



PRAJAY ENGINEERS SYNDICATE LIMITED

9TH ANNUAL REPORT

2002-2003

PRAJAY ENGINEERS SYNDICATE LIMITED

BOARD OF DIRECTORS

SRI D.S.P. REDDY
SRI D.S.CHANDRA MOHAN REDDY
SRI D. VIJAY SEN REDDY
SRI K. RAVI KUMAR
SRI SUMIT SEN
SRI N. RAVINDER REDDY
SRI D. CHAKRADHAR REDDY
SMT D. HYMAVATHI REDDY
SMT D. SHARMILA REDDY
SRI VIJAY KISHORE MISHRA

CHAIRMAN
MANAGING DIRECTOR
EXECUTIVE DIRECTOR
WHOLE TIME DIRECTOR
WHOLE TIME DIRECTOR
WHOLE TIME DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

AUDITORS

SRI S.V. RANGAN
Chartered Accountant
45, ICRISAT Colony, Phase 2,
Secunderabad - 500 009.

Report  Junction.com

BANKERS

INDIAN OVERSEAS BANK
Plot No. 183, P.B. No. 2,
Alwal,
Secunderabad - 500 010.

A.P. MAHESH CO-OPERATIVE URBAN BANK LTD
Himayath Nagar,
Hyderabad - 500 029.

REGISTERED OFFICE

4-1-2/4, Eden Garden Road,
Ramkote,
Hyderabad - 500 001.

PRAJAY ENGINEERS SYNDICATE LIMITED

NOTICE

Notice is hereby given that the **Ninth Annual General Meeting** of the Members of **Prajay Engineers Syndicate Limited** will be held on Tuesday, the 30th day of September, 2003 at 3.00 P.M. at Central Court Hotel, 6-1-71, Lakdi-ka-pool, Hyderabad -500 004 to transact the following business :

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2003 and the Balance Sheet as on that date and the Directors' Report and Auditor's Report thereon.
- (2) To appoint a Director in place of Sri D.Chakradhar Reddy, who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Sri Sumit Sen who retires by rotation and being eligible, offers himself for reappointment.
- (4) To appoint Auditors of the company and to fix their remuneration.

SPECIAL BUSINESS:

- (5) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mrs.D.Hymavathi Reddy, who was appointed as an additional director of the company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing her candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation."

- (6) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mrs.D. Sharmila Reddy, who was appointed as an additional director of the company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has pursuant to Section 257 of the

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Companies Act, 1956, received a notice in writing proposing her candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation."

- (7) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Vijay Kishore Mishra, who was appointed as an additional director of the company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation."

- (8) To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), the Securities Contracts (Regulation) Act, 1956 and the Rules framed there under, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval (s), consent(s), permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and other appropriate authorities, Institutions or regulators as may be prescribed or imposed by any authorities while granting such approval(s), permission(s) and sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee thereof constituted by the Board) the consent of the Company be and hereby accorded to the Board to delist voluntarily the equity shares of the company from the The Hyderabad Stock Exchange Ltd, The Stock Exchange - Ahmedabad and Bangalore Stock Exchange.

By Order of the Board
For Prajay Engineers Syndicate Limited

Place: Hyderabad
Date: 30th June, 2003

Sd/-
(D.S.CHANDRA MOHAN REDDY)
MANAGING DIRECTOR

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NOTES:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be Member of the Company.
- (2) Proxy, in order to be effective, must be deposited at the company's Registered Office not less than 48 hours before the meeting.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 17th September, 2003 to Tuesday, 30th September, 2003 (both days inclusive)
- (4) Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
- (5) During the current financial year 2003-04, the company will be required to transfer to Investor Education & Protection Fund, the unpaid dividend for the year ended 31 st March, 96. Those shareholders who have not encashed their warrants are requested to immediately return the outdated warrants to the company to enable the company to issue demand drafts in lieu thereof.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5:

The Board of Directors of the Company at their meeting held on 10th March, 2003 appointed Mrs. D.Hymavathi Reddy as an Additional Director of the company pursuant to Article 73 of the Article of Association of the company and retires at the ensuing Annual General Meeting of the company. The company received notice from one of the members proposing her candidature for the office of directorship along with requisite deposit. Mrs. D.Hymavathi Reddy is director on the Boards of Vijmohan Constructions (P) Limited and D.K.Poultries (P) Limited. She had requisite experience in real estate and construction line. The Board recommends the resolution for the approval of the members.

Shri D.S.Chandra Mohan Reddy, being husband is interested in the resolution

Item No. 6:

The Board of Directors of the Company at their meeting held on 10th March, 2003 appointed Mrs. D.Sharmila Reddy as an Additional Director of the company pursuant to Article 73 of the Article

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of Association of the company and retires at the ensuing Annual General Meeting of the company. The company received notice from one of the members proposing her candidature for the office of directorship along with requisite deposit. Mrs. D.Sharmila Reddy is director on the Boards of Vijmohan Constructions (P) Limited and D.K.Poultries (P) Limited. She is graduate in commerce. She had requisite experience in real estate and construction line. The Board recommends the resolution for the approval of the members.

Shri D. Vijay Sen Reddy, being husband is interested in the resolution.

Item No.7:

The Board of Directors of the Company at their meeting held on 10th March, 2003 appointed Shri Vijay Kishore Mishra as an Additional Director of the company pursuant to Article 73 of the Article of Association of the company and retires at the ensuing Annual General Meeting of the company. The company received notice from one of the members proposing his candidature for the office of directorship along with requisite deposit. He is a Chartered Accountant and has varied experience of 20 years in Finance and Accounts. The Board recommends the resolution for the approval of the members.

None of the Directors of the Company is in any way, concerned or interested in this resolution.

Item No.8:

The Securities and exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") incorporating, among others, provisions for delisting of securities of a Listed Company voluntarily by a promoter or an acquirer or any other person from the Stock Exchanges.

Presently, the Company's equity shares are listed on the following four Stock Exchanges:

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1. The Hyderabad Stock Exchange Limited, Hyderabad
2. The Stock Exchange -Mumbai
3. The Stock Exchange -Ahmedabad
4. Bangalore Stock Exchange

With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of its terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE, and the depth and liquidity of trading in the Company's equity shares on all other Stock Exchanges is low and insignificant.

The Securities and Exchange Board of India (SEBI) has specified for settlement of the Company's Equity shares only in dematerialized form by all investors. It is also observed that the listing fee paid to Stock Exchanges other than BSE is disproportionately high compared to the extremely Low/Nil trading volumes of the Company's securities on those exchanges. The Company has proposed this resolution, which will enable it to delist its equity shares from the following Stock Exchanges.

1. The Hyderabad Stock Exchange Limited, Hyderabad
2. The Stock Exchange -Ahmedabad
3. Bangalore Stock Exchange

The company's equity shares will continue to be listed on The Stock Exchange -Mumbai after the proposed delisting.

Your Directors recommend the Special resolution for members' approval.

None of the Directors of the Company is in any way, concerned or interested in this resolution.

By order of the Board
for PRAJAY ENGINEERS SYNDICATE LIMITED

Sd/-
(D.S. CHANDRA MOHAN REDDY)
MANAGING DIRECTOR

PRAJAY ENGINEERS SYNDICATE LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Ninth Annual Report of the company together with the Audited Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS:

(Rs. in Lakhs)

	2002-03	2001-02
Gross Turnover	1919.31	1976.43
Profit before interest and Depreciation	339.87	174.91
Profit before Tax	156.41	55.99
Provision for taxation	57.48	19.99
Profit after tax	98.93	36.00

2. MANAGEMENT DISCUSSION AND ANALYSIS:

a) Industry Structure and Development: India the second most populated country in the world has clearly emerged as one of the fastest growing economies

PESL operates in 2 distinct business areas
-Housing and Hospitality

As housing sector is concerned, the opportunities continue to outperform all other

sectors. The growth in the economy has changed the aspirations of people, which increased the demand of Hotels, Restaurant and Hospitality products.

b) Opportunities & Outlook :

Government of Andhra Pradesh as part of its new Tourism Policy Vision 2020 has drawn plans to make Hyderabad as foremost tourist destination in the country, specifically Shamirpet has been identified as a key area.

The Company has large investments in Shamirpet area and hence placed advantageously.

Additionally there is growing demand in Housing sector where the company has expertise to cater to the demand.

In view of the tremendous thrust given by government to boost infrastructure, the outlook for the Company looks positive.

c) Review of Operations:

During the year under review, the company had taken up one new project near Anthaipally. Apart from this, the company presently has on hand 8 more projects, which are on going and may continue for further two years. The company has successfully completed 3 projects during the year.

Your company as part of the process of growth and expansion decided to diversify into the tourism sector, understanding the growth potential the tourism industry is offering.

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The company has made an application to India Tourism, Government of India for approval as 2 star hotel project. The company is pleased to inform you that in the month of November 2002, your company got the approval of hotel project at Chikoti Gardens, Hyderabad by department of Tourism, Government of India for Celebrity Boutique Suites.

Significant achievement during the year under review, the company has inaugurated world-class fitness Centre under health club known as **FITBUZZ** at Corporate Office, which is very ideally located in the commercial hub of Hyderabad. Company has launched the membership drive for Fitbuzz and Celebrity City Centre and the response is very encouraging. Also the company would be shortly completing the works for a multi cuisine restaurant and a modern pub.

Company has also received letter of Intent from Govt., of A.P, Youth Advancements, Tourism & Culture (PMU) Department for Construction & Management of Golf Course & Theme Park Project at Shamirpet, Ranga Reddy District.

d) Segment-wise or product-wise performance:

Segment-wise performance of the company for the year under review is as under:

S.NO.	DIVISION	TURNOVER (Rs. in Lakhs)
1.	Construction	1811.56
2.	Hotels & Resorts	107.75
	Total	1919.31

e) Internal control systems and their adequacy:

Your company has adequate internal control procedures commensurate with the size and nature of its operations. An Audit Committee consisting of three non-executive Directors is functioning effectively. Internal Audit for the year 2002-03 was carried out by M/s. Mahesh and Varaprasad, Chartered Accountants covering all areas of operations. All significant audit observations are discussed in the audit committee meetings, which met three times during the year under review.

f) Discussion on financial performance with respect to operational performance:

During the year under review, the company made net profit of Rs.98.93 lakhs. The results also include the effect of writing off of Rs. 98.11 lakhs towards inter corporate deposits including interest. The year under review could see quantum jump in turnover of Hotels & Resorts Division to Rs. 107.75 lakhs as against previous year's turnover of Rs.40.55 lakhs. The construction division which is the main business recorded lower turnover of Rs.1811.56 lakhs as against previous year's turnover of Rs.1935.88 lakhs.

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g) Material developments in Human Resources/Industrial Relations front, including number of people employed:

There are no material developments in human resources / Industrial Relations front affecting the company. Total number of persons employed in the company at the closing of the financial year was 295.

3. DIVIDEND

The Directors express their inability to declare dividend for the year under review with a view to conserve resources for the on-going Projects and Celebrity Hospitality Services.

4. DIRECTORS

Sri D.Chakradhar Reddy, and Sri Sumit Sen, Directors will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mrs D.Hymavathi Reddy, Mrs D.Sharmila Reddy and Shri Vijay Kishore Mishra, who were appointed as additional directors of the company during the year under review, retires at the ensuing Annual General Meeting. The company received notices from some of members proposing their candidature for the office of the directorship.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

(i) That in the preparation of accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures.

(ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

(iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance, with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2003 on going concern basis.

6. DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

7. AUDITORS

The present Auditor of the Company Sri S.V.Rangan, Chartered Accountant, will retire at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.