

Annual Report 2014 - 2015





Prajay Megapolis - Hafeezpet, near Hitech City



Celebrity Holiday Retreat-Shamirpet

COROPORATE INFORMATION

BOARD OF DIRECTORS

D. Vijay Sen Reddy
K. Ravi Kumar
Sumit Sen
Vijay Kishore Mishra
N. Nageshwara Rao
S.K. Rudresh
M. Raja Gopal Reddy
Mrs. V. Padma

Chief Financial Officer

Company Secretary &
Compliance Officer

Managing Director
Whole Time Director
Whole Time Director
Independent Director
Independent Director
Independent Director
Non-Executive Director
Independent Director

P. Bhaskara Rao

D. Madhavi Latha

CONTENTS

Profile of the Board of Directors and Senior Management Team	2
Notice	4
Directors' Report & Annexures	10
Management Discussion and Analysis	28
Report on Corporate Governance	34
Standalone Auditors' Report	50
Standalone Financial Statements	54
Standalone Cash Flow Statement	56
Notes	57
Form AOC-1	76
Consolidated Auditor's Report	78
Consolidated Financial Statements	83
Consolidated Cash Flow Statement	85
Notes	86
Attendance Slip and Proxy Form	105

Bankers

Indian Overseas Bank, Secunderabad
Punjab National Bank, Hyderabad
State Bank of India, Hyderabad
State Bank of Mysore, Secunderabad
Tamilnad Mercantile Bank Limited, Secunderabad
State Bank of Bikaner and Jaipur, Secunderabad
The A.P. Mahesh Co-operative Urban Bank Ltd., Hyderabad

Registrar and Share Transfer Agents

M/s Karvy Computershare Private limited

Karvy Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad – 500 032.
Tel. Nos.: 040-67161603,
Email Id: einward.ris@karvy.com

Registered Office

8-2-293/82/A, Plot No.1091,
Road No.41, Near Peddamma Temple,
Jubilee Hills, Hyderabad-500 033
Tel.Nos. : 040-66222999
Fax: 040-66222966

Website

www.prajayengineers.com
Email Id: investorrelations@prajayengineers.com

Listing

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Auditor

S.V. Rangan
Chartered Accountant

PROFILE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT TEAM

Mr. D. Vijay Sen Reddy (Managing Director)

Mr. Vijay Sen Reddy, a Semi-qualified Chartered Accountant has got more than Three decades of rich and varied experience in the construction industry. Mr. Reddy's rich experience drives the successful completion of projects at Prajay. He is also involved with the expansion strategy of the Company and is entrusted with the responsibility of identifying new ventures. He oversees the entire construction activities with his vast / multi faceted experience and his broad vision helps energize the Prajay team.

Mr. K. Ravi Kumar (Wholetime Director - Technical)

Mr. Ravi Kumar is a Master of Technology and a Civil Engineer and brings a repository of technical expertise in construction and guides the adoption of progressive building practices to Prajay, steering innovation and quality in the Company.

Mr. Sumit Sen (Wholetime Director - Marketing & Sales)

A Post Graduate in Commerce and a Diploma Holder in Marketing and Personnel Management, he has served the Indian Air Force for 15 years and secured a diploma in Mechanical Engineering while in service. He is responsible for creating the sales strategy, identifying consumer trends and creating projects around these. He also oversees the administrative functions. His expertise lies in appropriate pricing and financial structuring.

Mr. Vijay Kishore Mishra (Independent Director)

A qualified Chartered Accountant, with more than 26 years of professional experience in the fields of finance and taxation, Mr. Mishra guides the Company in the matters of financing and taxation harnessing his vast experience in these areas.

Mr. N. Nageshwara Rao (Independent Director)

A B.Sc. graduate and a renowned figure in the hospitality business, Mr. Rao helps the Company in shaping its strategy for the hotels division. The company benefits from his rich experience and insight into the hospitality industry.

Mr. S.K.Rudresh (Independent Director)

Mr. Rudresh is a Bachelor of Architecture and has wide experience in the relevant field for more than two and half decades and executed many prestigious projects in and around Bangalore. Mr. Rudresh's presence on the Board enables the company to strengthen its design capabilities and may help the company to explore new opportunities outside the state.

M. Raja Gopal Reddy (Non-Executive Non-Independent Director)

Mr. Raja Gopala Reddy is a Science Graduate with more than 3 decades of experience in construction industry and completed many road projects. His rich experience in construction industry and infrastructure sectors helps the company in formulating its new policies in the relevant areas.

Mrs. V. Padma (Independent Director)

Mrs. Padma is a Commerce Graduate and has good experience in the fields of management, administration, business strategy and her presence on the board would help the company to get benefitted from her experience and to enable the company to strengthen its compliance functions.

SENIOR MANAGEMENT TEAM

Mr. P. Bhaskara Rao (GM - Fin. & Accounts and CFO)

A graduate in Law and a Member of ICWAI, Mr. Bhaskara Rao has got more than 32 years of experience in various industries. He is overall in-charge of finance and accounting responsibilities and further acts as Chief Financial Officer of the company.

Mr. Jayadeva (Sr. GM - Projects)

Mr. Jayadeva is a graduate in Civil Engineering with more than 26 years of experience in building various High Rise Residential Towers, IT Parks, Commercials Buildings, Five Star Hotels, in reputed corporates like Raheja, Lodha, NCCL, Mind Space –IT Park. His rich experience of building high rise towers will strengthen the technical team of our company.

Mr. Samir De (GM - Projects)

Mr. Samir is a Civil Engineering Graduate with specialization in the subject of Construction Management from North Bengal University. He has more than 21 years of experience in administering EPC contracts of various mini and medium sized power projectss.

Mr. G Dasu - Sr. (GM - MEP (Elec.))

Mr. Dasu is a B.Tech. Graduate with Electrical & Electronics as specializations with more than 16 years of rich working experience with reputed companies viz. Lodha Group, Yashoda Hospitals, Jones Lang Lasalle.

Mr. D. Rohit Reddy (Coordinator – Projects)

Mr. Rohit Reddy is a Graduate of Civil Engineering from Pennsylvania State University. As a project Coordinator, he oversees progress of the construction of work at all project sites in coordination with the project team at various sites. Meets work standards by following production, productivity, quality, and customer-service standards; resolving operational problems; identifying work process improvements. As a Project Coordinator he is responsible for directing, organizing and controlling project activities.

Ms. Nayanika Reddy (Chief Technology Officer)

Ms. Nayanika holds an under-graduation Degree in Civil Engineering and a Masters Degree in Business Management from London School of Economics & Political Sciences. She possess both technical and management knowledge. Works to align the company's operational procedures with that of the company's goals by new optimization techniques and management of change control. She also monitors the Enterprise Resource Planning (ERP) system implementation which would enable the company to implement efficient management practices.

Ms. Madhavi Latha (Company Secretary & Compliance Officer)

A Commerce graduate and a qualified member of The Institute of Company Secretaries of India (ICSI) with more than 9 years of working experience in software and construction industry. Ms. Latha's experience of handling various issues under Companies Act, SEBI and Listing Agreement helps the company to have good compliance of corporate governance and other statues.

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of Prajay Engineers Syndicate Limited will be held on Wednesday, the 30th day of September, 2015 at 3.00 P.M. at Prajay Corporate House, 1-10-63 & 64, Chikoti Gardens, Begumpet, Hyderabad – 500016 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the company for the year ended March 31, 2015 together with the report of the Board of Directors and report of the Auditor's thereon.
2. To re-appoint Mr. Sumit Sen (DIN-01028417) as Director, who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditor for the F.Y. 2015-16 and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the company hereby ratifies the appointment of Mr. S.V. Rangan, Chartered Accountant, (M.No. 022037) Secunderabad as the Statutory Auditor of the company to hold office from the conclusion of this meeting up to the conclusion of the next Annual General Meeting of the Company, on such remuneration to be determined by the board of directors in addition to out of pocket expenses as may be incurred by him during the course of audit.”

SPECIAL BUSINESS:

4. To appoint Mrs. V. Padma (DIN-07145633) as Independent Director of the Company and in this regard, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sec. 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and provisions of Listing Agreement, Mrs. V. Padma (DIN-07145633), who was earlier appointed as an Additional Director the Company (in the capacity of an Independent Director) and in respect of whom the company has received a notice in writing from a member under Sec. 160 of the Companies Act, 2013 signifying her intention to propose Mrs. V. Padma as a candidate for the Office of Director of the company, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 consecutive years with effect from the date of this AGM i.e. 30.09.2015 and whose period of office shall not be liable to retire by rotation.”

5. To re-appoint Mr. Sumit Sen as Whole Time Director and in this regard, to pass, with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals and consents as may be necessary, be and is hereby re-appointed Mr. Sumit Sen (holding DIN 01028417), as Whole Time Director of the Company for a period of Two years effective from 1st February, 2015, on such terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board as detailed below:

1. Salary ₹ 1,20,000/- per month
2. Provision of car for use on Company's business
3. Telephone / mobile for official use

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 the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. Sumit Sen, the remuneration by way of salary, perquisites, other

allowances as specified above and in accordance with the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.”

“RESOLVED FURTHER THAT the Board of directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient or desirable to give effect to the foregoing resolution and to settle any question or doubt that may arise in relation thereto.”

6. To re-appoint Mr. D.Vijay Sen Reddy as Managing Director and in this regard, to consider, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals and consents as may be necessary, Mr. D. Vijay Sen Reddy (DIN: 00291185), be and is hereby re-appointed as Managing Director of the Company for a period of Two years with effect from 1.2.2015, on such terms and conditions as recommended by the Nomination and Remuneration Committee and as detailed below:

1. Salary ₹ 3,50,000/- per month
2. Provision of car for use on Company's business
3. Telephone / mobile for official use

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 the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. D. Vijay Sen Reddy, the remuneration by way of salary, perquisites, other allowances as specified above and in accordance with the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.”

“RESOLVED FURTHER THAT the Board of directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient or desirable to give effect to the foregoing resolution and to settle any question or doubt that may arise in relation thereto.”

On behalf of the Board

Sd/-

D. Vijay Sen Reddy
Chairman & Managing Director

Place: Hyderabad
Date : 14th August, 2015

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other member.

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 with respect to Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto and forms part of notice.
3. Corporate members intending to send their representatives to attend the 21st Annual General Meeting are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting. A form of proxy is given at the end of the Annual Report.
4. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS, mandates, nominations, power of attorney, change of address/ name etc. to their Depository Participant only and not to the Company's Registrar and Share Transfer Agent.
6. The details of the director(s) seeking appointment / re-appointment under item no. 2, 4 & 6 of this notice, is annexed hereto and brief profile of above directors has been given in the section on Corporate Governance in this Annual Report.
7. Members who have not en-cashed their dividend warrants for the financial year 2007-08, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund (IEPF) by 04.11.2015 and thereafter the members lose their right to claim the same.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2015 (Thursday) to 30.09.2015 (Wednesday) both days inclusive.
9. Members are requested to send all their communication relating to transfer, transmission, dividend, demat etc. of shares (Physical and Electronic) to the Company's Registrar and Share Transfer agents at the following address:

M/s Karvy Computershare Private limited

Karvy Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad – 500 032.
Tel. Nos.: 040-67161603,
Email Id: einward.ris@karvy.com

10. All documents referred to in the notice and explanatory statements are open for inspection at the Registered Office of the Company on all working days from 10.00 a.m. to 1.00 p.m. upto the date of the meeting.
11. Members are requested to send their queries, if any, on the accounts and operations of the Company, to the Company Secretary at least 7 days before the meeting.
12. Electronic copy of the Annual Report for the financial year 2014-15 containing Attendance Slip and Proxy Form along with the e-voting instructions indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2014-15 are being sent in the permitted mode.

Members are requested to provide / update their e-mail addresses with their respective Depository Participants (DPs) or send an e-mail at investorrelations@prajayengineers.com to get the Annual Report and other documents on such e-mail address. Members holding shares in physical form are

also requested to intimate their e-mail address to Karvy either by e-mail at einward.ris@karvy.com or by sending a communication at the address mentioned above.

13. Members may also note that the Notice of the 21st Annual General Meeting and the Annual Report for FY 2014-15 will also be available on the Company's website at www.prajayengineers.com in a downloadable format.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
15. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
16. Voting through electronic means:

Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 [(including any statutory modification(s) or re-enactment thereof for the time being in force), as amended by the Companies (Management and Administration) Amendment Rules, 2015] and Clause 35B of the Listing Agreement, Members can exercise right to vote at the 21st AGM by electronic means and the business may be transacted through remote e-voting facility made available by Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited ('KCPL' or 'Karvy'). The remote e-voting facility is available at the link <https://evoting.karvy.com>

The persons who have become Members of the Company after the dispatch of the Notice and Annual Report and their names appear in the Register of Members/List of Beneficial owners as on the Cutoff date may contact the Registrars & Share Transfer Agents to obtain the Notice of AGM and the login id and password for casting vote electronically or may cast their vote through physical ballot at the AGM. The Cut-off date for the purpose of remote e-voting is Wednesday 23rd September, 2015.

The e-voting period will commence from 9.00 A.M. on Saturday 26th September, 2015 and will end at 5.00 P.M. on Tuesday, 29th September, 2015. The Company has appointed Mr. D. Raghavendar Rao, Practicing Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The detailed instructions regarding e-voting will be sent separately to the members, members are requested to refer to the same.

The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs along with physical copy of the Annual Report. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by email.

17. Once the vote on a resolution is cast by a shareholder, the Shareholders shall not be allowed to change it subsequently. Further, the Shareholders who have cast their vote electronically shall not be allowed to vote again at the AGM.
18. In case of members who are entitled to vote but have not exercised their right to vote by electronic means, the chairman will offer an opportunity to such members to vote at the meeting for all businesses specified in the accompanying notice. If a member casts votes by both the modes, then voting done through e-voting shall prevail and ballot shall be treated as invalid.
19. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutinizer's Report, of the votes cast in favour or against, forthwith to the Chairman of the meeting
20. The results declared along with the scrutinizers' report (s) will be available on the website of the company (www.prajayengineers.com) and on Karvy's website (<https://evoting.karvy.com>) within two (2) days of passing of the resolutions and communication of the same shall be sent to BSE Limited and NSE Limited.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESSES

PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 4

Section 149 of the Companies Act, 2013 read with Rule 3 of Companies (Appointment & Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement, provide for the appointment of a woman director on the board of the company before 31.3.2015. Accordingly, the Board of Directors, on the recommendations of the Nomination and Remuneration Committee, appointed Mrs. V. Padma (DIN-07145633) as Additional Director (in capacity of Independent Director) at its meeting held on 31.3.2015.

Mrs. V. Padma proposed to be appointed in the ensuing Annual General Meeting possess the required skills, experience and knowledge in the fields of management, administration, business strategy.

Mrs. V. Padma will be holding the office of Director till the date of ensuing Annual General Meeting of the Company. The Company has received notice under Section 160(1) of the Act from a member proposing her candidature for appointment as Director.

Pursuant to the provisions of Sec. 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV to the Companies Act, 2013 the appointment requires the approval of the shareholders by way of an Ordinary Resolution.

Accordingly, the Board recommends the Ordinary Resolution as set out at Item no. 4 for approval of the Members.

None of the Directors except Mrs. V. Padma, Key Managerial Personnel of the Company and their relatives, is concerned or interested, financially or otherwise, in the Resolution except to the extent of their shareholding.

Item No. 5

The current term of office of Mr. Sumit Sen as Whole Time Director of the Company expired on 31st January, 2015. Considering the commitment consistently shown and results exhibited by him, the Board of Directors on the recommendation of the Nomination and Remuneration Committee at its' meeting held on 28.1.2015, re-appointed, Mr. Sumit Sen as the Whole Time Director of the Company subject to the approval of the members, for a further period of 2 (Two) years effective from 1st February, 2015.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services for a term of 2 more years. Accordingly, the Board recommends the Special Resolution as set out at Item no. 5 for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Sumit Sen, is concerned or interested, financially or otherwise in the Resolution except to the extent of their shareholding.

Item No. 6:

The current term of office of Mr. Vijay Sen Reddy as Managing Director of the Company expired on 13 February, 2015. Considering his contributions to the business development of the company from its inception and the results exhibited by him, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee at its' meeting held on 28.1.2015, re-appointed, Mr. Vijay Sen Reddy as Managing Director of the Company subject to the approval of the members, for a further period of 2 (Two) years effective from 1st February, 2015.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services for a term of 2 more years. Accordingly, the Board recommends the Special Resolution as set out at Item no. 6 for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Vijay Sen Reddy, is concerned or interested, financially or otherwise in the Resolution except to the extent of their shareholding.

On behalf of the Board

Sd/-

D. Vijay Sen Reddy

Chairman & Managing Director

Place: Hyderabad
Date : 14th August, 2015