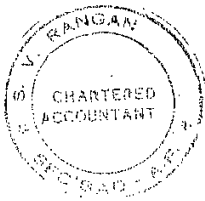




Auditors' Report
To The Board of Directors of Prajay Engineers Syndicate Limited
On Limited Review of Unaudited Financial Results

1. I have reviewed the accompanying statement of Unaudited Standalone Financial results of Prajay Engineers Syndicate Limited ("the Company") for the quarter ended 31st December, 2011 except for the disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding" which have been traced from disclosures made by the management and have not been audited by me. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. My responsibility is to issue a report on these financial statements based on my review.
2. I conducted my review in accordance with the Standard on Review Engagement (SRE) 2400, engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This Standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and accordingly, I do not express an audit opinion.
3. *I draw your attention to the following:*
 - 3.1 *Sundry Debtors considered good include an amount of Rs.28,784.04 lacs due from customers which are outstanding for more than six months. As a result of economic slowdown and recession in the realty sector, realization from customers are slow; no provision has been made in the books against bad debts, if any. I am unable to comment on the realization of the debtors.*
 - 3.2 *Loans and advances considered good include an amount of Rs.8,449.93 lacs given towards purchase of land/development towards certain projects, and an amount of Rs.1,671.20 lacs given to suppliers, etc outstanding from earlier years. No provision has been considered necessary due to long term involvement in such projects.*
4. Based on my review conducted as above, subject to my comments in Paragraph 3 and the consequential effect on the results for the quarter ended 31st December, 2011, nothing has come to my attention that causes me to believe that the accompanying statement of unaudited financial results prepared in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

Hyderabad
February 14, 2012



S V Rangan
Chartered Accountant
Membership No. 022037