



# **PRAJAY ENGINEERS SYNDICATE LIMITED**

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## **10TH ANNUAL REPORT**

**2003-2004**

## **PRAJAY ENGINEERS SYNDICATE LIMITED**

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### **BOARD OF DIRECTORS**

SRI	D.S.CHANDRA MOHAN REDDY	MANAGING DIRECTOR
SRI	D. VIJAY SEN REDDY	EXECUTIVE DIRECTOR
SRI	K. RAVI KUMAR	WHOLE TIME DIRECTOR
SRI	N. RAVINDER REDDY	WHOLE TIME DIRECTOR
SRI	SUMIT SEN	WHOLE TIME DIRECTOR
SRI	D. CHAKRADHAR REDDY	DIRECTOR
SMT	D. HYMAVATHI REDDY	DIRECTOR
SMT	D. SHARMILA REDDY	DIRECTOR
SRI	VIJAY KISHORE MISHRA	DIRECTOR

### **AUDITORS**

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

### **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 Tenth Annual General Meeting of the Members of Prajay Engineers Syndicate Limited will be held on Thursday, the 30<sup>th</sup> day of September, 2004 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Garden, Begumpet, Hyderabad – 500 016 to transact the following business.

#### **ORDINARY BUSINESS:**

- (1) To receive, consider and adopt the audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2004 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 N. Ravinder Reddy, who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Sri Vijay Kishore Mishra 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 Pursuant to Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Sri K. Ravi Kumar be and is hereby re-appointed as whole time Director of the company for a period of 5 years with effect from 1<sup>st</sup> February, 2004, on the following terms and conditions.

1. Salary Rs.10,000/- per month
2. Provision of car for use on Company's business
3. Telephone at residence.  
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 case of loss or inadequacy of profits in any Financial Year (s) of the Company during his tenure of office, Sri K. Ravi Kumar shall be entitled to receive the above remuneration and perquisites as minimum remuneration."

By Order of the Board  
For Prajay Engineers Syndicate Limited

Place: Hyderabad  
Date: 30<sup>th</sup> June, 2004

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

**PRAJAY ENGINEERS SYNDICATE LIMITED****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 Thursday, 16th September, 2004 to Thursday, 30th September, 2004 (both days inclusive)
- (4) Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.5**

The five year term of office of Sri K.Ravi Kumar as Whole Time Director of the Company expired on 31<sup>st</sup> January, 2004. The Board of Directors and Remuneration Committee of the Board of Directors of the company at their meetings held on 30<sup>th</sup> January, 2004 re-appointed Sri K.Ravi Kumar as Whole Time Director of the company for a further period of five years with effect from 1<sup>st</sup> February, 2004. According to Schedule XIII of the Companies Act, 1956, the appointment / re-appointment of Managing / Whole Time Director requires approval of shareholders at the immediately succeeding General Meeting. Hence, the re-appointment of Sri K.Ravi Kumar as Whole Time Director as per the terms set out in the resolution is being placed before the members and the board recommends the resolution for approval.

None of the Directors of the company, except Sri K.Ravi Kumar himself, is interested in the resolution.

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By order of the Board

**For PRAJAY ENGINEERS SYNDICATE LIMITED**

Sd/-

**(D.S.CHANDRA MOHAN REDDY)**  
**MANAGING DIRECTOR**

Place : Hyderabad  
Date : 30th June 2004

# PRAJAY ENGINEERS SYNDICATE LIMITED

## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the Tenth Annual Report of the company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2004.

### 1. FINANCIAL RESULTS:

(Rs.in lakhs)

	2003-04	2002-03
Gross Turnover	1827.83	1919.31
Profit before Interest and Depreciation	405.85	339.87
Profit before Tax	179.14	156.41
Provision for taxation	101.36	57.48
Profit after tax	77.78	98.93

### 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 far 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, Restaurants 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 viz Celebrity Villas at Shamirpet, adjacent to our Celebrity Club. During the year under review, the company successfully completed two projects – 1. Prajay Gruhatara at Kompally, and Prajay Nivasa -II at Mohan Nagar. The company presently has on hand 8 more projects, which are on going and may continue for further two years.

## PRAJAY ENGINEERS SYNDICATE LIMITED

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

During the year under review, the company's multi cuisine restaurant and modern pub located at Chikoti Gardens, Hyderabad in the name of "RV. Restaurant" and "99 Megahertz" respectively has become fully operational and contributing to the turnover. The company's Celebrity Boutique Suits project located at Chikoti Gardens, Hyderabad as approved by department of Tourism, Government of India is under implementation and is likely to completed by end of October, 2004, barring unforeseen circumstances.

- d) **Segment-wise or product-wise performance:**  
Segment-wise performance of the company for the year under review is as under:

S.NO.	DIVISION (Rs. In Lakhs)	TURNOVER
1.	Construction	1555.86
2.	Hotels & Resorts	271.97
	Total	1827.83

- 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 2003-04 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 four 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.77.78 lakhs. Hotels and Resorts Division continues to grow at a scorching pace and recorded a turnover of Rs.271.97 lakhs during the year under review as against Rs.101.75 lakhs during the previous year, registering a growth rate of 167%. The construction division which is the main business recorded lower turnover of Rs.1555.86 lakhs as against previous year's turnover of Rs.1811.56 lakhs. As could be seen in the inter-divisional performance, there is distinct shift in focus from construction to Hotels and Hospitality division which is well planned and imaginative approach, as the later gives better margins.

- 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 395

### 3. DIVIDEND

The Directors are unable to recommend dividend for the year under review with a view to conserve resources for the on-going Projects and increased focus on Hotels and Hospitality Division which requires more funds for constant up gradation.

## PRAJAY ENGINEERS SYNDICATE LIMITED

### 4. DIRECTORS

We inform you with deep regret that during the year under review, our beloved chairman Sri D.S.P.Reddy, who is closely associated with the company since inception, expired on 4<sup>th</sup> January, 2004. The Board records its deep appreciation of the valuable services rendered by him during his tenure.

Sri N.Ravinder Reddy, and Sri Vijay Kishore Mishra, Directors will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

During the year under review, the term of office of Sri K.Ravi Kumar as Whole Time Director expired on 31<sup>st</sup> January, 2004 and his re-appointment for a further term of 5 years with effect from 1<sup>st</sup> February, 2004 is placed before the members for approval.

### 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 31<sup>st</sup> March, 2004, 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 31<sup>st</sup> March, 2004 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.

### 8. PARTICULARS OF EMPLOYEES:

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the provisions contained in Companies (Particulars of Employees) Rules, 1975 as amended to date were not applicable to your company, as none of the employees was in receipt of remuneration which in aggregate was Rs.24,00,000/- or more per year nor was in receipt of remuneration for part of the year of Rs.2,00,000/- or more per month.

**PRAJAY ENGINEERS SYNDICATE LIMITED****9. INDUSTRIAL RELATIONS:**

The Company has had harmonious industrial relations throughout the year under review at all levels of organization. The Company would endeavour hard to maintain this cordial relationship in future also.

Your Directors also place on record their deep sense of appreciation for the dedicated services rendered by all the executives, staff and workers of the company.

**10. CONSERVATION OF ENERGY, TECHNOLOGY****ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption have not been provided, as the same is not applicable to the Company. Further, the foreign exchange outgo during the year 2003-04 is Rs.3.66 lakhs as against Rs.89.04 lakhs during the previous year. Foreign exchange earnings are Rs.10.55 lakhs during the year 2003-04 as against Rs.1.32 during the previous year.

For and on behalf of the Board

Sd/-

**(D.S.Chandra Mohan Reddy)**  
**Managing Director**

Sd/-

**(D. Vijay Sen Reddy)**  
**Executive Director**

Place : Hyderabad  
Date : 30<sup>th</sup> June, 2004

**11. ACKNOWLEDGEMENTS:**

The Directors have pleasure in recording their appreciation for the valuable assistance extended to the Company by the Indian Overseas Bank, A.P.S.F.C, A.P. Mahesh Co-operative Urban Bank and also Housing Finance Companies such as LIC Housing Finance, HDFC, State Bank of India, Andhra Bank Housing Finance, Home Trust Finance etc., for extending loan facilities to the customers of the company.



## **PRAJAY ENGINEERS SYNDICATE LIMITED**

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### **COMPLIANCE CERTIFICATE ON 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 on 31st March 2004, 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 there of, adopted by the company for ensuring the 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 Share holders/Investors Grievance Committee.

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

PLACE : Hyderabad  
DATE : 30th June, 2004

**S.V. RANGAN**  
**CHARTERED ACCOUNTANT**

**PRAJAY ENGINEERS SYNDICATE LIMITED****CORPORATE GOVERNANCE**

In Compliance with Clause 49 of the Listing Agreement with Stock Exchanges, The Company submits the report on the matters mentioned in the said Clause and practice as followed by the Company.

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Philosophy of Prajay Engineers Syndicate Limited (PESL) on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and all interactions with its stakeholders, including the shareholders, employees, the government and the lenders.

PESL is committed to achieve the highest standards of corporate governance.

PESL believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

**2. BOARD OF DIRECTORS:****COMPOSITION OF BOARD:**

The present strength of the Board of Directors consists of 9 Directors, of whom five are Executive and four are Non-Executive Directors out of which 3 are Independent Directors. It is proposed to appoint one more Non-Executive Director in place of Sri D.S.P.Reddy, Chairman who has expired during the last quarter of the financial year 2003-04 i.e. on 4<sup>th</sup> January, 2004.

During the year 2003-04, the Board met nine times (as against the minimum requirement of four meetings) on the following dates viz., 15<sup>th</sup> May, 2003, 18<sup>th</sup> June, 2003, 30<sup>th</sup> June, 2003, 31<sup>st</sup> July, 2003, 29<sup>th</sup> September, 2003, 19<sup>th</sup> October, 2003, 31<sup>st</sup> October, 2003, 13<sup>th</sup> December, 2003 and 30<sup>th</sup> January, 2004.

The following table gives details of directors, attendance of directors at the board meetings and at the last annual general meeting, number of memberships held by directors in the Board/Committees of various companies: