

Assets

balance
sheet

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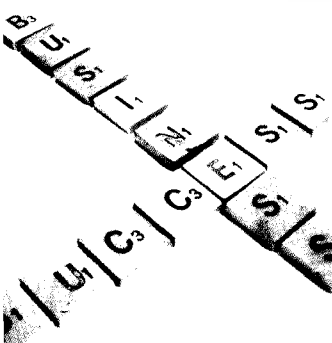


quality

and bank



&



Reliability

management



Prajay Engineers Syndicate Ltd.

Annual Report | 2005-2006

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In this Annual Report, we have also disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's various plans and assumptions, we may change from time to time according to the market conditions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future projections or performance.

We as a company, cannot guarantee that these forward looking statements will be realised, although we believe we have been very prudent in making out assumptions, based on present market conditions. The achievement of results is subject to various market related risks, uncertainties, Government policies, changing demand and supply scenarios and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should bear this in mind.

The company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Prajay Engineers, a snap shot

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Corporate Information

Prajay Engineers Syndicate Limited is one of India's rapidly growing housing and commercial real estate development and infrastructure companies. More than 50000 people live in homes created by us and unwind in our leisure resorts, across the 4.5 million square feet we have already constructed. We also have the hard **assets**, including more than 600 employees and Rs. 424 million in balance sheet reserves. Our goal is to be the industry leader in innovations and customer satisfaction while earning superior risk-adjusted returns to deliver sustainable, growing returns to our family of shareholders. We also own realty assets, including nearly Rs. 9000 million (market value) worth of land bank, and more than 35 projects across 18 million square feet in the pipeline. We regard **reliability** as the plinth stone of our operations and this is reflected in our commitment to quality and value for our customers' money. We emphasize on disciplined decision-making and setting realistic operational and financial targets in order to derisk our business. We stress on continuous presence in businesses that leverage our core competence and are present in markets that we know best. We are deeply committed to improving our environment and the quality of life of our customers in responsible ways. Our core strength is our people, whose talent, experience, and understanding are critical to our **growth**.

Prajay Engineers-



a snap shot

Evolution

Prajay Engineers entered into operations in 1986, offering the average Hyderabad resident the option of owning a home, through arranged finance where the instalments were equivalent to the rent payable by the customer. The company managed this through competitive bidding at HUDA auctions where it purchased land with clean titles. Due to its scale of operations, it could offer housing at as low as Rs. 340 a square feet at that time.

In 1993, the company enlarged its focus to include MIG and HIG apartments. However, the emphasis remained on the low cost housing that contributed 65-70 per cent of the total revenue base. This was mainly because this sector offered large volumes.

Prajay Today

Prajay meets the requirements of commercial and individual customers through its comprehensive approach. It has recently expanded its scope of operations by commencing commercial and hospitality ventures. The Company has also extended its geographical reach by entering real estate markets in Vishakhapatnam and Goa.

The backing of a highly qualified team possessing wide ranging experience has helped us create a blue print for future success.

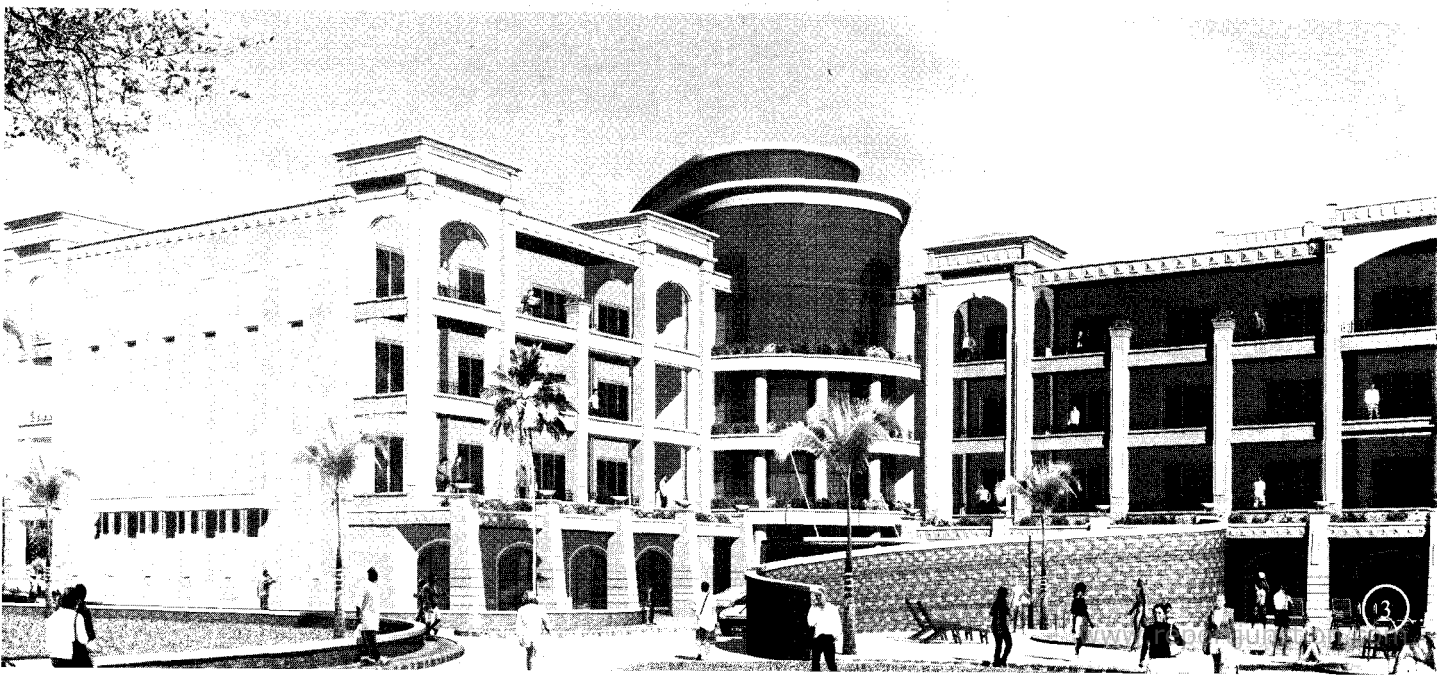
As the twin cities of Hyderabad and Secunderabad are fast emerging as a hub for IT/ITES companies, Prajay has aligned its business plans to capitalize on the city's growth. To achieve the same, it has ventured into construction of malls, resorts, premium apartments, and star category hotels.

Report

Performance

The Company has maintained the strong growth demonstrated during the past few years. During the current year, the Company worked on 23 projects and constructed more than 496000 square feet.

Prajay has also demonstrated a robust financial performance. The Company's revenues have gone up from Rs. 237.36 mn in 2004-05 to Rs 737.32 mn in 2005-06. Profit after tax grew by 411 per cent to Rs. 227.31 mn in 2005-06 compared to Rs. 44.5 mn in 2004-05.



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Our Strengths

1 Strong brand: Prajay created a strong brand for itself by providing quality projects at affordable prices. This has enabled the Company to achieve a track record of 100 per cent customer satisfaction.

2 Properties in key areas: Prajay owns vast properties across the city and its surrounding areas, bought at extremely low prices. Properties within the city now command a rich premium, given the infrastructure development taking place. This will help Prajay in realising its full value.

3 Completion of projects on time: Prajay has always completed its projects on time. This has led to high operational efficiency and elimination of cost over-runs.

4 High credit ratings from FIs: All the projects of the Company are endorsed by Financial Institutions (FIs). Prajay enjoys high creditworthiness as indicated by the credit ratings (A+ and above).

5 Holistic capabilities: Prajay's capabilities in handling commercial projects include:

Master Planning, Entitlements and Permissions

Site selection and Acquisitions

Strategic Real Estate Consulting

Build-to-Suit

Development and Development Management

Construction Management

Financing

Asset and Investment Management

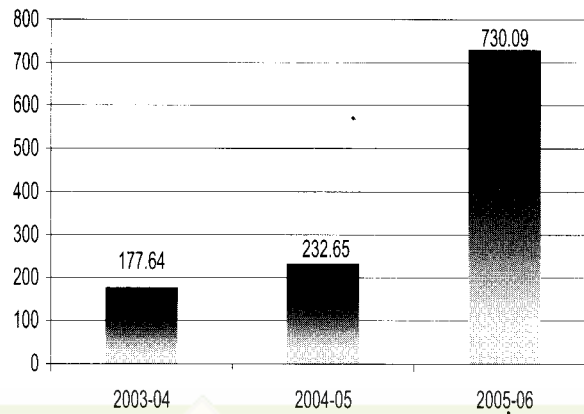
Marketing and Leasing

Property Management

Property Dispositions

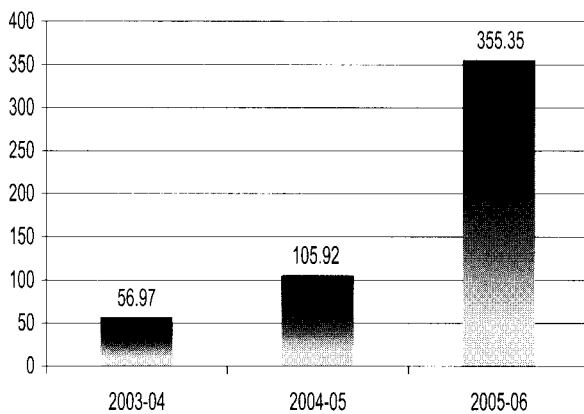
Financial Highlights

Net sales (Rs. mn)

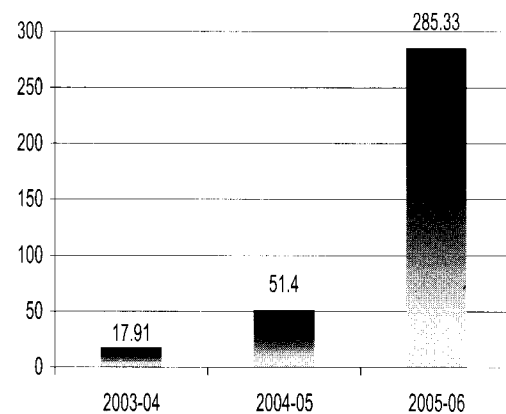


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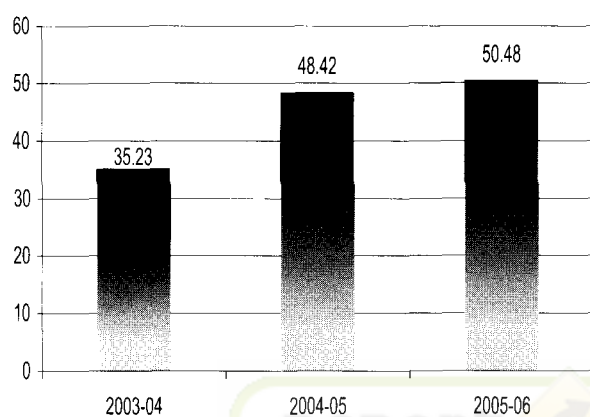
Gross Profits (Rs. mn)



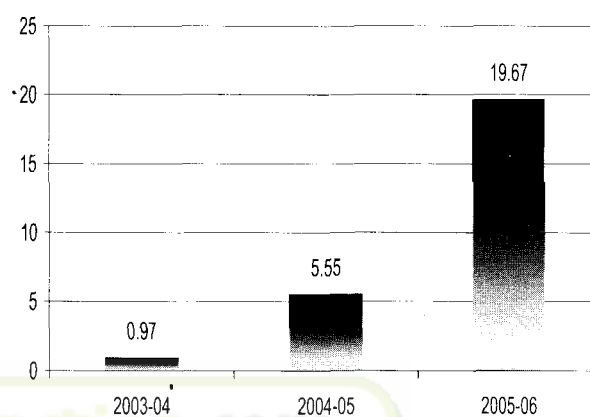
Profits before tax (Rs. mn)



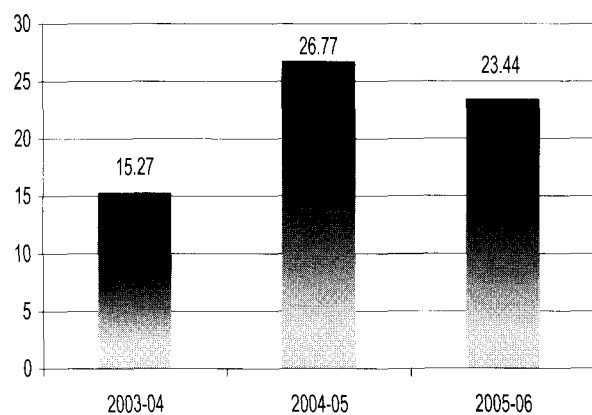
EBITDA to sales (%)



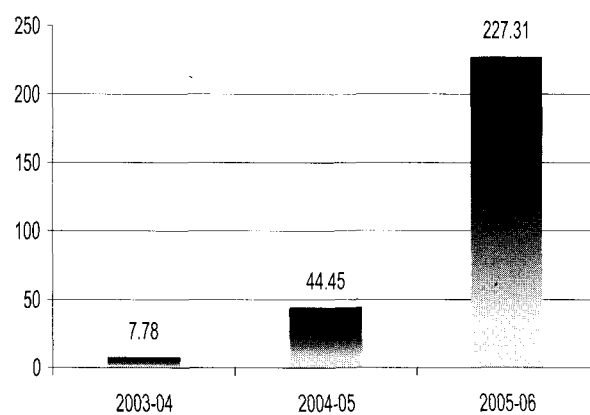
Basic EPS (Rs.)



ROCE (%)



Profits after tax (Rs. mn)



Chairman & Managing Directors' message



“Many strategic initiatives that Prajay has taken predict a bright, profitable future. It will also establish us as an attractive proxy of India’s infrastructure boom.”

– **Mr. D.S. Chandramohan Reddy**, Chairman & Managing Director