

# PREMIER CHENNAI PROPERTIES LIMITED

October 16, 2018

To  
BSE Limited (SME – ITP Platform)  
25th Floor Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400001

**Ref: Scrip ID: PCPL, Scrip Code: 780007**

**Sub: Submission of Annual Report for the Financial Year 2017-18 pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/ Madam,

Please find enclosed herewith the Annual Report of Premier Chennai Properties Limited for the Financial Year 2017-18 pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted at the Annual General Meeting of the Company held on September 28, 2018.

Kindly take the same on record and acknowledge the receipt of the same

Thanking You.

Yours sincerely,  
For Premier Chennai Properties Limited

  
Essakiammal  
Company Secretary



Encl: As above

**PREMIER CHENNAI PROPERTIES LIMITED**

11<sup>TH</sup> ANNUAL REPORT

Financial Year 2017-18

# PREMIER CHENNAI PROPERTIES LIMITED

## 11<sup>TH</sup> ANNUAL REPORT 2017-18

### **Board of Directors :**

Mr. Anant Kulkarni	Chairman & Independent Director
Mr. Rajan Singh	Independent Director
Mr. Vinode Thomas	Non-Executive Director
Mr. Suresh Kootala	Managing Director & Chief Financial Officer
Ms. Shikha Singh	Non-Executive Director

### **Company Secretary & Compliance Officer :**

Ms. Essakiammal

### **Statutory Auditors :**

M/s VDSR & Co., LLP  
Chartered Accountants

### **Internal Auditors :**

M/s Thakur, Vaidyanath Aiyar & Co.  
Chartered Accountants

### **Secretarial Auditors :**

M/s Kaushal Dalal & Associates  
Company Secretaries

### **Registrar & Share Transfer Agents :**

Bigshare Services Private Limited  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai-400 072

### **Registered Office :**

498, Karumuttu Centre, 3<sup>rd</sup> Floor,  
South Wing, Nandanam, Anna Salai,  
Chennai-600 035, Tamil Nadu

### **Correspondence Address :**

The IL&FS Financial Centre, 1<sup>st</sup> Floor,  
Plot No C-22, G Block, Bandra-Kurla Complex,  
Bandra (E), Mumbai-400 051

**CIN : L70101TN2007PLC065552**

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## DIRECTORS' REPORT

### To The Members of Premier Chennai Properties Limited

Your Directors have pleasure in presenting for your consideration and approval the Eleventh Annual Report with the Audited Financials of the Company for the year ended March 31, 2018

### FINANCIAL ACHIEVEMENTS AND DIVIDEND

Particulars	For the year ended March 31, 2018 (Rs.)	For the year ended March 31, 2017 (Rs.)
Total Income	134,033,375	107,782,143
Profit before Taxation	94,035,779	77,045,509
Provision for Taxation	(25,797,965)	(25,482,563)
<b>Net Profit after Taxation</b>	<b>68,237,814</b>	<b>51,562,946</b>
<b>Appropriations :</b>		
Capital Redemption Reserve	150,000	NIL
Balance carried to Balance Sheet	68,087,814	51,562,946

No amount was transferred to the General Reserve Account

### DIVIDEND

In order to conserve the resources, the Directors have decided not to recommend any dividend on the equity shares of the Company for the year ended March 31, 2018

### REVIEW OF OPERATIONS

The Project, located in OMR a southern suburb of Chennai, was launched in March 2012 and the formal sales launch was in December 2012. Phase I and II are under construction for residential apartments with a saleable area of 945,000 sq. ft. and 834,000 sq. ft. respectively. Phase III of the township development is under land stage admeasuring 65 acres. Also the construction work for villas with saleable area 918,687 sq. ft. and retail development (350,000 sq. ft.) is under progress

As per the JDA arrangement with Pacifica Chennai Infrastructure Company Pvt. Ltd., your Company would get 14.58% of revenues from the sale of apartments and as per JDA arrangement with Sylvanus Builders & Developers Ltd. 12.07% of revenues from sale of villas

During the financial year, the company generated sales revenue of INR 82.75 mn compared to INR 68.56 mn in the previous financial year. The Profit After Tax for the year is INR 68.24 mn compared to 51.56 mn in the previous financial year

In terms of sales performance, 75 apartments and 38 villas were registered in favor of buyers during the financial year compared to sale of 71 apartments and 17 villas in the previous year

There have been no material changes and commitments affecting the financial position of the Company, which have occurred from the end of the financial year for the Company to which the financial statement relates and till the date of the Directors' Report

## **PERFORMANCE OF THE PROJECT**

**Apartments:** During the year 75 new bookings were made and there were 42 cancellations. As of March 2018, a total of 820 units have been booked out of total inventory of 1308 units. The current price of units sold is in the range of Rs. 3,920 per sq ft for economy units and Rs. 3,970 per sq ft for deluxe units. In addition, Phase 1 apartment towers are completed and the process of handover to customers is underway. Phase II apartments are expected to be completed in the next financial year

**Villas:** During the year 38 new bookings were made and however, 20 cancellations (including earlier bookings) were observed. As of March 2018, a total of 311 units have been booked out of total inventory of 406 units. The current sale price is in the range of Rs. 3,995 per sq ft to Rs. 4,500 per sq ft. The construction of villas is at varying stages of completion and progress is in line with expectations. Phase wise handover of villas is underway

## **FUTURE OUTLOOK**

The government has aggressively pushed a culture of transparency through measures such as Demonetisation, Goods and Services Tax (GST) and the Real Estate Regulation & Development Act (RERA) that have helped shore up home-buyer confidence. With growing transparency and improving policies, the country's real estate sector is expected to become more institutionalised and we expect that 2019 to be a year of consolidation and recovery for the property sector

The government's "Housing for All" scheme by 2022 and the granting of infrastructure status to the affordable housing sector have also been aimed at boosting housing supply for the low and mid-income segments, and improving affordability of the home-buyer. Improved affordability will drive the impending housing market's recovery. The infrastructure status accorded to affordable housing is expected to open up more institutional sources for developers to raise funds at competitive price.

In line with the government's reformist approach to boost the real estate and housing sectors that hold key to the GDP growth, the budget has provided a big push to this sector through a number of initiatives. The interest subvention scheme on home loans for buyers in the budget segment will encourage a lot of buyers who are looking to purchase their first home. The implementation of RERA and GST coupled with lower home interest rate regime has improved sentiment which is critical for the revival of the sector

### **DIRECTORS & KEY MANAGERIAL PERSONNEL**

Ms. Sunita Manwani resigned as the Non-Executive Director with effect from May 23, 2018. Your Company places on record its appreciation for the valuable services and guidance rendered by her during her tenure

Mr. Vinode Thomas, Non-Executive Director of the Company shall retire by rotation in the ensuing Annual General Meeting and being eligible offers himself for re-appointment

There have been no changes in the Directors and Key Managerial Personnel of the Company other than above

### **BOARD INDEPENDENCE**

The Company has received Declarations of Independence pursuant to Section 149(6) of the Companies Act, 2013 and Reg. 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from each of its two Independent Directors, viz. Mr. Anant Kulkarni and Mr. Rajan Singh

## **NUMBER OF MEETINGS OF THE BOARD**

The Board of Directors met four (4) times during the Financial Year ended March 31, 2018. The meetings were held during the year on May 24, 2017, July 17, 2017, November 13, 2017 and February 20, 2018. The details of the Board/Committee Meetings and attendance of the Directors at the Board/Committee meetings are given in **Annexure I**

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013

## **AUDIT COMMITTEE**

The Audit Committee of the Company comprises of Mr. Anant Kulkarni (Chairman), Mr. Rajan Singh and Mr. Vinode Thomas. The members of the Audit Committee met four times during the Financial Year 2017-2018. All the recommendations of the Audit Committee were accepted by the Board of Directors. Major terms of reference and other relevant details of the Audit Committee have been furnished in **Annexure I**

## **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility (CSR) Committee of the Company comprises of Mr. Anant Kulkarni (Chairman), Mr. Rajan Singh and Mr. Vinode Thomas. Major terms of reference and other relevant details of the CSR Committee have been furnished in **Annexure I**

## **NOMINATION & REMUNERATION COMMITTEE**

The Nomination & Remuneration Committee of the Company comprises of Mr. Vinode Thomas, (Chairman), Mr. Anant Kulkarni, and Mr. Rajan Singh. All the recommendations of the Nomination & Remuneration Committee were accepted by the Board of Directors. Major terms of reference and other relevant details of the Nomination & Remuneration Committee have been furnished in **Annexure I**



## **STAKEHOLDERS RELATIONSHIP COMMITTEE**

Currently, the Company has, inter alia, a Stakeholders Relationship Committee. However, as per Section 178 of the Companies Act, 2013, a Company having one thousand and more Shareholders, need to have a Stakeholders Relationship Committee and also as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company listed on SME Exchange does not require to constitute a Stakeholders Relationship Committee. As we have less than one thousand Shareholders and our Company is listed on ITP SME Exchange, it is not mandatory to have such a Committee. Hence the Stakeholders Relationship Committee is dissolved

## **SELECTION CRITERIA FOR APPOINTMENT OF DIRECTORS**

The Board has framed a selection criteria for determining the necessary qualifications and attributes for appointment of Directors and also to ensure Board diversity. The details of the same has been posted on the website of the Company at <http://www.premierchennai.co.in>

## **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of the Board. The manner in which the evaluation has been carried out is mentioned below :

- (a) The Chairperson may meet with Non-Executive Directors to discuss individual performance and ideas for improvement
- (b) The Board as a whole will discuss and analyze its own performance during the year including suggestions for improvement
- (c) The performance of the Executive Directors shall also be reviewed annually which shall in turn reflect on their remuneration
- (d) The Board shall review the necessity of establishing any Committees and delegating certain of its responsibilities to the Committees

Schedule IV of the Companies Act, 2013 prescribes the Code for Independent Directors (Code). The Company has adopted the Code by incorporating it in Company's Code of Conduct. Roles, responsibilities, appointment and evaluation of the Independent Directors will be governed by the Code

The various parameters to be considered while conducting the assessment of Board of Directors, Independent Directors and for Committees has been posted on the website of the Company at <http://www.premierchennai.co.in>

## **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) and Section 134(5) of the Companies Act, 2013 :

- (a) in the preparation of the Annual Accounts for the year ended March 31, 2018, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
- (b) that such accounting policies as mentioned in Note 1 of the Notes to the Annual Accounts have been selected and applied consistently and judgments and estimates have been made that are 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 March 31, 2018 and of the Profit of the Company for the year ended on that date;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the Annual Accounts are prepared on a going concern basis;
- (e) that proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively; and
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

## **RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS**

Risk Management forms an integral part of the business of the Company. The Company has a Risk Management Framework, which not only ensures timely identification of risks, analysis of the reasons for such risk, assessment of its materiality, assessment of its impact but also has adequate risk mitigation processes. The Risk Management Framework encompasses all areas of the Company's business. The Risk Management Framework ensures that all risks which could potentially threaten the existence of the Company are identified and risk mitigation steps identified for them

The Company has an adequate system of internal controls commensurate with the nature of its business and complexity of its operations to ensure accuracy of accounting records, compliance with all laws and regulations and compliance with all rules, processes and guidelines prescribed by the management

An extensive internal audit is carried out by an independent firm of Chartered Accountants. Post audit reviews are also carried out to ensure follow up on the observations made. The scope of the internal audit is determined by the Audit Committee and the Internal Audit Reports are reviewed by the Audit Committee

## **SHARE CAPITAL**

During the year, Company, with the approval of the Members vide Extra-Ordinary General Meeting of the Company held on July 26, 2017 and pursuant to the applicable provisions of the Companies Act, 2013 and in accordance with SEBI (Buyback of Securities) Regulations 1998, as amended, bought back 15,000 equity shares of the face value of Rs.10/- each at the price of Rs. 10,000/- per equity share payable in cash aggregating to maximum amount of Rs. 150,000,000/- The Buyback of 15,000 equity shares was completed on September 25, 2017. Therefore, as on March 31, 2018, the total paid-up value of the Company is Rs. 2,087,060/- comprising of 208,706 equity shares of Rs. 10/- each

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Board of Directors of the Company vide its Board meeting held on November 13, 2017, consented to renew the Inter-Corporate Deposits of Rs. 235.35 million (approximately) granted to G.K. Industrial Park Private Limited (Fellow Subsidiary) for a further period of 12 months and reduced the rate of interest from 18% to 15% per annum with effect from January 1, 2018

An entry in this regard has been recorded in the Register of Loans, Guarantee, Security and Acquisition made by the Company maintained in Form MBP-2

Details of the Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note 2.10 of the Financial Statements

## **RELATED PARTY TRANSACTIONS**

During the Financial Year 2017-18, the Company extended Inter Corporate Deposits of Rs.235.35 million (approximately) to G.K. Industrial Park Private Limited which is its fellow subsidiary for a period of one year bearing interest @15% per annum

According to the Board of Directors, this transaction was at arm's length basis and also in the ordinary course of the business of the Company and a complete disclosure of the transaction pursuant to Clause (h) of Sub section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 is made in Form AOC-2 which is attached herewith as **Annexure II**

There are no materially significant Related Party Transactions made by the Company with its Promoters, Directors, Key Managerial Personnel's or other designated persons which may have a potential conflict with the interest of the Company at large

All the Related Party Transactions are placed before the Audit Committee and also the Board for approval. The disclosure of transactions with related parties is set out in Note No. 2.22 of the Financial Statements, forming part of the Annual Report

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company

## **DEPOSITS**

Your Company has not accepted any deposits from the public for the financial year under consideration

## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Since the Company does not own any manufacturing facility, the Energy Conservation and Technology Absorption particulars in the Companies (Accounts) Rules, 2014, are not applicable

Also, the Company has made no foreign earnings or any foreign expenditure for the Financial Year ended March 31, 2018

## **PARTICULARS OF EMPLOYEES**

The particulars of the employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of the Directors' Report for the year ended March 31, 2018 and are annexed as **Annexure III**

## **REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The remuneration paid to the Directors and the Senior Management is as per the Managerial Remuneration Policy of the Company. The Policy is also uploaded on the website of the Company at <http://www.premierchennai.co.in>