


# **PRESTIGE ESTATES PROJECTS LIMITED**

**ANNUAL REPORT – 2009-10**



**The falcon's vision is 2.6 times stronger  
than the human eye....**

**..... Perfect symbol for the name that is defining  
the future of Indian real estate.**



# Prestige Estates Projects Limited

Annual Report 2009-10

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# CORPORATE INFORMATION

## Board of Directors

Irfan Razack  
Chairman & Managing Director

Rezwan Razack  
Joint Managing Director

K. Jagdeesh Reddy  
Director

B. G. Koshy  
Director

Noor Ahmed Jaffer  
Director

Dr. Pangal Ranganath Nayak  
Director

Venkat K. Narayana  
Chief Financial Officer

Lalitha Kini  
Company Secretary & Compliance officer

Auditors  
Deloitte Haskins & Sells

Registered & Corporate Office  
Prestige Estates Projects Limited  
The Falcon House, No. 1, Main Guard Cross Road  
Bangalore – 560001  
Tel : +91-080-25591080  
Fax : +91-080-25591945

# DIRECTORS' REPORT 2009-10

Dear Members,

The Directors have pleasure in presenting their thirteenth annual report on the business and operations of the Company and the financial accounts for the year ended 31 March 2010.

## REAL ESTATE INDUSTRY OVERVIEW

The Indian real estate sector plays a significant role in the country's economy. The real estate sector is second only to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP).

### *In the financial year 2009-10, GDP grew at 7.2%*

India has experienced rapid economic growth over the past five fiscal years. However, growth decelerated sharply in the third quarter of 2008-09 following the failure of Lehman Brothers in mid-September 2008 and the knock-on effects of the global financial crisis on the Indian economy. Consequently, the domestic growth in India remained subdued and decreased in the second half of the financial year 2009. In the financial year 2009, GDP grew at 6.7%, which was lower than the average GDP growth of 8.6% over the past five financial years. (Source: Reserve Bank of India, Macroeconomic and Monetary Developments: First Quarter Review 2009-10).

India's Gross Domestic Product (GDP) is likely to grow by 7.2 per cent in 2009-10 as compared to the growth rate of 6.7 per cent achieved in 2008-09, despite a slight decline in the growth of the agriculture sector, as data released by the Central Statistical Organization (CSO)

### *Outlook for 2010... ..!!!*

The real estate sector in India is gradually improving due to the steady growth in the economy, better liquidity position of the developers, improvement in affordability, with new & attractive projects on the block. India's economic performance vis-à-vis other economies over the past year has encouraged many global investment firms to reconsider India as a potential investment destination. As per the research and study, the quantum of investments by Foreign Institutional Investors (FIIs) in domestic equities crossed the USD 60 billion, for the first time since the recent economic slowdown from mid 2008.

The contributors for revival of real estate sector may be categorized as below:

- The demand for the residential property has commendably increased that has noticeably brought growth in the Real Estate Sector.

- The extended support of the government:
- Easy access to debt
- Better access to the capital markets
- Recovery of the growing demand of the real estate

The prospects of Indian commercial real estate is closely connected to the global economy, as the demand for the Grade A office space largely depends on MNCs, IT/ITES industry. The financial crunch in the Western countries had curtailed the expansion plans of the MNCs. However, the first quarter of 2010 is signaling slow revival of commercial real estate.

The Bangalore retail market is expected to witness a rather conservative mall supply and rentals are likely to remain stable in the short term however marginal increase may be expected in certain places. New mall developments may quote premium rentals due to their fresh appeal in the market.

Moreover, 2010 is expected to be a positive year for the real estate sector. The revival is expected to be driven by infrastructure growth, which, in turn, can accelerate real estate activities in the residential, commercial and also retail spaces.

## FINANCIAL RESULTS

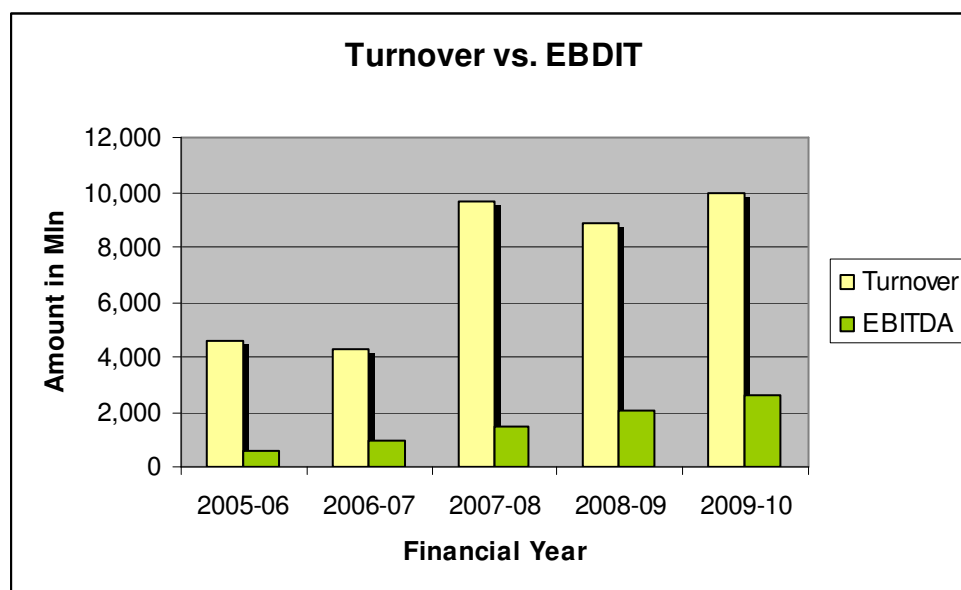
Particulars	Rupees in Million	
	31-Mar-10	31-Mar-09
<b>Net Sales/ Income</b>	<b>9931</b>	<b>8896</b>
Total Expenditure	7315	6239
<b>Profit before interest, Depreciation, Exceptional items and taxes</b>	<b>2616</b>	<b>2657</b>
Less: Interest	660	1280
Profit before Depreciation, Exceptional items and Taxes	1956	1377
Less: Depreciation	349	305
Profit before Exceptional items and Taxes	1607	1072
Less: Exceptional items	0	0
<b>Profit before Taxes</b>	<b>1607</b>	<b>1072</b>
Less: Provision for Current Taxation	240	265
Less: Income tax pertaining to earlier years	-21	1
Less: Provision for Deferred Taxation	-29	42
Less: Provision for Fringe Benefits Tax		3
<b>Profit after Taxes</b>	<b>1417</b>	<b>761</b>
Add: Balance brought forward from the previous year	2440	1679
Less: Adjusted towards Bonus Issue	2380	0
<b>Balance carried forward to Balance Sheet</b>	<b>1477</b>	<b>2440</b>



## BUSINESS RESULTS

During the year under review, your Company has been converted into a Public Limited Company and the name of the Company has been changed to Prestige Estates Projects Ltd. In November 2009, your Company filed Draft Red Herring Prospectus with SEBI with the intention to raise fund not exceeding Rs.1200 crores through IPO (Initial Public Offer) and take the Company to the next level.

The net profit of the Company for the year ended 31 March 2010 increased by 46.30% to Rs.141.72 crores compared to the previous year. The Company has achieved a net profit margin of 14.27% this financial year which stood at 8.55% in the previous financial year.



## DIVIDEND

Your Directors are of the opinion that the funds generated in the current year shall be effectively utilized for the Company's business operations for improving the scale and quality of operations. Hence, your Directors do not recommend any dividend for distribution on Equity capital of the Company for the financial year ended 31st March 2010.

## DIRECTORS

During the year under review, the Board has been restructured to fulfill the requirements of a listed public company. Four new Independent Directors have been co-opted on the Board namely Mr. K.

Jagdeesh Reddy, Mr. B.G. Koshy, (on 10 November 2009) Mr. Noor Ahmed Jaffer and Dr. Pangal Ranganath Nayak (on 24 November 2009). These Independent Directors are liable to retire at the ensuing Annual General Meeting. Your Board has proposed to re-appointment the aforesaid Directors pursuant to Section 257 of the Companies Act and the profile has been attached for the reference.

The existing Directors, Mrs. Uzma Irfan, Mr. Mohamed Zaid Sadiq, Mrs. Badrunissa Irfan, Mrs. Almas Rezwan, Mrs. Sameera Noaman, Mr. Faiz Rezwan, Mr. Zackria Hashim have resigned on 1 September 2009 and Mr. Noaman Razack has resigned on 10 November 2009. The Board placed on record the appreciation for the contributions made by the said Directors.

The Company has entered into a fresh employment contract with Mr. Irfan Razack and Mr. Rezwan Razack for their appointments as Chairman & Managing Director and Joint Managing Director respectively. Mr. Rezwan Razack is liable to retire by rotation. However he being eligible, offer himself for re-appointment. Your Board recommends the re-appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 217 (2AA) of the Companies Act, 1956, the Directors state, as an averment of their responsibility, that:

1. The Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31 March 2010 and of the Profit and Loss of the Company for the financial year ended 31 March 2010.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
4. The Directors have prepared the annual accounts on a going concern basis.

## AUDITORS

The Company's auditors, M/s. Deloitte Haskins & Sells, are due to retire at the conclusion of ensuing Annual General Meeting and have expressed their ability and interest for re-appointment as Statutory Auditors. The Board of Directors, propose to re-appoint M/s Deloitte Haskins & Sells as Statutory Auditors of the Company for the financial year 2010-11, to hold office till the conclusion of the next Annual General Meeting.



#### Reply to the qualification in the Auditors' Report:

Cl.X(a) of the Annexure to Auditors' Report states that the Company has been generally regular in depositing various taxes and duties with appropriate statutory authorities except for certain delays in remittance of Tax Deducted at Source and Service Tax.

Your Board of Directors has taken note of the same and has felt that by adopting appropriate method of management of funds, the delays can be avoided in future.

## FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits from the public.

## PARTICULARS OF EMPLOYEES

The Company has employees who draw remuneration exceeding Rs.2,00,000 per month, falling within the scope of Section 217(2A) of the Companies Act, 1956. The details are provided in the Annexure, forming part of Directors' Report.

## INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Conservation of Energy: Company is in the business of property development and as such does not require much energy. However, wherever possible energy saving efforts are made.

Technical Absorption : Not Applicable

Research and Development: Not Applicable

Foreign exchange earnings and outgo:

The details of foreign exchange earnings and outgo during the year are given below:

Particulars	2009 – 10	2008- 09
	Amount in Rupees	
Earnings in Foreign Exchange against domestic sales	29,872,522	41,253,222
Expenditure in Foreign Exchange on projects – Professional charges	21,034,517	87,453,649
Imports on CIF basis (Components for projects)	164,223,997	338,952,559

## CORPORATE GOVERNANCE

A Report on Corporate Governance is annexed herewith as per the discretion of the Board which aspires to adopt best methods of Corporate Governance voluntarily.


## ACKNOWLEDGEMENTS

The Board would like to take this opportunity to express sincere thanks to its valued suppliers, customers, clients, banks & financial institutions for their continued patronage. The Directors express their deep sense of appreciation to all the employees, whose professionalism, commitment and initiative have made the organization's growth and success possible and continue to drive its progress. Finally, the Directors wish to express their gratitude to the Members for their trust and support.

For and on behalf of the Board



**Irfan Razack**  
**Chairman & Managing Director**



**Rezwan Razack**  
**Joint Managing Director**

Date: 20 July 2010

Place: Bangalore