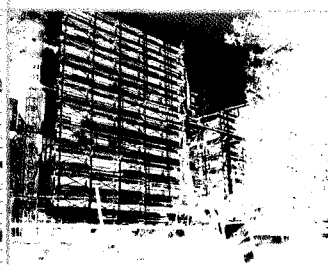
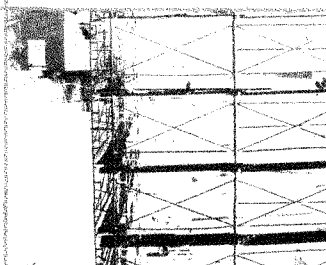
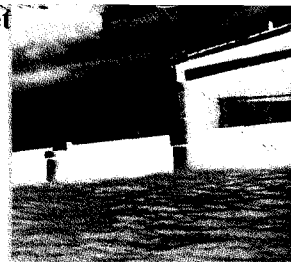
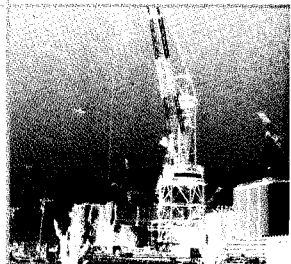




**PRAY ENGINEERS
SYNDICATE LTD.**



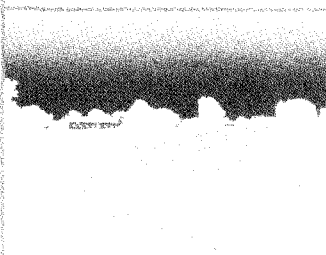
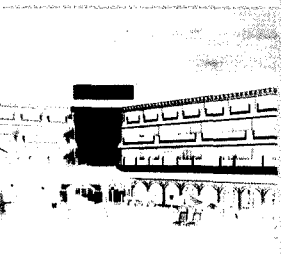
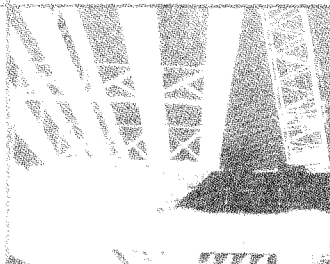
Solid Foundation - Rapid Growth



REPORT www.reportjunction.com

11TH ANNUAL REPORT

2004-2005





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
SRI VIJAY KISHORE MISHRA	DIRECTOR
SMT D.HYMAVATHI REDDY	DIRECTOR
SMT. D.SHARMILA REDDY	DIRECTOR
SRI N. NAGESHWARA RAO	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.



NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of Prajay Engineers Syndicate Limited will be held on Thursday, the 25th day of August, 2005 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 31st March, 2005 and the Balance Sheet as on that date and the Directors' Report and Auditor's Report thereon.
- (2) To declare dividend on Equity Shares for the year 2004-05.
- (3) To appoint a Director in place of Mrs D.Hymavathi Reddy, who retires by rotation and being eligible, offers herself for reappointment.
- (4) To appoint a Director in place of Mrs D.Sharmila Reddy, who retires by rotation and being eligible, offers herself for reappointment.
- (5) To appoint Auditors of the company and to fix their remuneration.

SPECIAL BUSINESS:

(6) To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Sri N.Nageshwara Rao, who was appointed as an additional director 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."

(7) To consider and if thought fit, to pass with or without modifications, 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 N. Ravinder Reddy be and is hereby re-appointed as Whole Time Director of the company for a period of 5 years with effect from 1st February, 2005 on the following terms and conditions.

1. Salary Rs.18,000/- 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 N.Ravinder Reddy shall be entitled to receive the above remuneration and perquisites as minimum remuneration."

(8) To consider and if thought fit, to pass with or without modifications, 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 Sumit Sen be and is hereby re-appointed as Whole Time Director of the company for a period of 5 years with effect from 1st February, 2005 on the following terms and conditions.

1. Salary Rs.18,000/- 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 Sumit Sen shall be entitled to receive the above remuneration and perquisites as minimum remuneration."

(9) To consider and if thought fit, to pass with or without modifications, 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 D.S.Chandra Mohan Reddy be and is hereby re-appointed and re-designated as Chairman and Managing Director of the company for a period of 5 years with effect from 16th August, 2005 on the following terms and conditions.

1. Salary Rs.50,000/- per month
2. Perquisites:
 - (i) **Housing:** The Chairman and Managing Director shall be entitled to House rent allowance @60% of salary. The expenditure incurred by the company on gas, electricity and water will be valued as per Income Tax rules, 1962.
 - (ii) **Medical Reimbursement:** Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
 - (iii) **Leave Travel Concession:** Leave Travel Concession for self and family once in a year incurred in accordance with rules of the Company.
 - (iv) **Club Fees:** Fees of Club subject to a maximum of two clubs. This will not include admission and life membership fees
 - (v) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Chairman and Managing Director.

In case of loss or inadequacy of profits in any Financial Year(s) of the company, Sri D.S.Chandra Mohan Reddy shall be entitled to receive the remuneration and perquisites as aforesaid as minimum remuneration."

(10) To consider and if thought fit, to pass with or without modifications, 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 D.Vijay Sen Reddy be and is hereby re-appointed as Executive Director of the company for a period of 5 years with effect from 16th August, 2005 on the following terms and conditions.

1. Salary Rs.45,000/- per month
2. Perquisites:
 - (i) **Housing:** The Executive Director shall be entitled to House rent allowance @60% of salary. The expenditure incurred by the company on gas, electricity and water will be valued as per Income Tax rules, 1962.
 - (ii) **Medical Reimbursement:** Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
 - (iii) **Leave Travel Concession:** Leave Travel Concession for self and family once in a year incurred in accordance with rules of the Company.
 - (iv) **Club Fees:** Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
 - (v) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director.

In case of loss or inadequacy of profits in any Financial Year(s) of the company, Sri D.Vijay Sen Reddy shall be entitled to receive the remuneration and perquisites as aforesaid as minimum remuneration."

(11) To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with Memorandum and Articles of Association of the company and the listing agreements entered with the Stock Exchanges, Guidelines issued by RBI under FEMA 1999 and by SEBI on preferential issue of shares and its other regulations/guidelines, if any, and subject to the consent of all other concerned authorities, if and to the extent required and subject to such conditions and modifications as may be prescribed or imposed while according such consents, which may be considered appropriate by the Board of Directors of the company and /or a duly authorized committee thereof (hereinafter called as 'The Board') in its absolute discretion, consent of the members of the company be and is hereby accorded to the Board to issue, offer and allot in one or more tranches, to (1) M/s Strategic Capital Ventures Limited, (2) Smt. S.Madhuri Reddy (3) Smt. V.Smitha Reddy and (4) Shri D.Vijay Sen Reddy on preferential basis up to 21,00,000 Share warrants convertible into 21,00,000 Equity Shares of the face value of Rs.10/- each in the share capital of the Company for cash which shall upon conversion rank pari passu with the existing equity shares of the company at a price of Rs.63.50 per share (including premium of Rs.53.50) which is higher than the price arrived at in terms of clause 13.1.1.1 of SEBI Guidelines."



RESOLVED FURTHER THAT

- (a) Conversion of warrants into equity shares can be exercised at any time within a period of 18 months from the date of issue of such warrants.
- (b) An amount equal to 10 percent of the issue price become payable for warrants on the date of their allotment, with the balance amount being payable at the time of conversion.
- (c) The amount paid on issue of warrants shall be forfeited if the option for conversion is not exercised within a period of 18 months from the date of issue of warrants.
- (d) Other terms and conditions as may be prescribed by the Board at its absolute discretion, consider fit.

"RESOLVED FURTHER THAT the relevant date for the purpose of determining the issue price of equity shares arising out of conversion of warrants under the SEBI Guidelines for preferential issues is 26th July, 2005 i.e. 30 days prior to the date of Eleventh Annual General Meeting of the members."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper."

"RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of directors or Senior Executive(s) / Officer(s) of the Company to give effect to the resolution."

By Order of the Board
For Prajay Engineers Syndicate Limited

Sd/-

Place: Hyderabad
Date: 25th July, 2005

(D.S.CHANDRA MOHAN REDDY)
MANAGING DIRECTOR

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 a 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 August, 2005 to Thursday, 25th August, 2005 (both days inclusive)
- (4) Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
- (5) Dividend @ Rs.1.20 per share, if approved at the Annual General Meeting, will be paid to those members whose names appear in the Register of Members on 25th August, 2005.

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

Item No.6

The Board of Directors of the Company at their meeting held on 31st January, 2005, appointed Sri N.Nageshwara Rao 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 a notice from one of the members proposing his candidature for the office of directorship along with requisite deposit. Sri N.Nageshwar Rao is science graduate from Osmania University and Diploma holder in Hotel Management from Institute of Hotel Management, New Delhi. He is having an experience of more than 25 years in Hospitality Division. His appointment as director will immensely benefit the company. The Board recommends the resolution for the approval of the members.

Item No.7

The five year term of office of Sri N.Ravinder Reddy as Whole Time Director of the Company expired on 31st January, 2005. The Board of Directors and Remuneration Committee of the Board of Directors of the company at their meetings held on 30th January, 2005 re-appointed Sri N.Ravinder Reddy as Whole Time Director of the company for a further period of five years with effect from 1st February, 2005. 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 N.Ravinder Reddy 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 N.Ravinder Reddy himself, is interested in the resolution.

Item No.8

The five year term of office of Sri Sumit Sen as Whole Time Director of the Company expired on 31st January, 2005. The Board of Directors and Remuneration Committee of the Board of Directors of the company at their meetings held on 30th January, 2005 re-appointed Sri Sumit Sen as Whole Time Director of the company for a further period of five years with effect from 1st February, 2005. 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 Sumit Sen 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 Sumit Sen himself, is interested in the resolution.

Item No.9

The five year term of office of Sri D.S.Chandra Mohan Reddy as Managing Director of the Company will expire on 16th August, 2005. The Board of Directors and Remuneration Committee of the Board of Directors of the company at their meeting held on 25th July, 2005 have approved re-appointment of Sri D.S.Chandra Mohan Reddy and redesignated him as Chairman and Managing Director of the company for a further period of five years with effect from 16th August, 2005. 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 D.S. Chandra Mohan Reddy as Chairman and Managing 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 D.S.Chandra Mohan Reddy himself, Mrs D.Hymavathi Reddy, Sri D.Vijay Sen Reddy and Mrs D.Sharmila Reddy, being relatives, is interested in the resolution.

Item No.10

The five year term of office of Sri D.Vijay Sen Mohan Reddy as Executive Director of the Company will expire on 16th August, 2005. The Board of Directors and Remuneration Committee of the Board of Directors of the company at their meetings held on 25th July, 2005 approved re-appointment of Sri D.Vijay Sen Reddy as Executive Director of the company for a further period of five years with effect from 16th August, 2005. 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 D.Vijay Sen Reddy as Executive 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 D.Vijay Sen Reddy himself, Mrs.D.Sharmila Reddy, Sri D.S.Chandra Mohan Reddy and Mrs D.Hymavathi Reddy, being relatives, is interested in the resolution.

Item No.11

To fund the expansion plans of Hospitality Division and for general corporate requirements, it is proposed to issue, offer and allot not exceeding 21,00,000 warrants convertible into 21,00,000 equity shares of face value of Rs.10/- each on preferential basis at a price of Rs.63.50 which is determined as per SEBI guidelines from time to time, and on the terms as may be decided by the Board of Directors of the Company to the persons detailed below:

As per Section 81 (1A) of the Companies Act, 1956, approval of the shareholders in the General Meeting is required for allotment of warrants on preferential basis and hence the resolution is placed before the shareholders.

The Board commends the resolution for approval by the members as a special resolution.

None of the directors of company, except Sri D. Vijay Sen Reddy, is interested in the resolution.

The required disclosures as per 13.1A of SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time, are furnished as under.

a) Objects of the issue through preferential offer:

The objects of the proposed issue of Equity shares is to augment resources for expansion of hospitality division and for general corporate requirements.

b) Intention of Promoters / Directors / Key Management persons to subscribe to the offer:

The Promoters / Directors/ Key Management persons do not intend to subscribe to the offer, except Sri D. Vijay Sen Reddy, Executive Director who intends to subscribe to the offer.

c) The Shareholding pattern before and after the offer:

The pattern of shareholding before and after the completion of the proposed preferential issue of warrants would be as under.



Sl.No.	Category	Pre-Issue		Post-Issue	
		No of shares	% in total capital	No of shares	% in total capital
1	Promoters Holding: Resident Non-Resident Persons acting in concert	5689500	48.76	6269500	45.54
	Sub-Total	5689500	48.76	6269500	45.54
2	Non-Promoters Holding: Institutional Investors Mutual Funds & Venture Capital funds Banks and Financial Institutions FII's	9000 0.00 285700	0.08 0.00 2.45	9000 0.00 285700	0.07 0.00 2.07
	Sub-Total	294700	2.53	294700	2.14
	Others Private Corporate Bodies NRIs Indian Public Any other	1101781 16550 4565969	9.44 0.14 39.13	1851781 16550 5335969	13.45 0.12 38.75
	Sub -Total	5684300	48.71	7204300	52.32
	Grand Total	11668500	100.00	13768500	100.00

d) Proposed time within which the allotment shall be completed.

The allotment of warrants convertible into Equity Shares shall be completed within a period of 15 (Fifteen) days from the date on which shareholders sanction is obtained for preferential allotment. Provided that where the allotment on preferential basis is pending on account of pendency of any approval of such allotment by any Statutory or Regulatory Authority as per SEBI Guidelines, the allotment shall be completed within 15 (Fifteen) days from the date of such approval.

a) The identity of the proposed allottees and the percentage of post-preferential issue capital that may be held by them:

The percentage of Post-Preferential issue capital held by the proposed investors is furnished below:

	Name of the proposed allottees	No. of Warrants	Percentage in post issue capital (Including pre-issue holding)
1.	M/s Strategic Capital Ventures Limited	7,50,000	5.45%
2.	S.Madhuri Reddy	4,10,000	2.98%
3.	V.Smitha Reddy	3,60,000	2.61%
4.	D.Vijay Sen Reddy	5,80,000	12.18%
	Total No. of Warrants	21,00,000	

None of the proposed allottees have sold any shares during the six months prior to the relevant date.

The parties to the proposed allotment are not connected to each other and are acting independently.

f) Lock In: The Warrants fully convertible into Equity Shares to be allotted on preferential basis shall be subject to lock-in as per the applicable SEBI guidelines in this behalf for the time being in force.

g) Change in the control or composition of the Board: There will neither be any change in the composition of the Board nor any change in the control of the Company on account of the proposed preferential allotment. However, there will be corresponding changes in the shareholding pattern as well as voting rights consequent to preferential allotment.

h) Price at which allotment is proposed: The issue price of Warrants convertible into Equity Shares on preferential basis shall be at a price of Rs.63.50 including premium of Rs.53.50 per share which is higher than the price arrived at as per SEBI Guidelines for the time being in force.

Statutory Auditor's Certificate in accordance with Clause 13.5 of SEBI Guidelines for Preferential issue is being placed at the Eleventh Annual General Meeting and also available for inspection at the Registered office of the Company during the business hours on working days upto 25th August, 2005 i.e., the date of Eleventh Annual General Meeting.

By order of the Board
For PRAJAY ENGINEERS SYNDICATE LIMITED

Place : Hyderabad
Date : 25th July, 2005

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

DIRECTORS' REPORT

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the Eleventh Annual Report of the company together with the Audited Accounts for the year ended 31st March, 2005.

1. FINANCIAL RESULTS:

	(Rs.in lakhs)	
	2004-05	2003-04
Gross Turnover	2373.65	1827.83
Profit before interest and Depreciation	788.30	405.85
Profit before Tax	514.01	179.14
Provision for taxation	69.52	101.36
Profit after tax	444.49	77.78

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 three new Projects viz., Prajay Homes at Aliabad near Shamirpet lake, Prajay Srinilayam at Siddipet and Prajay Meadows at Road No.12 Banjara Hills. During the year under review, the company successfully completed two projects - 1. Prajay Saigardens at Bandlaguda and Prajay City at Hafizpet. The company presently has on hand 9 more projects, which are on going and may continue for further two years.

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 Celebrity Boutique Hotel having 29 Executive Rooms, 99Mhz - a pub, RV - a Muticuisine Restaurant, Fitbuzz - a World class Health centre, a Conference Hall & a Banquet Hall located at Chikoti Gardens, Hyderabad has become fully operational and contributing to the turnover.

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	1884.96
2.	Hotels & Resorts	488.69
	Total	2373.65

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 2004-05 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.444.49 lakhs. Hotels and Resorts Division continues to grow at a scorching pace and recorded a turnover of Rs.488.69 lakhs during the year under review as against Rs.271.97 lakhs during the previous year, registering a growth rate of 79.69%. The construction division which is the main business recorded a turnover of Rs.1884.96 lakhs as against previous year's turnover of Rs1555.86 lakhs registering a growth of 21.15 %.

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 451.

3.DIVIDEND

The Board of Directors recommend dividend of Rs.1.20 per share-12 % for the year under review (Previous year NIL), subject to approval of shareholders.

4.DIRECTORS

Sri N.Nageshwara Rao who was appointed as an Additional Director of the company during the year under review, retires at the ensuing Annual General Meeting. The company received a notice from one of the members proposing his candidature for the office of directorship. Mrs D.Hymavathi Reddy, and Mrs D.Sharmila Reddy, 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 N.Ravinder Reddy & Sri Sumit Sen as Whole Time Directors expired on 31st January, 2005 and their re-appointment for a further term of 5 years with effect

from 1st February, 2005 is placed before the members for approval. The term of office of Sri D.S.Chandra Mohan Reddy as Managing Director and D.Vijay Sen Reddy as Executive Director will expire on 16th August, 2005 and their re-appointment for a further term of 5 years with effect from 16th August, 2005 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 31st March, 2005, 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, 2005 on going concern basis.

6. DEPOSITS

During the year under review, the company accepted deposits after complying with Companies (Acceptance of deposits) Rules, 1975. There are no unclaimed or overdue deposits during the year under review.