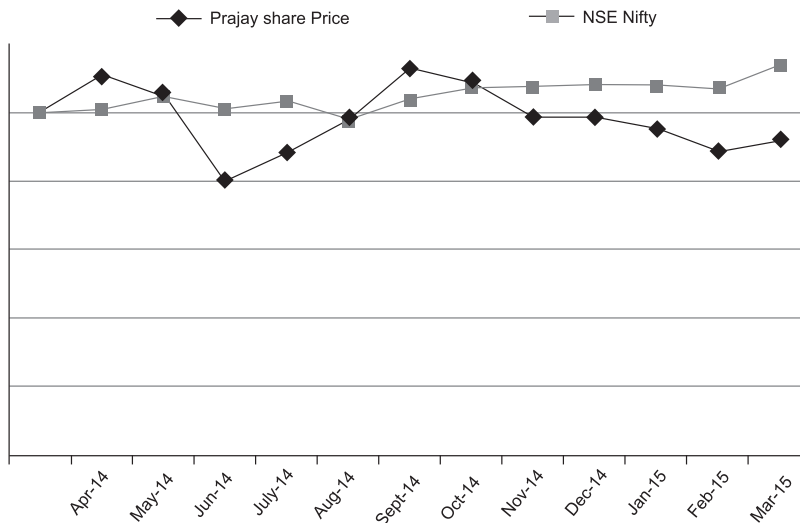
High, low (based on the closing prices) and number of shares traded during each month in the last financial year on BSE and NSE were as follows:

Month	BSE PRICE Rs.			NSE PRICE Rs.		
	High (₹)	Low (₹)	Volume traded in month	High	Low	Volume traded in month
2014-15						
April, 2014	8.30	6.66	262117	8.30	6.65	371284
May, 2014	11.48	6.62	901319	11.45	6.65	1340843
June, 2014	10.50	8.30	750676	10.50	8.20	1195152
July, 2014	10.40	8.40	446083	10.30	8.40	680907
August, 2014	9.03	7.50	2100151	9.05	7.60	565193
September, 2014	14.70	7.75	2040024	14.85	7.60	3152499
October, 2014	11.45	8.75	654723	11.60	8.80	1095281
November, 2014	11.40	8.76	548589	11.40	8.65	839120
December, 2014	10.39	7.11	248614	9.65	7.55	606119
January, 2015	9.99	8.03	429542	9.30	7.95	742415
February, 2015	9.70	7.73	224276	8.90	7.65	344045
March, 2015	8.80	6.22	320707	8.75	6.20	376829

(viii) The graphical presentation on the performance of share price of the Company in comparison to the BSE Sensex is provided herein under:



The graphical presentation on the performance of share price of the Company in comparison to the NSE Nifty is provided herein under:



(ix) Registrar and Transfer Agents:

M/s. Karvy Computershare Private Limited is Registrar & Transfer Agent of the Company. Any request pertaining to investor relations may be addressed to the following address:
 Karvy Computershare Private Limited
 Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District,
 Nanakramguda, Hyderabad – 500 032.
 Tel. Nos.: 040-67161603, Email: einward.ris@karvy.com

(x) Share Transfer System:

Share transfers are processed by the Registrar and Share Transfer Agent M/s. Karvy Computershare Private Limited and approved by the Stakeholders Relationship Committee. At present, the share transfers received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

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

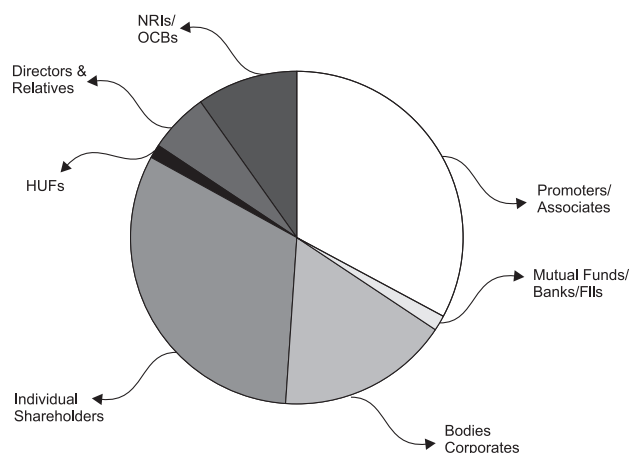
(xi) Distribution of shareholding as on March 31, 2015

Category	No. of shareholders		No. of shares		% of total shareholding	
	Physical	Demat	Physical	Demat	Physical	Demat
	(A)	(B)	(A)	(B)	(A)	(B)
1-5000	264	12676	62684	2382195	0.09	3.41
5001-10000	96	2324	85200	1987575	0.12	2.84
10001-20000	10	1339	13800	2112430	0.02	3.02
20001-30000	11	497	25400	1290141	0.04	1.84
30001-40000	2	269	7500	966582	0.01	1.38
40001-50000	3	248	13600	1186725	0.02	1.70
50001-100000	3	355	23100	2653555	0.03	3.79
100001-above	2	360	299700	56825604	0.43	81.25
Sub-Total	391	18068	530984	69404807	0.76	99.24
Grand Total (A+B)	18459		69935791		100.00	

Shareholding pattern as on March 31, 2015

Category Number	Number of shares held	Percentage of Shareholding
Promoters/Associates	22988018	32.87
Mutual Funds, Banks & FIs	1103199	1.58
Bodies Corporates	11659071	16.67
Individual Shareholders	22362688	31.98
HUFs	885413	1.26
Directors & Relatives	4124297	5.90
NRIs/OCBs	6813105	9.74
Total	69935791	100.00

% of Shareholding



(xii) Dematerialization of shares and liquidity:

Details of Shares Dematerialized as on March 31, 2015:

Particulars	No. of Shares	% of Issued Share Capital
NSDL	53258945	75.79
CDSL	16145862	22.98
Physical	530984	0.76
Total	69935791	99.53

In accordance with the stipulations of SEBI, Mr. P. Konda Reddy, Company Secretary in Practice has carried out secretarial audit to reconcile the total issued capital with NSDL and CDSL with the listed capital and the reports have been submitted to the exchanges within stipulated time for the quarter ended 30.6.2014, 30.9.2014, 31.12.2014 and 31.3.2015.

(xiii) Outstanding GDRs / ADRs / warrants convertible instruments and their impact on equity:

The Company does not have any outstanding GDRs, ADRs, warrants or convertible instruments.

(xiv) Investor correspondence should be addressed to:

Karvy Computershare Private Limited
(Unit: Prajay Engineers Syndicate Limited)
Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District,
Nanakramguda, Hyderabad – 500 032.
Tel. Nos.: 040-67161603, Email: einward.ris@karvy.com

Compliance Officer of the Company:

Investor's correspondence may also be addressed to:
Company Secretary & Compliance Officer
Prajay Engineers Syndicate Limited
8-2-293/82/A, Plot No.1091,
Road No.41, Near Peddamma Temple,
Jubilee Hills, Hyderabad- 500033
Ph: 040-66222999
Email Id: investorrelations@prajayengineers.com

On behalf of the Board

Place : Hyderabad
Date : 14th August, 2015

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

Sd/-
Sumit Sen
Whole Time Director

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

We hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2015 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violate the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
 - i. that there are no significant changes in internal control over financial reporting during the period;
 - ii. that there are no significant changes in accounting policies during the period; and
 - iii. that there are no instances of significant fraud of the management or an employee having a significant role in the company's internal control system over financial reporting

Place: Hyderabad
Date: 30.05.2015

D. Vijay Sen Reddy
Chief Executive Officer

P. Bhaskara Rao
Chief Financial Officer

**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, 2015, 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 state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Stakeholders' Relationship Committee.

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

Place : Hyderabad
Date : 14.08.2015

P. Konda Reddy
Company Secretary in Practice
C. P. No: 3634

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. This code also encompasses the duties of Independent Directors as laid down in the Companies Act, 2013. The code is available on the Company's website.

This is to further confirm that pursuant to the provisions of Clause 49(II) (E) (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, 2015.

Place : Hyderabad
Date : 14.08.2015

D. Vijay Sen Reddy
Chief Executive Officer

Independent Auditor's Report

To the Members of
Prajay Engineers Syndicate Limited

Report on the Standalone Financial Statements

I have audited the accompanying standalone financial statements of Prajay Engineers Syndicate Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015 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 Standalone Financial Statements

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

Auditor's responsibility

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

I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 misstatement.

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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of matter

I draw attention to the following:

- a) Note 37(a) of the Standalone Financial Statements, in respect of trade receivables considered good include an amount of ₹ 23,519.03 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 Standalone Financial Statements, in respect of advances amounting to ₹ 5,999.05 lacs given to landlords /developers, and ₹ 727.58 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 and 25, in respect of recognizing profit on construction project under an agreement to sell, stage of completion is determined as a proportion that contract costs incurred for the work performed bear to the estimated total costs. Similarly contract revenue is recognized under the percentage of completion method measured by survey of work performed. Further, expected loss on contracts is recognized when it is probable that the total contract costs will exceed the total contract revenue. This practice is being consistently followed by the Company. For this purpose, total project/contract costs incurred, and cost to completion of projects/contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies, etc, which being technical matters have been relied upon by me.

My opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order") issued by the Central Government in terms of section 143(11) of the Act, I give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by section 143(3) of the Act, I report that:
 - a) I have sought and 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of section 164 (2) of the Act.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer Note 30 to the financial statements.
 - ii) The Company did not have any material foreseeable losses relating to long term contracts including derivative contracts.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund, by the Company.

Place : Secunderabad
Date : May 30, 2015

S V RANGAN
Chartered Accountant
Membership No. 022037

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

- (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.
- (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) 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 189 of the Companies Act, 2013 and accordingly clauses iii (a) and iii (b) of paragraph 3 of CARO are not applicable.
- (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) The company has not accepted deposits from the public during the year. The deposits outstanding have been repaid fully during the year and there are no outstanding deposits as at March 31, 2015, and the Company in this respect has complied with the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- (vi) I am informed that the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Companies Act, 2013.
- (vii) (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, value added tax, cess and any other material statutory dues applicable to it. There are no arrears of the aforesaid dues as at 31st March, 2015 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, 2015 according to the records of the Company and the information and explanations given to me, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, and cess matters that have not been deposited on account of any dispute, except as given below.

Statement of disputed dues

Particulars	Amount (Rs.lacs)	Period to which the amount relates(FY)	Forum where the dispute is pending
Income tax	15.45	2006-07	Income Tax Appellate Tribunal
	289.20	2009-10	Income Tax Appellate Tribunal
	841.49	2010-11	Income Tax Appellate Tribunal
	103.75	2011-12	Commissioner of Income Tax (Appeals)
Service tax	1820.62	2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal
Value added tax	2.77	2010-11	Appellate Deputy Commissioner
	3.00	2011-12	Appellate Deputy Commissioner

- (viii) The Company does not have accumulated losses as at 31st March, 2015. However, the Company has incurred cash loss during the financial year ended on 31st March, 2015; there was no cash loss in the immediately preceding financial year.
- (ix) In my opinion and according to the information and explanations given to me, the company has defaulted in repayment of dues to banks. Principal amounts aggregating ₹ 3,966.55 lacs are due from December 2012 to March 2015, and interest amounts aggregating ₹ 4,408.15 lacs are due from April 2013 to March 2015. There are no debentures as on the balance sheet date.
- (x) 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.
- (xi) 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.
- (xii) 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, 2015

S V RANGAN
Chartered Accountant
Membership No. 022037

BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ in Lacs)

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	6,993.58	6,993.58
(b) Reserves and Surplus	3	56,645.08	59,387.46
2 Non-current Liabilities			
(a) Long-term borrowings	4	9,108.32	11,765.55
(b) Deferred Tax Liabilities (Net)	5	298.47	306.44
(c) Long-term provisions	6	54.60	33.84
3 Current Liabilities			
(a) Short-term borrowings	7	2,428.59	1,247.67
(b) Trade Payables	8	24,727.46	24,993.28
(c) Other current liabilities	9	14,414.28	9,552.33
(d) Short-term provisions	10	633.22	633.22
TOTAL		115,303.60	114,913.37
II ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		14,460.64	4,298.79
(ii) Intangible assets		0.92	5.22
(iii) Capital Work-In Progress		18,046.69	27,059.76
(b) Non-current investments	12	13,321.30	13,321.30
(c) Long-term loans & advances	13	6,813.70	7,058.74
2 Current assets			
(a) Inventories	14	35,490.19	34,490.36
(b) Trade receivables	15	23,584.11	25,052.58
(c) Cash and cash equivalents	16	129.11	279.22
(d) Short-term loans and advances	17	3,456.94	3,347.40
TOTAL		115,303.60	114,913.37
Notes forming part of the financial statements	1-40		

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Sumit Sen
Whole Time Director

Place : Hyderabad
Date : 30.05.2015

P.Bhaskara Rao
Chief Financial Officer

D. Madhavi Latha
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

Particulars	Note No.	Year ended 31.03. 2015	Year ended 31.03. 2014
I Revenue from operations	18	5,577.79	8,185.43
II Other Income	19	234.31	562.35
III Total Revenue (I + II)		5,812.10	8,747.78
IV Expenses:			
1 Cost of Land, Plots, Constructed Properties and Contracts	20	3,918.00	6,829.21
2 Direct Cost Hotels & Resorts		453.76	436.57
3 Employee benefits expense	21	589.16	615.42
4 Finance costs	22	579.63	87.44
5 Depreciation and amortisation expense		608.49	347.07
6 Other expenses	23	1,867.27	1,184.03
Total expenses		8,016.31	9,499.73
V Profit before Prior Period Items (III - IV)		(2,204.21)	(751.95)
VI Prior period Items (Net)		(163.94)	(45.97)
VII Profit before tax (V- VI)		(2,368.15)	(797.92)
VIII Tax expense			
1 Current Tax		-	-
2 Prior period Tax		-	(609.24)
3 Deferred Tax		(7.97)	14.23
Total Tax Expense		(7.97)	(595.01)
IX Profit / (Loss) for the year (VI- VII)		(2,360.18)	(202.91)
Earnings per share (in Rs.) (Note 32)			
Basic		(3.37)	0.30
Diluted		(3.37)	0.30
Notes forming part of the financial statements	1-40		

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Sumit Sen
Whole Time Director

Place : Hyderabad
Date : 30.05.2015

P.Bhaskara Rao
Chief Financial Officer

D. Madhavi Latha
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
A Cash Flow from Operating Activities:		
Net Profit before Taxation	(2,368.15)	(797.92)
Adjustments for:		
Depreciation and amortisation	608.49	347.07
Provision for Doubtful Debts	896.96	-
(Profit) / Loss on sale of Investments	-	61.20
(Profit) / Loss on sale of Fixed Assets (Net)	(12.34)	(0.22)
Income from non trade investments	(0.05)	(0.26)
Interest Income	(6.03)	(7.78)
Interest and Finance Charges	579.63	87.44
Operating Profit before working capital changes	(301.49)	(310.47)
Adjustments for:		
Inventories	(999.83)	(1,431.18)
Trade Receivables	571.51	3,000.21
Loans and Advances	(8.32)	(2,055.41)
Trade and Other Payables	(152.19)	3,788.65
Cash generated from Operations	(890.32)	2,991.80
Direct Taxes paid	(101.22)	(235.48)
Net Cash Flows from Operating Activities (A)	(991.54)	2,756.32
B Cash Flow from Investing Activities		
Purchase of Fixed Assets / CWIP	(11,250.94)	(4,035.61)
Sale/adjustment of Fixed Assets	9,128.10	4.54
Sale of Investments	-	630.00
Movement in long term advances	245.04	1,664.15
Income from non trade investments (dividend)	0.05	0.26
Interest income received	6.03	7.78
Net Cash from / (used in) Investing Activities(B)	(1,871.72)	(1,728.88)
C Cash Flow from Financing Activities		
Proceeds from long term borrowings	-	706.00
Repayment of long term borrowings	2,111.84	(2,010.33)
Repayment of short term borrowings	1,180.92	(196.98)
Interest Paid	(579.63)	(87.44)
Net Cash from / (used in) Financing Activities(C)	2,713.13	(1,588.75)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	(150.11)	(561.30)
Cash and Cash Equivalents at the beginning of the year	279.22	840.52
Cash and Cash Equivalents at the end of the year	129.11	279.22

Notes: Cash and Cash Equivalents as on March 31, 2015 includes :

- ₹ 0.16 lacs in Escrow Account (31.03.2014 : ₹ 0.02 lacs)
- ₹ 32.59 lacs (31.03.2014 : ₹ 35.17 lacs) in bank deposits against which banks have issued guarantees.
- ₹ 5.46 lacs (31.03.14 : ₹ 9.41 lacs) in unclaimed dividend account.

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Sumit Sen
Whole Time Director

Place : Hyderabad
Date : 30.05.2015

P.Bhaskara Rao
Chief Financial Officer

D. Madhavi Latha
Company Secretary

Note 1. SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting

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

b) Use of Estimates

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

c) Fixed Assets

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

d) Depreciation and Amortisation

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

e) Investments

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

f) Inventories

Inventories are valued as under:

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

g) Revenue Recognition

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

Service tax does not form part of gross revenue.

- (iii) Contract revenue from the construction contracts are recognized on "percentage of completion method measured by survey of work performed" depending on the nature of the contract. The revenue on construction contract is recognized only when the stage of completion is 20 percent or more when the outcome of the contract can be estimated reliably. When it is probable that the total cost exceeds the total contract revenue, the expected loss is recognized immediately.
- (iv) Income from sale of Rooms, Food and Beverages and allied services relating to hotel operations is recognized upon rendering of the service. Income stated is exclusive of amount received towards sales tax/ service tax etc.
- (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	As at
	31.03.2015	31.03.2014
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 31.03.2015		As at 31.03.2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
- D.Hymavathi Reddy	8,237,618	11.78	8,237,618	11.78
- D.Vijay Sen Reddy	12,315,183	17.61	12,315,183	17.61
- CLSA (Mauritius) Limited	4,010,455	5.73	4,010,455	5.73

NOTE : 3 RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at	As at
	31.03.2015	31.03.2014
Share Premium		
Balance as per last account	40,762.16	40,762.16
Add: Amount received during the year	-	-
	40,762.16	40,762.16
Capital Reserve	475.80	475.80
General Reserve		
Balance as per last account	1,999.08	1,999.08
Add: Amount transferred from statement of Profit and Loss Account	-	-
	1,999.08	1,999.08
Surplus in Statement of Profit and Loss		
Balance as per last account	16,150.41	16,353.32
Add/(Less): Additional Depreciation pursuant to enactment of Schedule II of the Companies Act,2013 (Refer Note 11.2)	(382.19)	-
Profit/(Loss) for the year	(2,360.18)	(202.91)
Closing Balance	13,408.03	16,150.41
Total Reserves	56,645.08	59,387.46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 4 LONG - TERM BORROWINGS

(Rs.in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
SECURED		
a) Term Loans :		
From Banks		
- SBI Consortium:		
- State Bank of India	1,473.58	2,193.58
- State Bank of India (SBS)	394.62	646.62
- State Bank of Mysore	685.65	1,027.65
- State Bank of Bikaner and Jaipur	685.10	1,026.85
-The Tamilnad Mercantile Bank Limited	504.29	756.29
- Punjab National Bank	931.55	1,335.55
[Secured by way of first joint mortgage/charge on the entire project assets of Princeton Towers, second charge on the current assets of the Princeton Towers project and personal guarantees of some of the directors & repayable in 28 quarterly installments]		
b) Loans and advances from related parties:		
Prajay Properties Pvt Ltd	3,200.00	3,200.00
(Secured by Mortgage of 49,869 Sft of office premises at Begumpet, land admeasuring Ac 11 Gts 33 in Sy. No.1222 at Shamirpet and land admeasuring 5168 Sq.Yds in Sy.Nos 1211 to1217 and 1226 at Shamirpet village along with the personal guarantee of some the Directors. The loan is repayable on the expiry of 72 months from the date of obtaining all statutory approvals for Prajay Megapolis project, which has not crystallised as on 31-3-15) (See note 39)		
c) Other loans and advances:		
-Indian Overseas Bank	374.92	525.00
[Secured by way of assignment of the receivables of the Gulmohar Project and value of unsold stock/debt of projects Prajay Enclave, Prajay Windsor Park and Prajay Harbour City & repayable in 20 quarterly installments of ₹ 37.50 per quarter w.e.f. December 2013]		
-Indian Overseas Bank	825.53	937.22
(Liquirent loan with a prime security of assignment of rent receivable for a period of 9 years commencing from March,2013)		
-Hire Purchase (Vehicle Loans)	33.08	113.34
(Secured by hypothecation of vehicles and equipments acquired out of the said loan. The loans are repayable in 36 equated monthly instalments, except for one Loan in 60 equated monthly installments)		
UNSECURED		
Deposits		
-Public deposits	-	3.46
	9,108.32	11,765.55

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 5 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Arising on account of timing difference - depreciation	298.47	306.44
Net Deferred tax liability	298.47	306.44

NOTE : 6 LONG - TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits	54.60	33.84
	54.60	33.84

NOTE : 7 SHORT - TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Secured		
Loans repayable on demand:		
From other parties		
-Life Insurance Corporation (Secured against the Keyman Insurance Policy)	42.49	42.49
Unsecured		
-Loans & advances from related parties*	2,316.10	1,124.66
Deposits:		
-Deposits (others)	70.00	70.00
-Public deposits	-	10.50
	2,428.59	1,247.67

includes from Subsidiaries *

- (a) Prajay Retail Properties Pvt Ltd - ₹ 814.75 lacs
(31.03.14 ₹ 803.84 lacs)
- (b) Prajay Holdings Pvt Ltd - ₹ 1274.18 lacs
(31.03.14 ₹ 161.30 lacs)

NOTE : 8 TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Due to creditors, other than Micro, Small & medium enterprises	24,727.46	24,993.28
	24,727.46	24,993.28

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 9 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Current maturities of Long term debt:		
- Indian Overseas Bank	216.30	187.50
- Indian Overseas Bank (Liquirent Loan)	351.11	300.97
- SBI Consortium:		
- State Bank of India	1,800.00	1,080.00
- State Bank of India (SBS)	630.00	378.00
- State Bank of Mysore	855.00	513.00
- State Bank of Bikaner and Jaipur	855.00	513.00
- The Tamilnad Mercantile Bank Limited	672.00	420.00
- Punjab National Bank (Note 4)	1,079.00	675.00
Current maturities of Hire Purchase obligations (Note 4)	199.78	181.58
Interest Accrued and Due on IOB Loans	75.76	39.37
Interest Accrued and Due on SBI Consortium Loans	4,408.15	2,088.86
Interest Accrued and Due on LIC Loan	6.60	2.35
Interest Accrued and Due on short term loan	3.19	3.19
Other payables:		
Advance from Customers	3,256.07	3,159.26
Income received in advance	0.87	0.87
Unclaimed Dividend [@]	5.45	9.39
	14,414.28	9,552.33

@ There is no amount due to be credited to Investor Education and Protection Fund as at 31.03.15

NOTE : 10 SHORT - TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Provision for Income Tax	633.22	633.22
	633.22	633.22

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 11 FIXED ASSETS

(₹ in Lacs)

Sl. No	Particulars	Cost			Depreciation & Amortisation			Net Block		
		As On 31.03.2014	Additions	Deductions	As On 31.03.15	Retaining Earnings(Refer Note 2 Below)	For The Year	On Deduction	As On 31.03.15	As On 31.03.14
	TANGIBLE									
1	Land-Free Hold	430.85	-	-	430.85		-	-	430.85	430.85
2	Buildings	2,085.41	10,157.64	-	12,243.05	444.88	110.64	-	11,687.53	1,640.53
3	Lease Hold Improvements	429.32	-	-	429.32	429.32	-	-	429.32	-
4	Plant & Machinery	3,216.08	1,077.27	133.49	4,159.86	1,483.37	361.21	53.02	2,090.30	1,732.71
5	Furniture & Fixtures	401.90	0.10	-	402.00	197.46	45.52	-	306.36	204.44
6	Computers	87.91	2.45	-	90.36	74.89	6.41	-	83.30	13.02
7	Vehicles	639.28	13.48	54.21	598.55	362.04	84.70	31.99	428.54	277.24
	Sub Total	7,290.75	11,250.94	187.70	18,353.99	2,991.96	608.48	85.01	3893.34	4,298.79
	INTANGIBLE									
8	Software	25.02	-	-	25.02	19.80	0.01	-	24.10	0.92
	Total As On 31.03.2015	7,315.77	11,250.94	187.70	18,379.01	3,011.76	608.49	85.01	3917.45	4,304.01
	Total As On 31.03.2014	6,710.37	609.94	4.54	7,315.77	2668.46	347.07	3.76	3,011.77	4,304.01
	Capital Work In Progress	-	-	-	-	-	-	-	-	27059.76

Note:

- Plant & Machinery costing ₹ 970.26 lacs (31.03.2014 ₹ 970.26 Lacs) and Vehicles costing ₹ 175.31 Lacs (31.03.2014 ₹ 204.43 Lacs) have acquired on Hire Purchase, the legal ownership of which will be transferred to the company after the final payment.
 - In accordance with the provisions of schedule II of the Act, in case of Fixed Assets which have completed their useful life as at 1st April'2014, the carrying value (net of residual value) amounting to ₹ 382.20 lacs as a transitional provision has been recognized in the Retained Earnings. Further in case of assets acquired prior to 1st April'2014 the carrying value (net of residual value) is depreciated over the remaining useful life, as determined, effective from 1st April'2014
- Depreciation & Amortization expenses for the year would have been lower by ₹ 114.81 Lacs had the company continued with the previous assessment of useful life of such assets

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 12 NON - CURRENT INVESTMENTS (AT COST)

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Non Trade - Quoted		
Investments in equity instruments :		
Indian Overseas Bank		
9,500 Equity Shares of ₹ 10 each, fully paid	2.28	2.28
Trade - Unquoted		
In Subsidiary Companies		
a) Investments in equity instruments :		
Prajay Retail Properties Private Ltd.		
5,000 Equity Shares of ₹ 1,000 each, fully paid	1,100.00	1,100.00
Prajay Holdings Private Limited		
9,99,900 Equity Shares of ₹ 10 each, fully paid	99.99	99.99
b) Investments in preference shares:		
Prajay Holdings Private Limited		
6,44,38,944 Preferential Shares of ₹ 10 each, fully paid	6,443.89	6,443.89
In associate Companies		
a) Investments in equity instruments :		
Prajay Properties Private Limited		
64,597 Equity Shares of ₹ 10 each, fully paid	6.46	6.46
Genisis Capital Pvt Ltd, Mauritius	5.18	5.18
10,000 Equity Shares of US\$ 1 each fully paid		
b) Investments in preference shares:		
Prajay Properties Private Limited	4,013.00	4,013.00
4,01,300 Preferential Shares of ₹ 10,000 each, fully paid		
Investments in Capital of Partnership Firm		
Prajay Binjusaria Estates	1,650.50	1,650.50
(Note 38)	13,321.30	13,321.30
(i) Aggregate of Quoted Investments		
Cost	2.28	2.28
Market Value	4.02	4.83
(ii) Aggregate of Unquoted Investments (Cost)	11,668.52	11,668.52

NOTE : 13 LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Unsecured considered good		
i. Security Deposits (a)	607.43	608.36
ii. Advance for purchase of land/ development (b)	6,065.79	6,370.23
iii. Capital advances	140.49	80.15
	6,813.70	7,058.74

(a) includes deposit to Director ₹ 500 Lacs (31.03.14 ₹ 500 Lacs)

(b) 1. includes advance to Partnership firms in which the company is partner ₹ 100.05 Lacs (31.03.14 ₹ 99.39 Lacs)

2. includes advance to private companies in which any director is a director ₹ 1,932.42Lacs (31.03.14 ₹ 1,866.34 Lacs)

3. includes advance to Directors ₹ 50 lacs (31.3.14 ₹ 50 lacs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 14 INVENTORIES

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Land at Cost	14,193.15	14,193.15
Constructed Properties		
- Land and construction work in progress - at cost	21,287.42	20,288.86
Food and Beverages - at cost	9.63	8.35
	35,490.19	34,490.36

NOTE : 15 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Unsecured , Considered good		
i. Outstanding for more than six months	23,519.03	24,419.62
ii. Other Debts	65.08	632.96
	23,584.11	25,052.58
Unsecured, Considered doubtful		
Outstanding for more than six months	896.96	-
Less:Provision for bad and doubtful debts	896.96	-
	23,584.11	25,052.58

NOTE : 16 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Balance with Scheduled Banks		
On Current Account (a)	35.02	191.61
On Escrow Account	0.16	0.02
On Deposit Account (b)	32.59	35.17
Cash on Hand	61.34	52.43
	129.11	279.22

a) includes unpaid dividend accounts ₹ 5.46 Lacs (31.03.14 : ₹ 9.41 Lacs)

b) includes against Bank Gurantees ₹ 30.99 Lacs (31.03.14 : ₹ 22.64 Lacs); includes ₹ 14.33 Lacs (31.03.14 : ₹ 10.14 Lacs) with more than 12 months maturity.

NOTE : 17 SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
(Unsecured considered good unless otherwise specified)		
Loans and advances to related parties (a)	332.08	335.09
Others	2,434.63	2,423.31
Advance Tax	690.23	589.00
	3,456.94	3,347.40

a) includes ₹ 332.08 Lacs (31-03-2014: ₹ 335.09 lacs) to Private Companies having Common Director.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 18 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Construction division		
(a) Sale of Constructed Properties	457.36	653.23
(b) Revenue from Construction Contracts	4,193.58	6,085.47
(c) Sale of Land	12.30	611.05
Hospitality division		
(a) Sale of Rooms	199.07	166.71
(b) Food and Beverages	552.06	530.60
(c) Others	2.97	3.30
(d) Membership Fees	160.45	135.07
	5,577.79	8,185.43

NOTE : 19 OTHER INCOME

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Rental Income	130.15	384.77
Interest Income {includes TDS 0.28 Lacs (31.03.14 - 0.51 lacs)}	6.03	7.78
Dividend income	0.05	0.26
Profit on Sale of Fixed Assets	13.69	0.22
Miscellaneous	84.39	169.32
	234.31	562.35

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

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Purchases, development/construction costs	1,316.65	2,980.46
Cost of construction contracts	3,762.27	5,282.16
Changes in inventories:		
- Closing stock		
- Land	14,193.15	14,193.15
- Constructed properties	21,287.42	20,288.86
Sub total A	35,480.56	34,482.01
Less : Opening stock		
- Land	14,193.15	14,824.07
- Constructed properties	20,288.86	18,224.53
Sub total B	34,482.01	33,048.60
Sub total B-A	(998.55)	(1,433.41)
Total	4,080.37	6,829.21

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 21 EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Salaries, Wages and Bonus	839.67	1,010.40
Contribution to Provident Fund/ Pension Fund and Gratuity	29.86	5.32
Staff Welfare	8.01	14.47
	877.53	1,030.19
Less: Allocated to Projects	288.38	414.77
	589.16	615.42

NOTE : 22 FINANCE COSTS

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Interest Expenses		
- On Fixed Loans	2,993.24	2,514.33
- Others	33.19	44.14
Bank Charges	9.66	15.12
	3,036.09	2,573.60
Less: Allocated to Projects	2,456.46	2,486.16
	579.63	87.44

NOTE : 23 OTHER EXPENSES

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Rent (a)	221.84	232.71
Rates and Taxes	291.19	262.38
Insurance	26.05	27.22
Power and Fuel	349.22	401.20
Repairs and Maintenance		
- Building	-	3.81
- Plant & Machinery	30.78	50.47
- Others	10.50	27.20
Travelling Expenses	14.24	29.98
Printing and Stationery	18.14	17.67
Postage, Telegrams and Telephones	16.72	21.98
Professional Charges/Consultancy Charges	247.58	75.29
Advertisement	58.80	97.11
Commission on sales	-	8.35
Loss on Investments	-	61.20
Loss on sale of fixed assets	1.35	-
Provision for Doubtful Debts	896.96	-
Miscellaneous Expenses	202.52	163.45
	2,385.87	1,480.02
Less Allocated to Projects	518.60	295.99
	1,867.27	1,184.03

a) Includes rent paid to Directors ₹ 210.73 Lacs (31.03.14 ₹ 219.46 Lacs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

OTHER NOTES TO THE ACCOUNTS

24. As stated in Note 1(g)(ii) for recognizing profit on projects, stage of completion is determined as a proportion that project costs incurred for the work performed bear to the estimated total costs. Further, as stated in that note expected loss on projects is recognised when it is probable that the total project costs will exceed the total project revenue. For this purpose total project costs are ascertained on the basis of project costs incurred and costs to completion of projects on progress, which is arrived at by the Management, based on current technical data, forecasts and estimate of net expenditure to be incurred in future including for contingencies etc., which being technical matters have been relied on by auditors. Further, in respect of certain properties where sale agreement has been entered with parties even though money has not been received as per stipulation in the contract, the Company has recognised revenue and debtors as management is confident that it shall be able to realize the sale proceeds.
25. As stated in Note.1(g)(iii) the method used to recognize the contract revenue is percentage of completion method measured by survey of work performed. Further, as stated in the note, expected loss on contracts is recognised when it is probable that the total contract cost will exceed the total contract revenue. For this purpose total contract cost is ascertained on the basis of contract cost incurred and cost to completion of contract on progress, which is arrived at by the management, based on current technical data, forecasts and estimate of net expenditure to be incurred in future including for contingencies etc, which being technical matters have been relied on by auditors.
An amount of ₹ 4,193.58 lacs (31.03.2014 ₹ 6,085.47lacs) is recognized as contract revenue by the company during the current financial year. The cost incurred in respect of the above is ₹ 3,762.27 lacs (31.03.2014 ₹ 5,282.16 lacs).
26. **Trade Payables – Dues to Micro and small enterprises**
Trade payables (Note 8) include ₹ Nil (31.03.2014 ₹ 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.

(₹ in lacs)

Particulars	2014-15	2013-14
27. Value of Import of CIF Basis		
Construction related equipment and material -	9.64	135.94
28. Expenditure in Foreign Currency		
Investments	-	-
Others	-	10.12
29. Auditors' Remuneration		
For services as Auditor	11.20	11.20
For Tax Audit	1.50	1.50
For other Matters	0.22	0.13
For reimbursement of out of pocket expenses	0.40	0.28
For service tax	1.60	1.57
30. Contingent Liabilities (not provided for)		
Guarantees given to banks (on behalf of Prajay Properties Pvt Ltd)	12,130.00	12,130.00
The following disputed liabilities are under appeal by the Company:		
Service tax*	1,820.62	1,820.62
Income Tax	791.71	40.79
VAT	5.77	5.77

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

Further, as per Circular No.108/02/2009-ST, dated 29.01.2009 issued by CBEC, no service tax is

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

payable on the Construction of Complex Service for the impugned period 2006-07 to 2010-11. During the impugned period, the company had deposited with the Service Tax Authorities, whatever service tax collected from the customers. The Company has filed appeal on 08.04.2013 with CESTAT, Bangalore against order dated 04.01.13 of Commissioner of Service Tax.

31. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 466.79 lacs (31.03.2014: ₹ 520.39 lacs); Other commitments Nil (31-03-2014: Nil).

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

Particulars	2014-15	2013-14
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)	(2360.18)	(202.91)
c) Earnings per share (in ₹)		
i) Basic	(3.37)	(0.30)
ii) Diluted	(3.37)	(0.30)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33. Segment Reporting

(₹ in lacs)

Business Segment	2014-15			2013-14			Total
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	
Segment Revenue							
External	4,663.23	914.56	234.31	7,349.75	835.68	562.35	8,747.78
Total Revenue	4,663.23	914.56	234.31	7,349.75	835.68	562.35	8,747.78
Segment Result	(1,442.01)	(302.92)		(799.28)	(329.65)		(1,128.93)
Unallocated Corporate expenses net of unallocated income							(456.38)
Operating Profit							(672.55)
Interest Expense							87.44
Prior Period Adjustments							(45.97)
Interest Income							7.78
Dividend Income							0.26
Profit before Taxation							(797.92)
Income Tax							-
Prior period Tax							(609.24)
Deferred Tax							14.23
Net Profit							(202.91)
Other Information							
Segment Assets	81,442.58	19,849.48	14,011.53	71,683.77	29,319.30	13,910.30	114,913.36
Total Assets	81,442.58	19,849.48	14,011.53	71,683.77	29,319.30	13,910.30	114,913.36
Segment Liabilities	38,907.00	229.30	937.14	34,253.79	282.43	949.06	35,485.28
Total Liabilities	38,907.00	229.30	937.14	34,253.79	282.43	949.06	35,485.28
Capital Expenditure	11,222.01	28.93	-	503.93	106.00	-	609.93
Depreciation	423.72	184.77		237.43	109.64		347.07
Non Cash expense other than depreciation	(12.34)			60.98			60.98

Notes:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

34. Related Party Disclosures:

A. List of Related Parties

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

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

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

Prajay Financial Services Limited
Prajay Lifestyle UPVC Windows Private Limited
Prajay Princeton Hotel Private Limited
Prajay Princeton Developers Private Limited
Prajay Land Capital Private Limited
VijMohan Constructions Private Limited
Prajay Velocity Developers Private Limited
Prajay Chit Funds Pvt.Ltd.
Secunderabad Golf and Leisure Resorts Private Limited

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

Description	Name of the Related Party		Subsidiaries / Step Down Subsidiaries		Enterprises over which Key Management Personnel is able to exercise significant influence		Key Management Personnel (KMP) and their relatives	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014	31.3.2015	31.3.2014	31.3.2015	31.3.2014
Sale of land, property, material and work done					4,193.57	5,294.64		-
Purchase of Materials		790.83						-
Remuneration paid						36.41		
Rent paid							48.46	57.00
Investments diluted during the year						630.00		219.46
Advances Given				0.30	69.73	208.03		-
Repayment of Advances Taken			338.51	1,096.66	554.88	1,327.20		-
Repayment of Advances given					6.01	50.53		
Advances Taken			1,462.30	1,844.46	4,808.78	7,452.63		-
Balance at the end of the year								
Debit balances outstanding			3.74	3.74				
					0.38	0.38		
					207.84	213.52		
					1,384.02	1,318.93		
					544.65	543.67		
					123.03	120.37		
					0.41	0.41		
					0.42	0.42		
					10.65	9.98		
					89.40	89.40		
							550.00	550.00
Credit balances outstanding					3200.00	3200.00		
			1274.18	161.30				
					6456.12	6395.78		
					76.06	76.07		
			814.75	803.84				
							156.57	87.06

35. LEASES:

(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	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Building	88.58	88.58	22.84	21.40	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, 2015			March 31, 2014		
	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	257.45	185.76	71.69	341.23	181.58	159.66
Less: Future Finance Charges	24.60	16.87	7.73	46.32	29.40	16.92
Present Value of minimum hire purchase payments at the Balance Sheet Date	232.85	168.89	63.96	294.92	152.18	142.74

36. Employee Benefits :

Particulars		Gratuity (Funded) (₹ in lacs)	
		31.03.2015	31.03.2014
I.	Expense recognized in the Statement of Profit and Loss Account for the year ended March 31, 2015		
1.	Current Service Cost	4.68	3.55
2.	Interest	2.67	3.33
3.	Expected return on plan assets	(2.69)	(2.46)
4.	Actuarial (Gain)/ Loss	14.67	(13.32)
	Total Expense	19.33	(8.89)
II.	Net Asset/(Liability) recognized in the Balance Sheet as on March 31, 2015		
1.	Present Value of Defined Benefit Obligation as at the close of the year	54.60	33.84
2.	Fair Value of plan assets as at close of the year	(32.43)	(27.43)
3.	Funded Status [Surplus/(Deficit)]	(22.17)	(6.41)
4.	Net Asset/(Liability) as at the close of the year	(22.17)	(6.41)
III.	Change in Obligation during the year ended March 31, 2015		
1.	Present Value of Defined Benefit Obligation at the beginning of the year.	33.84	42.94
2.	Current Service Cost	4.67	3.54
3.	Interest Cost	2.67	3.33
4.	Actuarial Gain/(Loss)	14.28	(13.42)
5.	Benefit Payments	(0.87)	(2.56)
6.	Present Value of Defined Benefit Obligation at the close of the year.	54.60	33.84
IV.	Change in Fair Value of Assets during the year ended March 31, 2015		
1.	Fair Value of plan assets at the beginning of the year	27.43	27.13
2.	Expected return on plan assets	2.69	2.45
3.	Contributions by employer	3.57	0.50
4.	Actual benefits paid	(0.87)	(2.55)
5.	Actuarial (Gain)/ Loss Plan Assets	(0.39)	(0.10)
	Fair Value on plan assets at the close of the year	32.43	27.43
V.	The major categories of plan assets as a percentage of total plan		
	Funded with LIC	100%	100%
VI.	Actuarial Assumptions		
1.	Discount Rate	8.00% p.a.	8.00% p.a.
2.	Expected Rate of Return on Plan Assets	9.00% p.a.	9.00% p.a.
3.	Mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
4.	Turnover Rate	4.00 % p.a.	4.00 % p.a.

37. (a) Trade Receivables (Note 15), unsecured considered good, includes ₹ 23,519.03 lacs (31-03-2014: ₹ 24,419.62 lacs), outstanding for more than six months. As a result of economic slowdown and recession in realty sector, the realizations from customers are slow. The company has provided

₹ 896.96 lacs during the year towards doubtful debts against Trade receivables, unsecured, considered doubtful.

- (b) Long Term Loans and Advances (Note 13) include advances given to Landlords/ developers towards certain projects amounting to ₹ 5999.05 lacs (31-03-2014: ₹ 6,191.04 lacs) and Short Term Loans and Advances (Note 17) to suppliers, etc amounting to ₹ 727.58 lacs (31-03-2014: ₹ 188.94 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 III - Part I of the Companies Act, 2013 relating to investment in partnership firm.

- (a) Name of the Partnership Firm - Prajay Binjusaria Estates
 (b) Total Capital of the said Firm is ₹ 2055.50 lacs (31-03-2014 : ₹ 2055.50 lacs)
 (c) Share of each partner in the Profit or Loss

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

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

Since some of the statutory approvals for Prajay Megapolis project are yet to be obtained, crystallization of loan repayment time schedule has not taken place as on 31.03.15.

- 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

Sumit Sen
Whole Time Director

Place : Hyderabad
Date : 30.05.2015

P.Bhaskara Rao
Chief Financial Officer

D. Madhavi Latha
Company Secretary

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

₹ Lacs

Sl. No.	Particulars	Details		
		Prajay Holdings Pvt.Ltd.	Prajay Developers Pvt.Ltd. (Step down Subsidiary)	Prajay Retail Properties Pvt Ltd.
1.	Name of the subsidiary			
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2015	31.03.2015	31.03.2015
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA
4.	Share capital	6,572.10	2,182.32	50.00
5.	Reserves & surplus	1,140.89	(11.99)	(149.30)
6.	Total assets	21,266.42	2,216.38	1,023.67
7.	Total Liabilities	15,735.75	46.05	1,122.96
8.	Investments	2,182.32	-	-
9.	Turnover	5,337.10	-	0.83
10.	Profit before taxation	(115.16)	-	0.66
11.	Provision for taxation	(7.66)	-	0.21
12.	Profit after taxation	(107.50)	-	0.45
13.	Proposed Dividend	Nil	Nil	Nil
14.	% of shareholding	78%	-	99.55%

Notes:

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

Part “B”: Associates and Joint Ventures

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

₹ Lacs

Name of associates/Joint Ventures		Prajay Properties Pvt Ltd	Genesis Capital Pvt.Ltd., Mauritius
1.	Latest audited Balance Sheet Date	31.03.2015	31.03.2014
2.	Shares of Associate/Joint Ventures held by the company on the year end	64,597	10,000
	No.		
	Amount of Investment in Associates/ Joint Venture	Investment in Equity ₹ 6.46 lacs and in Preference shares ₹ 4013.00 lacs	5.18
	Extend of Holding%	49.49%	50%
3.	Description of how there is significant influence	Common Director	Common Directors
4.	Reason why the associate/joint venture is not consolidated	Share holding is less than 51%	Share holding is less than 51%
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	190.06	(10.21)
6.	Profit/Loss for the year	47.46	(USD 18,311)
	i. Considered in Consolidation	23.49	(5.18)
	ii. Not Considered in Consolidation	23.97	Loss restricted to Investment

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

Independent Auditor's Report Consolidated Financial Statements

To the Members of
Prajay Engineers Syndicate Limited

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Prajay Engineers Syndicate Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates which comprise the Consolidated Balance Sheet as at March 31, 2015, 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 (hereinafter referred to as the "consolidated financial statements").

Management's responsibility for the Consolidated Financial Statements

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

Auditor's responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. While conducting the audit, I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

I believe that the audit evidence I have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for my audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

- a) Interest accrued amounting to Rs.3,201.62 lacs (including Rs.1,361.60 lacs for the year), on Compulsorily Convertible Debentures [Note 35(c)] has not been provided for. This constitutes a departure from the Accounting Standards. Accordingly, had this interest been provided for and capitalized to inventories as done in earlier periods, Inventories and Current Liabilities would have been higher by Rs.3,201.62 lacs (including Rs.1,361.60 lacs for the year).
- b) Included in Short Term Loans and Advances [Note 35(b)] is Rs.510.00 lacs due from two parties, which are outstanding for a long time. These unsecured advances are unlikely to be recovered and full provision should have been made. Accordingly, had full provision been made, provision for doubtful advances would have increased by Rs.510.00 lacs, net profit and shareholders' funds would have decreased by Rs.510.00 lacs.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Associates as at March 31, 2015 and their consolidate loss and their consolidate cash flows 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, unsecured considered good include an amount of Rs.23,519.03 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 Rs.5,888.68 lacs given to landlords / developers and Rs.1,599.37 lacs included in amount given to suppliers, etc outstanding from earlier years in respect of which no provision has been made for the reasons stated therein.
- c) Note 24 and 25, in respect of recognizing profit on construction project under an agreement to sell, stage of completion is determined as a proportion that contract costs incurred for the work performed bear to the estimated total costs. Similarly contract revenue is recognized under the percentage of completion method measured by survey of work performed. Further, expected loss on contracts is recognized when it is probable that the total contract costs will exceed the total contract revenue. This practice is being consistently followed. 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.

Further, with effect from 01-04-2012, ICAI has issued Guidance Note on Accounting for Real Estate Transactions (Revised 2012), where "Project Costs Incurred" method is the preferred method for computation of revenue. This method is not being followed.

My opinion is not modified in respect of these matters.

Other Matters

- a) I did not audit the financial statements/ financial information of two subsidiaries whose financial statements/ financial information reflect total assets of Rs.3,252.04 lacs as at 31st March 2015, total revenues of Rs.0.84 lacs and net cash flows amounting to Rs.6.21 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited, by other auditors whose reports have been furnished to me by the Management, and my opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and my report in terms of Sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

- b) The consolidated financial statements also include the Group's share of net profit of Rs.23.49 lacs for the year ended 31st March, 2015, as considered in the financial statements, in respect of associates incorporated in India, which have been audited by other auditors whose reports have been furnished to me by the Management, and my opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and my report in terms of Sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to these associates, is based solely on the reports of the other auditors.

My opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order") issued by the Central Government in terms of section 143(11) of the Act, based on the comments in the auditors' reports of the Holding Company, Subsidiary Companies and Associate Companies incorporated in India, I give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, I report, to the extent applicable, that:
 - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit of the aforesaid consolidated financial statements;
 - b) In my opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from my examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In my opinion, aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2015 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India, is disqualified as on March 31, 2015 from being appointed as a director in terms of section 164 (2) of the Act.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
 - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates – refer Note 27 to the consolidated financial statements.
 - ii) The Group and its associates did not have any material foreseeable losses relating to long term contracts including derivative contracts.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund, by the Holding Company, its Subsidiary Companies and Associate Companies incorporated in India.

Place : Secunderabad
Date : May 30, 2015

S V RANGAN
Chartered Accountant
Membership No. 022037

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

On the Consolidated Financial Statements

(Referred to in paragraph 1 under "Report on other legal and regulatory requirements" section of my Report of even date)

My reporting on the Order includes 2 subsidiary companies and 2 associate companies, incorporated in India, to which the Order is applicable, which have been audited by other auditors and my report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in case of the consolidated financial statements.

- (i) In respect of fixed assets of the Holding Company, Subsidiary Companies and Associate Companies, incorporated in India:
 - (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to me and other auditors, all the fixed assets are physically verified by the Management in a phased periodical manner, which in my opinion and in the opinion of the other auditors, is reasonable, having regard to the size of the respective entities and the nature of its assets. According to the information and explanations given to me and other auditors, no material discrepancies were noticed on such verification.
- (ii) In respect of inventories of the Holding Company, subsidiary companies and Associate Companies, incorporated in India:
 - (a) The inventories in respect of the respective entities have been physically verified by the management, at reasonable intervals. In my opinion and in the opinion of the other auditors, the frequency of verification is reasonable.
 - (b) In my opinion and in the opinion of the other auditors, and according to the information and explanations given to me and other auditors, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the respective entities and nature of their business.
 - (c) In my opinion and in the opinion of the other auditors, and according to the information and explanations given to me and the other auditors, the respective entities have maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to me and the other auditors, the Holding Company and Subsidiary Companies have not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. According to the other auditors, an Associate Company has granted loans where the maximum amount involved is Rs.12,528.96 lacs and the balance outstanding at the year end is Rs.11,104.40 lacs.
- (iv) In my opinion and in the opinion of the other auditors, according to the information and explanations given to me and the other auditors, there are adequate internal control systems commensurate with the size of the Holding Company, Subsidiary Companies and Associate Companies and the nature of their business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of my audit and that of the other auditors, no continuing failure to correct major weaknesses in internal control system has been observed.
- (v) The Holding Company has not accepted deposits from the public during the year. The deposits outstanding during the year have been repaid fully and there are no outstanding deposits as at March 31, 2015, and the Holding Company in this respect has complied with the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. The subsidiary companies and associate companies incorporated in India have not accepted any deposit during the year.
- (vi) I am informed and also the other auditors are informed, in respect of the Holding Company, Subsidiary Companies and Associate Companies that the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Companies Act, 2013.

- (vii) (a) According to records of the Holding Company, Subsidiary Companies and Associate Companies, they are 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, value added tax, cess and any other material statutory dues applicable to them. There are no arrears of the aforesaid dues as at 31st March, 2015 outstanding for a period of more than six months from the date they became payable, except in the case of an associate company where an amount of Rs.38,927 of income tax is due for more than six months. There are no dues towards investor education and protection fund.
- (b) As at 31st March, 2015 according to the records of the Holding Company, Subsidiary Companies and Associate Companies and the information and explanations given to me and the other auditors, 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.

Particulars	Amount (Rs.lacs)	Period to which the amount relates(FY)	Forum where the dispute is pending
Income tax	15.45	2006-07	Income Tax Appellate Tribunal
	289.20	2009-10	Income Tax Appellate Tribunal
	841.49	2010-11	Income Tax Appellate Tribunal
	103.75	2011-12	Commissioner of Income Tax (Appeals)
Service tax	1820.62	2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal
Value added tax	2.77	2010-11	Appellate Deputy Commissioner
	3.00	2011-12	Appellate Deputy Commissioner

- (viii) The Group, and its Associates, does not have consolidated accumulated losses as at 31st March, 2015. However, the Group, and its Associates, has incurred cash losses on a consolidated basis during the financial year ended on 31st March, 2015 and in the immediately preceding financial year.
- (ix) In my opinion and the opinion of the other auditors and according to the information and explanations given to me and the other auditors, the Holding company has defaulted in repayment of dues to banks. Principal amounts aggregating Rs.3,966.55 lacs are due from December 2012 to March 2015, and interest amounts aggregating Rs.4,408.15 lacs are due from April 2013 to March 2015. In respect of debentures, a subsidiary company has defaulted in payment of interest dues aggregating Rs.3,201.62 lacs, and an associate company has defaulted in payment of interest dues aggregating Rs.1,726.99 lacs.
- (x) According to the information and explanations given to me, the Holding 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 Holding Company. No such guarantees have been given by the subsidiary companies and associate companies.
- (xi) In my opinion and in the opinion of the other auditors, and according to the information and explanations given to me and the other auditors, the term loans were applied for the purposes for which they were obtained.
- (xii) To the best of my, and the other auditors', knowledge and belief and according to the information and explanations given to me and the other auditors, no fraud on or by the Holding Company, subsidiary companies and associate companies was noticed or reported during the year.

Place : Secunderabad
Date : May 30, 2015

S V RANGAN
Chartered Accountant
Membership No. 022037

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

(₹ in Lacs)

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	6,993.58	6,993.58
(b) Reserves and Surplus	3	55,604.60	58,466.43
2. Minority Interest		279.19	305.05
3 Non-current Liabilities			
(a) Long-term borrowings	4	22,600.97	25,258.20
(b) Deferred Tax Liabilities (Net)	5	301.26	316.89
(c) Long-term provisions	6	54.60	33.84
4 Current Liabilities			
(a) Short-term borrowings	7	339.67	282.51
(b) Trade Payables	8	25,189.29	25,558.50
(c) Other current liabilities	9	17,310.20	14,843.22
(d) Short-term provisions	10	638.75	638.55
TOTAL		129,312.11	132,696.77
II ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
i) Tangible assets		14,554.29	4,431.85
ii) Intangible assets		0.92	5.22
iii) Capital Work-In Progress		18,046.69	27,059.76
(b) Non-current investments	12	5,695.73	5,668.66
(c) Long-term loans & advances	13	6,819.01	7,066.04
(d) Goodwill on Consolidation		1,075.70	1,075.70
2 Current assets			
(a) Inventories	14	54,716.65	57,814.32
(b) Trade receivables	15	23,764.70	24,361.90
(c) Cash and cash equivalents	16	205.21	670.71
(d) Short-term loans and advances	17	4,433.21	4,542.61
TOTAL		129,312.11	132,696.77
Notes forming part of the Consolidated financial statements	1-37		

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Sumit Sen
Whole Time Director

Place : Hyderabad
Date : 30.05.2015

P.Bhaskara Rao
Chief Financial Officer

D. Madhavi Latha
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

Particulars	Note No.	Year ended 31.03. 2015	Year ended 31.03. 2014
I Revenue from operations	18	10,914.89	6,703.92
II Other Income	19	235.15	563.25
III Total Revenue (I + II)		11,150.04	7,267.17
IV Expenses:			
1 Cost of Land, Plots, Constructed Properties and Contracts	20	9,288.83	6,151.01
2 Direct Cost Hotels & Resorts		453.76	436.57
3 Employee benefits expense	21	589.16	615.42
4 Finance costs	22	591.81	134.18
5 Depreciation and amortisation expense		637.87	358.10
6 Other expenses	23	1,907.34	1,282.50
Total expenses		13,468.77	8,977.78
V Profit/(Loss) before Prior Period items, Tax & Minority Interest (III - IV)		(2,318.73)	(1,710.61)
VI Prior period Items (Net)		(163.94)	(45.97)
VII Profit before Tax (V- VI)		(2,482.67)	(1,756.58)
VIII Tax expense			
1 Current Tax		0.21	0.16
2 Prior period Tax		-	(593.09)
3 Deferred Tax		(15.63)	16.08
Total Tax Expense		(15.42)	(576.85)
IX Profit / (Loss) after tax & before Minority Interest (VII- VIII)		(2,467.25)	(1,179.73)
X Minority interest adjustment		25.86	39.44
XI Share in Net Profit/(Loss) of Associate		23.49	2.88
XII Profit / (Loss) after tax & Minority Interest (IX-X-XI)		(2,469.62)	(1,216.29)
Earnings per share (in ₹) (Note 30)			
Basic		(3.53)	(1.74)
Diluted		(3.53)	(1.74)
Notes forming part of the Consolidated financial statements	1-37		

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Sumit Sen
Whole Time Director

Place : Hyderabad
Date : 30.05.2015

P.Bhaskara Rao
Chief Financial Officer

D. Madhavi Latha
Company Secretary

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

(₹ in Lacs)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
A Cash Flow from Operating Activities:		
Net Profit before Taxation	(2,482.67)	(1,756.58)
Adjustments for:		
Depreciation and amortisation	637.87	358.10
Provision for Doubtful debts	896.96	-
(Profit) / Loss on sale of Investments	-	61.20
(Profit) / Loss on sale of Fixed Assets (Net)	(12.34)	(0.22)
Income from non trade investments	(0.05)	(0.26)
Interest Income	(6.87)	(8.67)
Interest and Finance Charges	591.81	134.18
Operating Profit before working capital changes	2,107.38	544.33
Adjustments for:		
Inventories	3,148.42	(4,206.34)
Trade Receivables	(299.76)	3,690.89
Loans and Advances	457.83	(2,312.46)
Trade and Other Payables	(2,650.54)	6,167.65
Cash generated from Operations	280.66	2,127.49
Direct Taxes paid	(101.42)	(322.65)
Net Cash Flows from Operating Activities (A)	179.24	1,804.84
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(11,250.94)	(4,041.85)
Sale/adjustment of Fixed Assets	9,128.10	4.54
Purchase of Investments	(27.07)	(2.88)
Sale of Investments	-	630.00
Movement in long term advances	-	1,660.71
Income from non trade investments (dividend)	0.05	0.26
Interest income received	6.87	8.67
Net Cash from/(used in) Investing Activities (B)	(2,142.99)	(1,740.55)
C Cash Flow from Financing Activities		
Proceeds from long term borrowings	-	1,756.00
Repayment of long term borrowings	(2,657.23)	(2,010.33)
Repayment of short term borrowings	4747.29	(153.98)
Interest Paid	(591.81)	(134.18)
Net Cash flows from / (used in) Financing Activities (C)	1498.25	(542.49)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	(465.50)	(478.20)
Cash and Cash Equivalents at the beginning of the year	670.71	1,148.91
Cash and Cash Equivalents at the end of the year	205.21	670.71

Notes: Cash and Cash Equivalents as on March 31, 2015 includes :

- ₹ 0.19 lacs in Escrow Account (31.03.2014 : ₹ 3.05 lacs)
- ₹ 32.59 lacs (31.03.2014 : ₹ 35.17 lacs) in bank deposits against which banks have issued guarantees.
- ₹ 5.46 lacs (31.03.14 : ₹ 9.41 lacs) in unclaimed dividend account.

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Sumit Sen
Whole Time Director

Place : Hyderabad
Date : 30.05.2015

P.Bhaskara Rao
Chief Financial Officer

D. Madhavi Latha
Company Secretary

Note 1 : Significant Accounting Policies and Notes to the Accounts for the year ended March 31, 2015.

- 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."
- (b) The financial statements of the following subsidiary companies and associate companies have been accounted for in accordance with AS 21 and AS 23 respectively:

Name	Relationship	Country of Incorporation	Percentage of ownership interests as at March 31, 2015	Percentage of ownership interests as at March 31, 2014
Prajay Holdings Private Limited (PHPL).	Subsidiary	India	78.00	78.00
Prajay Developers Private Limited (Formerly MVL Trading Company Private Ltd.)	Subsidiary of PHPL	India	100.00	100.00
Prajay Retail Properties Private Limited (Formerly Dillu Cine Enterprises Pvt Ltd)	Subsidiary	India	100.00	100.00
Prajay Properties Private Limited (PPPL).	Associate	India	49.50	49.50
Prajay Land Capital Private Limited.	Associate (Subsidiary of PPPL)	India	99.98	99.98
Genesis Capital Private Limited	Associate	Mauritius	50.00	50.00

B. SIGNIFICANT ACCOUNTING POLICIES**1. Method of Accounting**

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

2. Use of Estimates

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

3. Fixed Assets

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

4. Depreciation and Amortisation

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

5. Investments

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

6. Inventories

Inventories are valued as under:

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

7. Revenue Recognition

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

- (i) Sale of Land and Plots is recognised in the financial year in which the agreement to sell is executed.
- (ii) Revenue from constructed properties (excluding service tax) is recognized on the "percentage of completion method". Total sale consideration as per the agreements to sell constructed properties entered into is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognised immediately. Service tax does not form part of gross revenue.
- (iii) Contract revenue from the construction contracts are recognized on "percentage of completion method measured by survey of work performed" depending on the nature of the contract. The revenue on construction contract is recognized only when the stage of completion is 20 percent or more when the outcome of the contract can be estimated reliably. When it is probable that the total costs exceeds the total contract revenue, the expected loss is recognized immediately.

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

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

In respect of Hotels and resorts:

- (i) Income from sale of Rooms, Food and Beverages and allied services relating to hotel operations is recognized upon rendering of the service. Income stated is exclusive of amount received towards sales tax/ service tax etc.,

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

8. Cost of Construction

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

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

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

9. Foreign Exchange Transactions

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

10. Income Tax

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

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

11. Borrowing Cost

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

12. Earnings per share (EPS)

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

13. Employee Benefits

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

- (i) Defined Contribution Plan:

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

- (ii) Defined Benefit Plan:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE : 2 SHARE CAPITAL

(₹ in Lacs)

Particulars	As at	As at
	31.03.2015	31.03.2014
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 31.03.2015		As at 31.03.2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
- D.Hymavathi Reddy	8,237,618	11.78	8,237,618	11.78
- D.Vijay Sen Reddy	12,315,183	17.61	12,315,183	17.61
- CLSA (Mauritius) Limited	4,010,455	5.73	4,010,455	5.73

NOTE : 3 RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at	As at
	31.03.2015	31.03.2014
Share Premium		
Capital Reserve	42,898.08	42,898.08
General Reserve	1,058.88	1,058.88
	1,999.08	1,999.08
Surplus in Statement of Profit and Loss		
Balance as per last account	12,510.39	13,726.68
Add/(Less): Additional Depreciation pursuant to enactment of Schedule II of the Companies Act,2013 (Refer Note 11.2)	(392.23)	-
Profit/(Loss) for the year	(2,469.62)	(1,216.29)
Closing Balance	9,648.54	12,510.39
Total Reserves	55,604.60	58,466.43

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE : 4 LONG - TERM BORROWINGS

(Rs.in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
SECURED		
a) Term Loans :		
From Banks		
- SBI Consortium:		
- State Bank of India	1,473.58	2,193.58
- State Bank of India (SBS)	394.62	646.62
- State Bank of Mysore	685.65	1,027.65
- State Bank of Bikaner and Jaipur	685.10	1,026.85
-The Tamilnad Mercantile Bank Limited	504.29	756.29
- Punjab National Bank	931.55	1,335.55
[Secured by way of first joint mortgage/charge on the entire project assets of Princeton Towers, second charge on the current assets of the Princeton Towers project and personal guarantees of some of the directors & repayable in 28 quarterly installments]		
b) Loans and advances from related parties:		
Prajay Properties Pvt Ltd	3,200.00	3,200.00
(Secured by Mortgage of 49,869 Sft of office premises at Begumpet, land admeasuring 11 Ac 33 Gts in Sy. No.1222 at Shamirpet and land admeasuring 5168 Sq.Yds in Sy.Nos 1211 to1217 and 1226 at Shamirpet village along with the personal guarantee of some the Directors. The loan is repayable on the expiry of 72 months from the date of obtaining all statutory approvals for Prajay Megapolis project, which has not crystallised as on 31-3-15) (See note 31)		
c) Other loans and advances:		
-Indian Overseas Bank	374.92	525.00
[Secured by way of assignment of the receivables of the Gulmohar Project and value of unsold stock/debt of projects Prajay Enclave, Prajay Windsor Park and Prajay Harbour City & repayable in 20 quarterly installments of ` 37.50 lacs per quarter w.e.f.December, 2013]		
-Indian Overseas Bank	825.53	937.22
(Liquirent loan with a prime security of assignment of rent receivable for a period of 9 years commencing from March,2013)		
-Hire Purchase (Vehicle Loans)	33.08	113.34
(Secured by hypothecation of vehicles and equipments acquired out of the said loan. The loans are repayable in 36 equated monthly instalments, except for one loan in 60 equated monthly installments)		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

UNSECURED		
Compulsorily Convertible Debentures		
Held by White Stock Limited	12,442.65	12,442.65
1. Compulsorily Convertible Debentures of 716265 nos with face value Rs 1,000 each carry interest rate of 10% p.a issued on 24th October, 2007 and 28th February, 2008 with an option to convert in whole or in part within 8 years from the date of issue of such Debentures into such number of fully paid- up equity shares of the Company which is equal to the conversion price mutually agreed as per applicable laws. If at anytime within 8 years from the date of issue, the subscribers to such debentures do not exercise the right to conversion, the Company shall compulsorily convert such debentures into fully paid up equity shares of the Company at the expiry of 8 years. These Compulsorily Convertible Debentures have been issued under Foreign Direct Investment guidelines as issued by Government of India/RBI from time to time latest vide RBI Circular A.P.(DIR series) Circular No.20 dated December 14,2007 which classifies Compulsorily Convertible Debentures as equity instrument)		
2. Compulsorily Convertible Debentures of 5,28,000 nos with face value ₹ 1000 each carry interest rate of 11% p.a. (Net of with holding tax) issued on 24th August, 2011 with an option to convert into equity shares of the company on the date falling on the 8th anniversary of the first completion date.		
Debenture Application Money	1,050.00	1,050.00
Deposits		
- Public deposits	-	3.46
	22,600.97	25,258.21
NOTE : 5 DEFERRED TAX LIABILITIES (NET)		(₹ in Lacs)
Particulars	As at 31.03.2015	As at 31.03.2014
Arising on account of timing difference - depreciation	301.26	316.89
Net Deferred tax liability	301.26	316.89
6) LONG - TERM PROVISIONS		(₹ in Lacs)
Particulars	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits	54.60	33.84
	54.60	33.84
7) SHORT - TERM BORROWINGS		(₹ in Lacs)
Particulars	As at 31.03.2015	As at 31.03.2014
Secured		
Loans repayable on demand:		
a) From Banks	-	-
b) From other parties		
Life Insurance Corporation	42.49	42.49
(Secured against the Keyman Insurance Policy)		
Unsecured		
- Loans & advances from related parties	227.18	159.52
Deposits		
- Deposits (others)	70.00	70.00
- Public deposits	-	10.50
	339.67	282.51

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE : 8 TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Due to creditors, other than Micro, Small & Medium enterprises	25,189.29	25,558.50
	25,189.29	25,558.50

NOTE : 9 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Current maturities of Long term debt:		
- Indian Overseas Bank	216.30	187.50
- Indian Overseas Bank (Liquirent Loan)	351.11	300.97
- SBI Consortium:		
- State Bank of India	1,800.00	1,080.00
- State Bank of India (SBS)	630.00	378.00
- State Bank of Mysore	855.00	513.00
- State Bank of Bikaner and Jaipur	855.00	513.00
- The Tamilnad Mercantile Bank Limited	672.00	420.00
- Punjab National Bank	1,079.00	675.00
(Note 4)		
Current maturities of Hire Purchase obligations	199.78	181.58
(Note 4)		
Interest Accrued and Due on IOB Loans	75.76	39.37
Interest Accrued and Due on SBI Consortium Loans	4,408.15	2,088.86
Interest Accrued and Due on LIC Loan	6.60	2.35
Interest Accrued and Due on short term loan	3.19	3.19
Other payables:		
Advance from Customers	5,095.74	7,410.14
Income received in advance	0.87	0.87
Other Advances	1,056.25	1,040.00
Unclaimed Dividend [@]	5.45	9.39
	17,310.20	14,843.22

@ There is no amount due to be credited to Investor Education and Protection Fund as at 31.03.15

NOTE : 10 SHORT - TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Provision for Income Tax	638.75	638.55
	638.75	638.55

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE : 11 FIXED ASSETS

(₹ in Lacs)

Sl. No	Particulars	Cost			Depreciation & Amortisation				Net Block	
		As On 31.03.2014	Additions	Deductions	As On 31.03.15	Retaining Earnings (Refer Note 2 Below)	For The Year	On Deduction	As On 31.03.15	As On 31.03.14
	TANGIBLE									
1	Land-Free Hold	430.85	-	-	430.85		-	-	430.85	430.85
2	Buildings	2,085.41	10,157.64	-	12,243.05	444.90	110.64	-	555.54	1,640.51
3	Lease Hold Improvements	429.32	-	-	429.32	429.32	-	-	429.32	-
4	Plant & Machinery	3,349.67	1,077.27	133.49	4,293.45	1,515.01	383.01	53.02	2,153.74	1,834.66
5	Furniture & Fixtures	415.94	0.10	-	416.04	202.00	47.76	-	313.14	213.94
6	Computers	89.98	2.45	-	92.43	76.35	7.07	-	85.45	13.63
7	Vehicles	666.66	13.48	54.21	625.93	368.57	89.38	31.99	439.75	298.26
	Sub Total	7,467.83	11,250.94	187.70	18,531.07	3,036.15	637.86	85.01	3,976.94	4,431.85
	INTANGIBLE									
8	Software	25.02	-	-	25.02	19.80	0.01	-	24.10	0.92
	Total	7,492.85	11,250.94	187.70	18,556.09	3,055.95	637.87	85.01	4,001.04	4,437.07
	As at March 31,2014	6,881.21	616.18	4.54	7,492.86	2701.61	358.10	3.76	3,055.96	4,437.07
	Capital Work In Progress	-	-	-	-	-	-	-	-	27059.76

Note:

- Plant & Machinery costing ₹ 970.26 lacs (31.03.2014 ₹ 970.26 Lacs) and Vehicles costing ₹ 175.31 Lacs (31.03.2014 ₹ 204.43 Lacs) have acquired on Hire Purchase, the legal ownership of which will be transferred to the company after the final payment.
- In accordance with the provisions of schedule II of the Act, in case of Fixed Assets which have completed their useful life as at 1st April'2014, the carrying value (net of residual value) amounting to ₹ 392.23 lacs as a transitional provision has been recognized in the Retained Earnings. Further in case of assets acquired prior to 1st April'2014 the carrying value (net of residual value) is depreciated over the remaining useful life, as determined, effective from 1st April'2014. Depreciation & Amortization expenses for the year would have been lower by ₹ 132.92 Lacs had the company continued with the previous assessment of useful life of such assets

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE : 12 NON - CURRENT INVESTMENTS (AT COST)

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Non Trade - Quoted		
a) Investments in equity instruments :		
Indian Overseas Bank 9,500 Equity Shares of ₹ 10 each, fully paid	2.28	2.28
Trade - Unquoted		
In associate Companies		
Prajay Properties Private Limited 64,597 Equity shares of ₹ 10 each, fully paid	29.95	2.88
Genisis Capital Pvt Ltd, Mauritius 10,000 Equity Shares fully paid (reported at Nil Value as share of loss of associate exceeds carrying amount of Investment)	-	-
b) Investments in preference shares:		
Prajay Properties Private Limited 4,01,300 Preferential Shares of ₹ 10,000 each, fully paid	4,013.00	4,013.00
Investments in Capital of Partnership Firm		
Prajay Binjusaria Estates (Note 36)	1,650.50	1,650.50
	5,695.73	5,668.66
(i) Aggregate of Quoted Investments		
Cost	2.28	2.28
Market Value	4.02	4.83
(ii) Aggregate of Unquoted Investments (Cost)		
	4,042.95	4,015.88

Note : 13 LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Unsecured considered good		
i. Security Deposits (a)	610.03	612.96
ii. Advance for purchase of land/ development (b)	6,068.49	6,372.93
iii. Capital advances	140.49	80.15
	6,819.01	7,066.04

(a) Includes deposit to Director ₹ 500 lacs (31.03.2014 ₹ 500 lacs)

(b) 1. Includes advance to Partnership firms in which the company is partner ₹ 105.05 lacs (31.03.2014 ₹ 99.39lacs)

2. Includes advances to private companies in which any director is director ₹ 1928.68lacs (31.03.2014 ₹ 1862.60 lacs)

3. includes advance to Director ₹ 50 lacs (31.3.14 ₹ 50 lacs)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE : 14 INVENTORIES

(₹ in Lacs)

Particulars	As at	As at
	31.03.2015	31.03.2014
Land at Cost	14,193.15	14,193.15
Constructed Properties		
- Land and construction work in progress - at cost	40,513.88	43,612.82
Food and Beverages - at cost	9.63	8.35
	54,716.66	57,814.32

NOTE : 15 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at	As at
	31.03.2015	31.03.2014
Unsecured , Considered good		
i. Outstanding for more than six months	23,519.03	23,728.94
ii. Other Debts	245.67	632.96
	23,764.70	24,361.90
Unsecured, Considered doubtful		
Outstanding for more than six months	896.96	
Less:Provision for bad and doubtful debts	(896.96)	-
	-	-
	23,764.70	24,361.90

NOTE : 16 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

Particulars	As at	As at
	31.03.2015	31.03.2014
Balance with Scheduled Banks		
On Current Account (a)	64.16	512.78
On Escrow Account	31.13	48.72
On Deposit Account (b)	41.32	43.91
Cash on Hand	68.60	65.30
	205.21	670.71

- a) includes unpaid dividend accounts ₹ 5.46 lacs (31-03-2014: ₹ 9.41 lacs)
b) includes against bank guarantees ₹ 30.99 lacs (31-03-2014 : ₹ 22.64 lacs);
c) includes ₹ 14.33 lacs (31-03-2014: ₹ 10.14 lacs) with more than 12 months maturity

NOTE : 17 SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at	As at
	31.03.2015	31.03.2014
(Unsecured considered good unless otherwise specified)		
Loans and advances to related parties (a)	422.25	415.26
Others	3,246.91	3,464.70
Advance Tax	764.06	662.65
	4,433.22	4,542.61

- a) includes ₹ 332.08 Lacs (31-03-2014: ₹ 335.09 lacs) to Private Companies having Common Director.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE : 18 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Construction division		
(a) Sale of Constructed Properties	5,794.46	653.23
(b) Revenue from Construction Contracts	4,193.58	4,603.96
(c) Sale of Land	12.30	611.05
Hospitality division		
(a) Sale of Rooms	199.07	166.71
(b) Food and Beverages	552.06	530.60
(c) Others	2.97	3.30
(d) Membership Fees	160.45	135.07
	10,914.89	6,703.92

NOTE : 19 OTHER INCOME

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Rental Income	130.15	384.77
Interest Income [includes TDS ₹ 0.28 lacs (31.03.2014 - ₹ 0.51 lacs)]	6.87	8.67
Dividend income	0.05	0.26
Profit on Sale of Fixed Assets	13.69	0.22
Miscellaneous	84.39	169.33
	235.15	563.25
Less: Allocated to Projects	-	-
	235.15	563.25

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

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Purchases, development/construction costs	3,173.57	5,755.62
Cost of construction contracts	3,762.27	4,603.96
Changes in inventories:		
- Closing stock		
- Land	14,193.15	14,193.15
- Constructed properties	40,513.88	43,612.82
Sub total A	54,707.03	57,805.97
Less : Opening stock		
- Land	14,193.15	14,824.07
- Constructed properties	43,612.82	38,773.33
Sub total B	57,805.97	53,597.40
Sub total B-A	2,352.99	(4,208.57)
	9,288.83	6,151.01

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE : 21 EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Salaries, Wages and Bonus	913.06	1,122.86
Contribution to Provident Fund/ Pension Fund and Gratuity	31.29	6.44
Staff Welfare	11.78	16.91
	956.13	1,146.21
Less: Allocated to Projects	366.97	530.79
	589.16	615.42

NOTE : 22 FINANCE COSTS

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Interest Expenses		
-On Fixed Loans	2,993.24	2,514.33
-Others	54.94	94.30
Bank Charges	10.08	17.11
	3,058.26	2,625.74
Less: Allocated to Projects	2,466.45	2,491.56
	591.81	134.18

NOTE : 23 OTHER EXPENSES

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Rent (a)	221.84	232.71
Rates and Taxes	299.73	274.36
Insurance	35.09	27.27
Power and Fuel	387.87	455.88
Repairs and Maintenance		
- Building	-	3.81
- Plant & Machinery	32.31	53.81
- Others	11.45	38.49
Travelling Expenses	16.03	32.09
Printing and Stationery	18.53	18.50
Postage, Telegrams and Telephones	17.38	22.63
Professional Charges/Consultancy Charges	260.64	96.81
Advertisement	63.43	180.05
Commission on sales	-	8.35
Loss on sale of Investments	-	61.20
Loss on sale of fixed assets	1.35	-
Provision for Doubtful Debts	896.96	-
Miscellaneous Expenses	205.21	169.22
	2,467.81	1,675.18
Less: Allocated to Projects	560.47	392.68
	1,907.34	1,282.50

a) Includes rent paid to directors-₹ 210.73 lacs (31.03.2014 : 219.46 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 recognised when it is probable that the total project costs will exceed the total project revenue. For this purpose total project costs are ascertained on the basis of project costs incurred and costs to completion of projects on progress, which is arrived at by the Management, based on current technical data, forecasts and estimate of net expenditure to be incurred in future including for contingencies etc., which being technical matters have been relied on by auditors. Further, in respect of certain properties where sale agreement has been entered with parties even though money has not been received as per stipulation in the contract, the Company has recognised revenue and debtors as management is confident that it shall be able to realize the sale proceeds.
- 25** As stated in Note 1 (B) (7) (iii) the method used to recognize the contract revenue is percentage of completion method measured by survey of work performed. Further, as stated in that note expected loss on contracts is recognised when it is probable that the total contract cost will exceed the total contract revenue. For this purpose total contract cost is ascertained on the basis of contract cost incurred and cost to completion of contract on progress, which is arrived at by the Management, based on current technical data, forecasts and estimate of net expenditure to be incurred in future including for contingencies etc., which being technical matters have been relied on by auditors.
- 26** Inventories of constructed properties, include land admeasuring 59 acres 21 guntas at Maheshwaram, Hyderabad, Telangana 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).

	2014-15 (Rs. in lacs)	2013-14 (₹ in lacs)
27 Contingent Liabilities (not provided for)		
Guarantees given to banks (on behalf of Prajay Properties Pvt Ltd)	12,130.00	12,130.00
The following disputed liabilities are under appeal by the Company:		
Service tax*	1,820.62	1,820.62
Income Tax	791.71	40.79
VAT	5.77	5.77

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

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

- 28** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 466.79lacs (31.03.2014 : ₹ 520.39 Lacs), Other commitments Nil (31.03.2014 : Nil).
- 29** Deferred Tax Asset / (Liability) (Net) comprise of:

	2014-15 (Rs. in lacs)	2013-14 (₹ in lacs)
Deferred Tax Liability (A) :		
Arising on account of timing difference – Depreciation	301.26	316.89
Net Deferred Tax Liability	301.26	316.89

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

30 Earnings Per Share (EPS):

(₹ in lacs)

Particulars	2014-15	2013-14
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)	(2469.62)	(1,216.29)
c) Earnings per share (in ₹)		
i) Basic	(3.53)	(1.74)
ii) Diluted	(3.53)	(1.74)

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

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

Since some of the statutory approvals for Prajay Megapolis project are yet to be obtained, crystallization of loan repayment time schedule has not taken place as on 31.03.2015

32 Related Party Disclosures:

A. List of Related Parties

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

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

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

Prajay Financial Services Limited
Prajay Lifestyle UPVC Windows Private Limited
Prajay Princeton Hotel Private Limited
Prajay Princeton Developers Private Limited
Prajay Velocity Developers Private Limited
VijMohan Constructions Private Limited
Prajay Chit Funds Pvt.Ltd.
Secunderabad Golf and Leisure Resorts Private Limited
Prajay Land Capital Private Limited

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
		31.03.2015	31.03.2014	
Sale of land, property, material and work done	Prajay Properties Private Limited	4,193.57	5,294.64	-
Purchase of Materials	Prajay Lifestyle UPVC Windows Private Limited	-	36.41	-
Remuneration paid				48.46
Rent paid			210.67	219.46
Investments diluted during the year	Prajay Binjusaria Estates	-	630.00	
Advances Given		69.73	208.03	-
Repayment of Advances Taken		554.88	1,327.19	-
Repayment of Advances given		6.01	50.53	
Advances Taken		4,808.78	7,452.63	-
Balance at the end of the year				
Debit balances outstanding	Prajay Land Capital Private Limited	0.38	0.38	
	VijMohan Constructions Private Limited	207.84	213.52	
	Secunderabad Golf and Leisure Resorts Private Limited	1,384.02	1,318.93	
	Prajay Velocity Developers Private Limited	544.65	543.67	
	Prajay Lifestyle UPVC Windows Private Limited	123.03	120.37	
	Prajay Princeton Developers Pvt. Ltd	0.41	0.41	
	Prajay Princeton Hotels Pvt. Ltd	0.42	0.42	
	Prajay Kamanwala Developers	10.65	9.98	
	Prajay Binjusaria Estates	89.40	89.40	
	Key Management Personnel			550.00
Credit balances outstanding	Prajay Properties Private Limited	3200.00	3200.00	
	Prajay Properties Private Limited	6456.12	6395.78	
	Prajay Financial Services Limited	76.06	76.07	
	Key Management Personnel/relatives			156.57
				87.06

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33. Segment Reporting (₹ in lacs)

Business Segment	2014-15			2013-14			Total
	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	Construction & Development of Property	Hospitality Hotels & Resorts	Unallocated	
Segment Revenue							
External	10,000.33	914.56	235.15	5,868.23	835.69	563.25	7,267.17
Total Revenue	10,000.33	914.56	235.15	5,868.23	835.69	563.25	7,267.17
Segment Result	(1,514.94)	(302.92)		(1,723.84)	(329.65)		(2,053.49)
Unallocated Corporate expenses net of unallocated income							468.13
Operating Profit							(1,585.36)
Interest Expense							134.18
Prior Period Items							(45.97)
Interest Income							8.67
Dividend Income							0.26
Profit before Taxation							(1,756.58)
Income Tax							0.16
Prior period Tax							(593.09)
Deferred Tax							16.08
Minority Interest							39.44
Share of Net Profit / (Loss) of Associate							2.88
Net Profit							(1,216.29)
Other Information							
Segment Assets	103,004.83	19,849.49	6,457.79	97,046.16	29,319.30	6,331.31	132,696.77
Total Assets	103,004.83	19,849.49	6,457.79	97,046.16	29,319.30	6,331.31	132,696.77
Segment Liabilities	42,260.80	229.30	949.40	40,188.77	282.43	964.83	41,436.03
Total Liabilities	42,260.80	229.30	949.40	40,188.77	282.43	964.83	41,436.03
Capital Expenditure	11,222.01	28.93		510.18	106.00	-	616.18
Depreciation	453.10	184.77		248.46	109.64	-	358.10
Non Cash expense other than depreciation	(12.34)			60.98			60.98

Notes:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

34. LEASES:

(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	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Building	88.58	88.58	22.84	21.40	1.44	1.44

(b) Hire Purchase:

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

(₹ in lacs)

	March 31, 2015			March 31, 2014		
	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	257.45	185.76	71.69	341.23	181.58	159.66
Less: Future Finance Charges	24.60	16.87	7.73	46.32	29.40	16.92
Present Value of minimum hire purchase payments at the Balance Sheet Date	232.85	168.89	63.96	294.92	152.18	142.74

- Trade Receivables – (Note 15) unsecured, considered good, includes ₹ 23,519.03, (31.03.2014: ₹ 24,419.62 lacs) outstanding for more than six months. As a result of economic slowdown and recession in realty sector the realizations from customers are slow. A provision for doubtful debts is made during the year for Rs.896.96 lacs against Trade Receivables, unsecured, considered doubtful.
- Long Term Loans and Advances – (Note 13) include advances given to Landlords / developers towards certain projects amounting to ₹ 5888.68 lacs (31.03.2014: ₹ 6191.04 lacs) and Short Term Loans and Advances (Note 17) to suppliers, etc., amounting to ₹ 2109.37 (31.03.2014: ₹ 727.09 lacs) outstanding from earlier years. Due to long term involvement in such projects, no provision has been considered necessary.
- Interest accrued ₹ 3,201.62 lacs (including ₹ 1,361.60 lacs for the year), on compulsorily convertible debentures has not been provided for the period 24-11-2012 to 31-03-2015.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Name of the Partnership Firm - Prajay Binjusaria Estates
- Total Capital of the said Firm is ₹ 2055.50 lacs (31-03-2014 : ₹ 2055.50 lacs)
- Share of each partner in the Profit or Loss

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

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

As per my report attached

For and on behalf of the Board

S.V.Rangan
Chartered Accountant

D.Vijay Sen Reddy
Managing Director

Sumit Sen
Whole Time Director

Place : Hyderabad
Date : 30.05.2015

P.Bhaskara Rao
Chief Financial Officer

D. Madhavi Latha
Company Secretary

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PRAJAY

PRAJAY ENGINEERS SYNDICATE LIMITED

CIN: L45200AP1994PLC017384

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

Phone: (+91-40)66222999 Fax: (+91-40) 66222966

email:- investorrelations@prajayengineers.com;

website: - www.prajayengineers.com

ATTENDANCE SLIP

Name of share Holders & Address :

Folio /Dp. Id/ Client Id No :

No of shares :

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company being held on Wednesday, the 30th day of September 2015 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad – 500 016 (TG).

Members Folio/DP ID-Client ID No.

Member's/Proxy's name in Block Letters

Signature of Member / Proxy

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

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FORM No. MGT-11

PROXY FORM

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

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

Name of the Members(s) :

Registered Address :

E-mail ID :

Folio No/Client ID :

DP ID :

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

1. _____ of _____ having e-mail id _____ or failing him
2. _____ of _____ having e-mail id _____ or failing him
3. _____ of _____ having e-mail id _____ or failing him



and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on Wednesday, the 30th day of September 2015 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad – 500 016 and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	Resolutions	Vote **	
		For	Against
Ordinary Business:			
1.	To Consider and adopt Audited Financial Statements, Reports of Board of Directors & Auditors thereon		
2.	Re-appointment of Mr. Sumit Sen as Director who retires by rotation.		
3.	Ratification of Appointment of Auditor and authorizing the board to fix his remuneration.		
Special Business:			
4.	Appointment of Mrs. V. Padma as Independent Director of the Company not liable to retire by rotation.		
5.	Re-appointment of Mr. Sumit Sen as Whole Time Director of the Company for 2 years and to fix his remuneration.		
6.	Re-appointment of Mr. D. Vijay Sen Reddy as Managing Director of the company for 2 years and to fix his remuneration.		

Signed this _____ day of _____ 2015

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

Please
Affix ₹ 1/-
Revenue
Stamp

Signature

Notes:

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

INSTRUCTIONS FOR E-VOTING

(a) The instructions for e-Voting are as under:

- (i) Launch internet browser by typing the following URL: <https://evoting.karvy.com>.
- (ii) User ID and Password for e-voting is provided in the table given at the bottom of this document.
- (iii) Click on Shareholder – Login.
- (iv) Enter user ID and password as initial password /PIN. Click login.
- (v) The Password Change Menu will appear on your screen. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
- (vii) Select the “EVEN” (e-voting Event Number) of Prajay Engineers Syndicate Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting an appropriate option and click on “Submit” and also “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Corporate/ Institutional shareholders (i.e. other than individuals, HUFs, NRIs etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ahaladarao.associates@gmail.com, with a copy marked to evoting@karvy.com.
- (xiii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of <https://evoting.karvy.com> alternatively you can also contact evoting@karvy.com for any queries or grievances connected with remote e-voting service.

(b) Other Instructions:

- (i) If you are already registered with Company’s Registrar and Share Transfer Agent, Karvy Computershare Private Limited (Karvy) for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- (ii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- (iii) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Monday, 21st September, 2015, only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through poll paper.
- (iv) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of poll paper for all those Members who are present at the AGM but have not cast their votes by availing remote e-voting facility.
- (v) Members who have acquired shares after the dispatch of Notice of AGM and holding shares as on cut-off date i.e. Monday, 21st September, 2015, may obtain the user ID and Password by sending a request at evoting@karvy.com.

However, if you are already registered with Karvy Computershare Private Limited for remote e-voting, then you can use your existing user ID and Password /PIN for casting your vote. If you have forgotten your password, you can reset your password by using “Forgot User Details/

Password" option available on <https://evoting.karvy.com> or contact Karvy at (040) 6716 16036 or at toll free number 1800 3454 001. Alternatively, you can also contact on evoting@karvy.com for any queries or grievances connected with remote e-voting service.

- (vi) The remote e-voting period shall commence on Thursday, 24th September, 2015 (9.00 a.m. IST) and ends on Saturday, 26th September, 2015 (5.00 p.m. IST). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday, 21st September, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by Karvy Computershare Private Limited for voting thereafter. Once the vote on a resolution is cast by the shareholder, Member shall not be allowed to change it subsequently. Electronic voting shall not be allowed beyond the said date and time.
- (vii) The voting rights of the Members (for voting through remote e-voting or by Poll Paper at the Meeting) shall be in proportion to their shares of the paid up Equity Shares capital of the Company as on the cut-off date of Monday, 21st September, 2015.
- (viii) Mr. D. Raghavendar Rao, Practicing Company Secretary (Membership No. ACS35788) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process is conducted in a fair and transparent manner.
- (ix) The scrutinizer shall, immediately after the conclusion of remote e-voting at the 21st AGM, first count the votes casted at the meeting and thereafter unblock the votes cast through remote e-voting in presence of atleast two (2) witnesses not in the employment of the Company and make within a period not exceeding three (3) days from conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman & Managing Director of the Company or person authorized by him of the Company.
- (x) The results shall be declared after receiving consolidated Scrutinizer's Report from the Scrutinizer. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.prajayengineers.com and on the websites of Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited (Karvy) <https://evoting.karvy.com> immediately after the declaration of the results by the Chairman & Managing Director or person authorized by him and forwarded to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
- (xi) The resolution shall be deemed to be passed on the date of the AGM, subject to receipt of sufficient votes through a compilation of voting results (i.e. remote e-voting along with the voting held at the AGM).



Prajay Waterfront City, Studio Apartments



Prajay Virgin County Villas at Maheshwaram

By Courier / Regd. Post

If undelivered, please return to:

PRAJAY

Prajay Engineers Syndicate Limited

CIN: L45200AP1994PLC017384

Registered Office:

8-2-293/82/A

Plot No. 1091 A, Road No. 41

Near Peddamma Temple, Jubilee Hills,

Hyderabad 500 033.

Phone: +91-40-66222999

Fax: +91-40-66222966