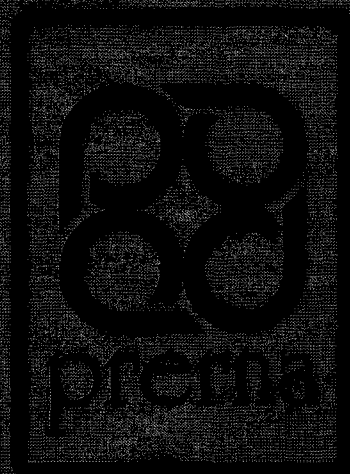


# **24th Annual Report**



Defining Quality

# **2011/12**

# **Prerna Infrabuild Ltd.**

**I N D E X**

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**CORPORATION INFORMATION****Board of Directors**

Chairman & Managing Director	Vijay C. Shah
Managing Director	Sanket V. Shah
Wholetime Director	Nalini V. Shah
Director	Swetal C. Parikh(Up to 31/05/2011)
Director	Mahendra K. Gosaliya
Director	Dinesh Kamdar
Director	Kiranbhai Shah

**Audit Committee**

Chairman	Kiranbhai Shah
Member	Dinesh Kamdar
Member	Mahendra K. Gosaliya

**Auditor**

Alpesh Shah & Co.,  
Chartered Accountant  
202, Parth Avenue,  
Nr. Naranpura Cross Road,  
Naranpura,  
Ahmedabad-380 013

**Practising Company Secretary**

Pinakin Shah & Co.  
C-103, Panchdhara Plaza,  
Satellite Road,  
Ahmedabad-380 015.

**Registered Office**

"Perna", Survey No. 820/1,  
In Lane of Panchvati Auto,  
Opp. Anand Dham Derasar,  
S. G. Highway, Makarba  
Ahmedabad-380 058.

**Register & Share Transferred Agent**

Big Share Service Pvt. Ltd.  
E-2/3, Ansh Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E),  
Mumbai-400 072

**Website**

[www.pernagroup.com](http://www.pernagroup.com)

**Banker**

Bank of Maharashtra  
Perna Tirth Road Branch,  
Satellite,  
Ahmedabad-380 015

**NOTICE**

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of the members of Prerna Infrabuild Limited will be held on Thursday, 27 September, 2012, at 10.00 a.m. at the Registered Office of the Company situated at 'PRERNA', Survey No 820/1, In Lane of Panchvati Auto, Opp: Anand Dham Derasar, S. G. Road, Makarba, Ahmedabad to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider & adopt the Balance Sheet as at 31<sup>st</sup> March, 2012, the Profit & Loss Account for the year ended on that date and the reports of the Directors' & Auditors thereon.
2. To appoint a director in place of Shri Vijay C. Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Shri Dinesh Kamdar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Alpesh Shah & Co. Chartered Accountants, Ahmedabad as Auditors of the Company to hold office from conclusion of this Annual General Meeting till conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Directors of the Company.

For and behalf of Board of Directors

Place : Ahmedabad  
Date : 30/07/2012

Sanket V Shah  
Managing Director

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the meeting and vote on a Poll, if any, in his/her stead and the proxy need not be a member of the Company.
2. The instrument appointing proxies, in order to be effective, must be received by the Company at the registered office, not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to this notice.
3. As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri Vijay C. Shah and Shri Dinesh Kamdar, Directors retiring by rotation and seeking re-appointment under Item No. 2 and Item No.3 of the Notice respectively, are annexed herewith.
4. Register of Members and Share Transfer Books of the Company was remained closed from Thursday, the 20 Sept, 2012 to, Thursday, 27 Sept., 2012 (both days inclusive).
5. The Register of Directors' shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection by members at the AGM.
6. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the Members at the Registered Office of the Company.
7. As a Green Initiative in the Corporate Governance, the Ministry of Corporate Affairs ("MCA") vide its circular bearing nos. (i) 17/ 2011 dated April 21, 2011 and (ii) 18/2011 dated April 29, 2011 allowed the Companies to send various notices/ documents (including Notice conveying AGM, Audited Financial Statements, Auditors' Report, Directors Report and other related documents) to shareholders through electronic mode, to the registered email Id of the shareholders. Pursuant to said Green Initiative. The Company urges the members to communicate their email id to the Company and / or RTA, so that the Company can send future communications to these shareholders in electronic mode.
8. Members are requested to visit the website of the Company 'www.prernagroup.com' for viewing the quarterly & annual financial results and for more information on the Company.

9. For any investor-related queries, communication may be sent by e-mail to 'investor@prernagroup.com'.
10. Big Share Services Private Limited (Big Share) is the Registrar & Share Transfer Agent (R&T Agent) of the Company. All investor related communication may be addressed to Big Share at the following address:  
  
Big Share Services Private Limited.  
  
E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka Andheri (E), Mumbai, 400 072. Tel: 91-22-28470652/40430200/28470653  
Fax: 91-22-28475207,  
  
E Mail:marketing@bigshareonline.Com.
11. For effecting changes in address/bank details/ECS (Electronic Clearing Service) mandate, members are requested to notify:
  - (i) The R&T Agent of the Company, viz. Big Share, if shares are held in physical form; and
  - (ii) Their respective Depository Participant (DP), if shares are held in electronic form.
12. Members are requested to send their queries, if any, to reach the Company at its Registered Office, at least 10 days before the meeting, so that the information can be compiled in advance.
13. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.

Details of the Directors seeking re-appointment in the  
**Twenty Fourth Annual General Meeting**  
 [Pursuant to Clause 49 of Listing Agreement of Bombay Stock Exchange]

Particulars	Shri Vijay C. Shah	Shri Dinesh Kamdar
Relationships with other Directors	Spouse/ Father	None
Date of Appointment	13/04/1988	12/08/2006
Expertise	Finance	Mechanical Engineer
Qualification	B.com	Diploma in Mechanical Engineer
No. of Equity Shares held in the Company	1831000	NIL
List of other companies in which directorship are held	None	None
List of committees of the Board of Directors(across all companies) in which Chairmanship Membership is held	None	None

**Note:**

The Directorships held by Directors as mentioned above, do not include Directorships of Private Limited Companies.

**DIRECTORS REPORT****To The Members,**

Your Directors have pleasure in presenting their 24<sup>th</sup> Annual Report on the business and operations of your Company for the year ended March 31, 2012.

**FINANCIAL RESULTS:**

	2011-12 (Rs in Lac)	2010-11 (Rs in Lac)
Profit before tax	132.24	100.12
Provision for Taxation	021.08	029.70
Profit after Taxation	111.15	70.42
Balance Brought Forward	156.65	150.85
Distributable profit	0	221.27
Appropriated as under:		
Transfer to General Reserve	0	0
Proposed Equity Dividend	0	55.60
Tax on Distributed Profits	0	09.02
Balance Carried Forward	267.80	156.65
Earnings Per Share (Rs. Per share)	1.40	0.89

**PERFORMANCE REVIEW**

The sales and operating income increased to Rs. 722.96 from Rs. 202.77 lacs in the previous year yielding a growth of 256.54%. The operating profit for the year was Rs. 111.15 lacs as against profit of Rs. 70.42 lacs in the previous year.

**APPROPRIATIONS****Dividend**

The Board do not recommended any dividend for current year (previous year Rs. 0.70 per equity share).

**Transfer to Reserves**

According to Companies (Transfer of Profits to Reserves) Rules, 1975, your company is not mandatorily required to transfer certain minimum percentage of profits to general reserve and hence the Board has recommended a transfer of Rs. Nil to the general reserve and an amount of Rs. 111.15 lacs is retained in the profit and loss account.

**LIQUIDITY AND CASH EQUIVALENTS**

Your Company continues to retain its status of a debt-free Company. The Company has been conservative in its investment policy over the years, maintaining a reasonably high level of cash and cash equivalents which enables the Company to completely eliminate short and medium term liquidity risks. Cash and cash equivalents constitute 52.71% of the total assets at Rs.2223.67 lacs, at the year end, against 67% of total assets at the close of the previous year. An amount of Rs.1150 lacs, was in bank fixed deposits at an average interest rate of 9.85 % per annum as on March 31, 2012.

**MANAGEMENT DISCUSSION & ANALYSIS**

Management Discussion and Analysis have been reviewed by the Audit Committee and the same is forming a part of this Annual Report.

**CORPORATE GOVERNANCE**

Pursuant to clause 49 of the listing agreement, a report on corporate governance along with auditors' certificate of its compliance is included as part of the annual report.

**DIRECTORS**

The clause 170 of Articles of Association of the Company provides that at least two-thirds of our Directors shall be subject to retirement by rotation. One third of these retiring Directors must retire from office at each Annual General Meeting of the shareholders. A retiring Director is eligible for re-election.

Shri Vijay C. Shah and Shri Dinesh Kamdar will retire by rotation and being eligible, offer themselves for reappointment. The details of their re-appointment together with nature of their expertise in specific functional areas and names of the companies in which they hold office as Director and/or the Chairman/Membership of Committees of the Board, are provided in the Notice of the ensuing Annual General Meeting.

**CODE OF CONDUCT**

The code of conduct for all board members and senior management of the company has been laid down and is being complied in words and spirit. The declaration on compliance of code of conduct signed by Chairman & Managing Director of the Company is included as a part of this annual report.

**SECRETARIAL AUDIT**

Pinakin Shah & Co., Practicing Company Secretary conducted Secretarial Audit pursuant to provisions of Section 383A of the Companies Act, 1956, for the financial year 2011-12. Pinakin Shah & Co., has submitted the Report confirming compliance with the applicable provisions of Companies Act, 1956 and other rules and regulations issued by SEBI/other regulatory authorities for Corporate law.

**LISTING OF SHARES**

The Company's share continues to remain listed with The Bombay Stock Exchange, Mumbai, where the share is actively traded.

**STATUTORY DISCLOSURES:****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars required to be furnished by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988:

Part A and B pertaining to conservation and technology absorption is not applicable to the Company. However the Company endeavored to conserve energy consumption wherever feasible.

The Company has neither used nor earned any foreign exchange during the year under review.

**PARTICULARS OF EMPLOYEES:**

The information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees' amendment) Rules, 1988 as amended from time to time is nil.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to sub-Section (2AA) of Section 217 of Companies Act' 1956 the Board of Directors of the Company hereby State and confirm that:

- " in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- " the Directors had selected such accounting policies and applied them consistently 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 at end of the financial year and of the profit of the Company for the period;
- " 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;
- " The Directors have prepared the annual accounts on a going concern basis.

**Cash Flow**

A Cash Flow statement for the year ended March 31, 2012 is attached to the Balance Sheet.

**AUDITORS AND AUDITORS' REPORT:**

The auditors M/s Alpesh Shah & Co, Chartered Accountants, Ahmedabad holds office until the conclusion of the Next Annual General Meeting and they have intimated the company in writing of their willingness to be re-appointed as auditors of the Company for the financial year 2012-13. The Company has received certificate from them to the effect that the appointment if made, would be within prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

The Company has not made any provision as required under AS-15 because Accounting standard- 15 applies to retirement benefits in the form of provident fund, superannuation/pension and gratuity provided by an employer to employees, whether in pursuance of requirements of any law or otherwise. It also applies to retirement benefits in the form of leave encashment benefit. Your company is not covered under The Employees Provident Fund Act and The Payment of Gratuity Act and hence no provision was made towards retirement benefits.

The notes on accounts are self-explanatory and do not require further clarifications.

**FIXED DEPOSITS**

The Company has not invited or accepted any deposits from the public.

**INSURANCE**

The Company's assets are adequately insured against major risks.

**ACKNOWLEDGEMENTS**

Your Directors commend the hard work, dedication and contributions of all employees of your Company. They express their gratitude to the various departments of the governments, banks, investors, business associates and customers for their continued support.

Registered Office  
PRERNA, Survey No 820/1,  
In lane of Panchvati Auto,  
Opp.Anand Dham Derasar,  
S.G.Road, Makarba, Ahmedabad

For and behalf of Board of Directors

Vijay C. Shah  
Chairman

Date : 30/07/2012



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry structure and development**

The real estate sector in India is being recognised as an infrastructure service that is driving the economic growth engine of the country, according to industry experts. In fact, foreign direct investment (FDI) in the sector is expected to increase to US\$ 25 billion in the next 10 years, from present US\$ 4 billion, according to a report released by the McKinsey Global Institute (MGI).

FDI flows into housing and real estate in April-March 2011-12 stood at US\$ 731 million, according to the Department of Industrial Policy and Promotion (DIPP). Housing and real estate sector including Cineplex, multiplex, integrated townships and commercial complexes etc, attracted a cumulative foreign direct investment (FDI) worth US\$ 11,168 million from April 2000 to April 2012.

### **POLICY UPDATES**

- The Government has proposed one per cent TDS (tax deduction at source) on transfer of immovable property if the sale value exceeds Rs 50 lakh in urban centers and Rs 20 lakh in other areas in the Union Budget 2012-13.
- The Reserve Bank of India (RBI) has granted permission to foreign citizens of Indian origin to purchase property in India for residential or commercial purposes. The purchase consideration should be met either out of inward remittances in foreign exchange through normal banking channels or out of funds from NRE/FCNR accounts maintained with a bank in India.
- FDI up to 100 per cent under the automatic route in townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure) is allowed subject to the fulfillment of certain guidelines (also for investment by NRIs)

### **Opportunities**

In 2012, enquiries for quality retail space are likely to remain robust as major Indian retailers are seeking to implement their expansion plans in the prime cities as well as select Tier II and Tier III cities.

The mid-end and affordable housing segments will record healthy appreciation in capital values in the short term from a low base. We expect these trends to continue during 2012-13.

PE in real estate projects will fetch considerable returns by next year-end or early 2013. KPMG expect 15-25% returns from real estate deals.

### **Threats**

As the economy shows signs of decreasing GDP growth rate, the Indian real estate industry faces its own share of concerns. Real estate developers are reeling under high debt and FDI inflows have also slowed down. The recent increase in home loan interest rates is expected to dampen the sales even further.

Fitch, an international rating agency, has projected a 'negative outlook' for the Indian real estate sector in 2012 due to weak overall demand and higher construction costs, which are likely to continue to squeeze margins in 2012. The ratings firm has pointed out that high interest rates as well as high home prices have reduced the affordability for home buyers. For real estate companies, both material and labour costs have increased in 2011.

The likelihood of interest rate hikes by the RBI, sentiments on the residential market will remain cautious over the short term. The absorption rate - meaning the ratio of sales over inventory in the market - is likely to be low. Rise in capital values will be marginal because of low sales.

### **Segment-wise or product-wise performance**

The company is engaged in a single segment, namely, real estate development.

### **Future Outlook**

The cityscape of Ahmedabad will be improved with the permission for upcoming Ahmedabad-Dandi heritage route in Gujarat. The plan to introduce metro rail service in the city is no less than a boon to Ahmedabad infrastructure. The construction of another ring road is planned with three of them already existing.

Project-specific price increases can be expected across all sub-markets - this pertains specially to projects that are being delivered or are nearing completion.

### **Internal Control Systems & their Adequacy**

The company has proper & adequate system of their internal controls proportionate to its size and business. The internal control systems of the company are designed to ensure that the financial and other records are reliable for preparing financial statements and other data.

### **Cautionary Statement**

The Management Discussion & Analysis Report may contain certain statement that might be considered forward looking within the meaning of applicable securities, laws and regulations. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the Company's operations such as Government policies, tax laws, political and economic development.

For and on behalf of Board of Directors

Place : Ahmedabad  
Date : 30/07/2012

Vijay Shah  
Chairman & Managing Director

**CORPORATE GOVERNANCE – PRERNA INFRABUILD, LIMITED**

(As required by clause 49 of the Listing Agreement with the stock exchange)

This section on Corporate Governance forms part of the Directors' Report to the shareholders. This report is given in terms of clause 49 of the Listing Agreement entered with the Bombay Stock Exchange where the shares of the Company have been listed.

**MANDATORY REQUIREMENTS**
**1. Company's Philosophy & Code of Governance**

Your company's corporate governance policy is directed towards adherence to ethical business practices. All mandatory requirements as also a few non-mandatory requirements prescribed by Clause 49 of the Listing Agreement have been implemented by the Company. Non-mandatory requirements such as formation of Remuneration Committee have been implemented. Codes of business conduct, adopted by the directors and senior management personnel, are posted on the website of the Company ([www.prernagroup.com](http://www.prernagroup.com)).

All board members and senior management personnel have affirmed compliance with the respective codes of conduct for the year ended March 31, 2012. In terms of Clause 49 (I) (D) of the Listing Agreement, the Managing Director has given the requisite declaration to this effect. In terms of Clause 49 (V) of the Listing Agreement, the Chairman and Managing Director [CEO] and Managing Director [CFO] have given the requisite certification to the Board of Directors in the prescribed format for the period under review.

**2. Board of Directors**
**Composition of Board:**

The strength of the Board as on March 31, 2012 was six, of which, three are executive promoter directors and three are independent directors. The requisite particulars are given below: -

Directors	Attendance Particular				Other Committee Membership	
	Category	Board Meeting	Last AGM	Other Directorship	Member	Chairman
Shri Vijay C Shah Chairman & M.D	Promoter & Executive	8	Yes	No	No	No
Smt Nalini V Shah WholeTime Director	Promoter & Executive	8	Yes	No	No	No
Shri Sanket V Shah M.D	Promoter & Executive	8	Yes	No	No	No
Smt Swetal C Parikh. (Up to 31/5/2011)	Promoter & Non Executive	2	Yes	No	No	No
Shri Kiran H Shah	IND	—	Yes	No	No	No
Shri Dinesh V Kamdar	IND	—	Yes	No	No	No
Shri Mahendra K. Gosalia	IND	8	Yes	No	No	No

**Board Meetings**

The Board of Directors oversees management performance in order to ensure adherence to highest standards of corporate governance. The Board evaluates the strategic direction, management policies and their effectiveness and provides guidance and leadership to the management in achieving set goals. Board meeting dates are finalised in consultation with all directors. The Board is regularly apprised about important business related information and developments. Board members express opinions and bring up matters for discussion at its meetings. Board meeting minutes are circulated to all Directors in advance and confirmed at the subsequent Board meeting. Copies of signed minutes of the various Committees of the Board and Board meetings of subsidiaries of the Company are tabled at Board meetings.

**Details of Board Meetings**

In compliance with the provisions of Clause 49 of the Listing Agreement, the Board meetings are held at least once every quarter and the time gap between two meetings is not more than four months. During the year, eight Board Meetings were held.

Date of Meeting	No of Directors Present
18/05/2011	5
30/05/2011	5
27/07/2011	4
17/08/2011	4
20/10/2011	4
27/11/2011	4
30/01/2012	4
31/03/2012	4