

14th Annual Report • 2005 - 2006



P R I M E M A L L - P U N E



PRIME

Property Development Corporation Ltd.

PROJECT COMPLETED

PRIME CENTRE
S. V. ROAD, SANTACRUZ (W)



PRIME PLAZA
S. V. ROAD, SANTACRUZ (W)



PRIME AVENUE
S. V. ROAD, VILE PARLE (W)



PRIME BEACH
GANDHIGRAM,
ON SEA BEACH, JUHU



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14TH ANNUAL REPORT AND ACCOUNTS 2005 - 2006

— • BOARD OF DIRECTORS • —

Shri Padamshi L. Soni	Chairman	
Shri Prakash D. Shah	Independent Director	
Shri Y.C. Pawar	Independent Director	(w.e.f. 16.01.2006)
Shri K. Nalinakshan	Independent Director	(w.e.f. 16.01.2006)
Dr. B. Samal	Independent Director	(w.e.f. 16.01.2006)
Shri Viren C. Miskita	Independent Director	
Shri Nitin R. Killawala	Independent Director	(upto 16.01.2006)
Shri Siraj M. Somji	Independent Director	(upto 30.09.2005)
Shri Manish P. Soni	Whole time Director	
Shri Vishal P. Soni	Whole time Director	

— • AUDITORS • —

Vora & Associates
Chartered Accountants, Mumbai.

— • ADVOCATE & SOLICITORS • —

M. T. Miskita & Company
Advocates & Solicitors, Mumbai.

— • BANKERS • —

Indian Overseas Bank • UTI Bank • CitiBank N. A. • Development Credit Bank

— • REGISTERED OFFICE • —

101, Soni House, Plot No. 34, Opp. Copper Chimney, Gulmohar Road No. 1,
J.V.P.D. Scheme, Vile Parle (West), Mumbai : 400 049.
Email : primeproperty@vsnl.net

REGISTRAR AND SHARE TRANSFER AGENTS INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.
Email: isrl@intimespectrum.com • Tel.: 25963838 • Fax : 25962691

14th ANNUAL GENERAL MEETING

Date : September 27, 2006

Day : Wednesday

Time : 11.30 a.m.

— • VENUE • —

Santokba Sanskar Sadan, Next to Bhaidas Maganlal Sabhagriha,
Bhaktivedant Swami Marg, Vile Parle (W), Mumbai - 400056.



NOTICE TO MEMBERS

NOTICE is hereby given that the 14th Annual General Meeting of the Members of PRIME PROPERTY DEVELOPMENT CORPORATION LIMITED will be held on Wednesday, the September 27, 2006 at Santokba Sanskar Sadan, Next to Bhaidas Maganlal Sabhagriha, Bhaktivedant Swami Marg, Vile Parle (W), Mumbai - 400056 at 11.30 A.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To consider that Shri Prakash D. Shah, Director retires by rotation and has expressed his unwillingness for re-appointment due to other pre-occupations.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Y. C. Pawar, who was appointed as an Additional Director pursuant to the provisions of section 260 of the Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."
5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri K. Nalinakshan, who was appointed as an Additional Director pursuant to the provisions of section 260 of the Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."
6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Dr. B. Samal, who was appointed as an Additional Director pursuant to the provisions of section 260 of the Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."
7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT subject to the approval of the members of the company in the Annual General Meeting and pursuant to the provisions of the section 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri Manish P. Soni, be and is hereby promoted and appointed as the Whole Time Director of the company with effect from August 1, 2006 on a basic salary of Rs. 40000 per month, exclusive of perquisites for a period of five years and such further increment as may be determined by the Board of Directors and Remuneration Committee from time to time and as per the terms and conditions as may be agreed between the Board and Shri Manish P. Soni".



8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT subject to the approval of the members of the company in the Annual General Meeting and pursuant to the provisions of the section 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri Vishal P. Soni, be and is hereby promoted and appointed as the Whole Time Director of the company with effect from August 1, 2006 on a basic salary of Rs. 40000 per month, exclusive of perquisites for a period of five years and such further increment as may be determined by the Board of Directors and Remuneration Committee from time to time and as per the terms and conditions as may be agreed between the Board and Shri Vishal P. Soni".

By order of the Board

Sd/-

Place : Mumbai

P. L. Soni

Dated : July 31, 2006

Chairman

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE THE ANNUAL GENERAL MEETING.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the ensuing Annual General Meeting is annexed hereto and forms part of the Notice.
3. The Register of Members & the Share Transfer Books of the Company will remain closed from Thursday, September 21, 2006 to Wednesday, September 27, 2006 (both days inclusive).
4. Shareholders seeking any information with regard to Accounts are requested to write to the Company at least seven days in advance so as to enable the Company to keep the information ready.
5. Members are requested to bring their Attendance slip duly completed and signed along with their copy of Annual report to the Meeting.
6. Shareholders are requested to immediately notify change in address, if any, to the Depository Participant with whom they maintain the demat account for shares held in electronic mode and to the Company's Registrar & Transfer Agents for the shares held in physical mode.
7. Members may avail of the nomination facility as provided under Section 109A of the Companies Act, 1956.
8. Members holding shares in electronic form may kindly note that their Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants, as per the applicable regulations of the Depositories and that the Company will not entertain any direct request from such members for deletion of / change in such Bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be applicable to dividend paid on shares in electronic form. Members may, therefore, give instructions regarding Bank Accounts in which they wish to receive dividend, directly to their Depository Participants.
9. Pursuant to section 205A of the Companies Act, 1956, no unclaimed dividend is required to be transferred to Investors Education and Protection Fund as the period of seven years since the transfer of any dividend to Unpaid Dividend Account has not lapsed.



10. Members, who are holding shares in identical names in more than one folio, are requested to write to the Company enclosing their share certificate to consolidate their holdings in one folio.
11. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification.
12. Members wishing to claim dividends of previous years, which remained unclaimed, are requested to correspond with Shri Harish Shiyad, Compliance Officer, at the Company's Registered office.
13. Corporate members intending to send their authorised representative are requested to send a duly certified copy of the Board resolution authorising their representative to attend and vote at the Annual General Meeting.
14. Consequent upon the introduction of Section 109A of the Companies act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agents, INTIME SPECTRUM REGISTRY LIMITED.

By order of the Board

Sd/-

Place : Mumbai

P. L. Soni

Dated : July 31, 2006

Chairman

ANNEXURE TO THE NOTICE

An Explanatory Statement under Section 173(2) of the Companies Act, 1956.

Item No. 4:

Shri Y. C. Pawar was appointed as an Additional Director of the company w.e.f. January 16, 2006 pursuant to Articles of Association of the company read with section 260 of the Companies Act, 1956. Accordingly, his term of office expires at the ensuing Annual General Meeting.

The company has received notice from a member along with deposit amount for him, as required under section 257 of the Companies Act, 1956, proposing his name as an Independent Director of the company.

Shri Y. C. Pawar is a former I.G. Police and the wide experience possessed by him will be in the interest of the company. Hence, your Directors recommend his appointment as an Independent Director.

None of the Directors of the Company is concerned or interested in the resolution, except Shri Y. C. Pawar, himself.

Item No. 5:

Shri K. Nalinakshan was appointed as an Additional Director of the company w.e.f. January 16, 2006 pursuant to Articles of Association of the company read with section 260 of the Companies Act, 1956. Accordingly, his term of office expires at the ensuing Annual General Meeting.

The company has received notice from a member along with deposit amount for him, as required under section 257 of the Companies Act, 1956, proposing his name as an Independent Director of the company.

Shri K. Nalinakshan is a former Additional Chief Secretary (Transport & Excise), Home Dept. Govt. of Maharashtra, Mantralaya, Ex - Municipal Commissioner, MCGM, Mumbai and the wide experience possessed by him will be in the interest of the company. Hence, your Directors recommend his appointment as an Independent Director.

None of the Directors of the Company is concerned or interested in the resolution, except Shri K. Nalinakshan, himself.

**Item No. 6:**

Dr. B. Samal was appointed as an Additional Director of the company w.e.f. January 16, 2006 pursuant to Articles of Association of the company read with section 260 of the Companies Act, 1956. Accordingly, his term of office expires at the ensuing Annual General Meeting.

The company has received notice from a member along with deposit amount for him, as required under section 257 of the Companies Act, 1956, proposing his name as an Independent Director of the company.

Dr. B. Samal is a former member - Securities Appellate Tribunal, Govt. of India and former CMD of Allahabad Bank, and the wide experience possessed by him will be in the interest of the company. Hence, your Directors recommend his appointment as an Independent Director.

None of the Directors of the Company is concerned or interested in the resolution, except Dr. B. Samal, himself.

Item No. 7:

Shri Manish Soni was appointed as Executive Director by members of the company in the Ninth Annual General Meeting w.e.f August 1, 2001. He was appointed on a salary of Rs. 12000-2000-20000 per month for a period of five years.

In the Twelfth Annual General Meeting held on September 7, 2004, his terms of appointment were partially modified by increasing the salary from Rs. 20,000 per month to Rs. 25,000/- per month in the scale of Rs. 25000-5000-40000 per month w.e.f. April 1, 2004 until the expiry of his term.

His term of office shall expire on July 31, 2006. The Board of Directors on recommendation of the Remuneration Committee, in its Meeting held on April 15, 2006, proposes his promotion as the Whole Time Director of the company for a period of five years at a remuneration of Rs. 40000 per month, exclusive of perquisites, w.e.f. April 1, 2006 and such further increment as may be determined by the Board of Directors and Remuneration Committee from time to time and as per the terms and conditions as may be agreed between the Board and Shri Manish P. Soni.

Shri Padamshi L. Soni, Shri Manish P. Soni and Shri Vishal P. Soni are concerned or interested in the resolution pertaining to the remuneration payable to Shri Manish P. Soni, as they are related to one another and except the above, none of the other Directors of the company are concerned or interested in the resolution.

Item No. 8:

Shri Vishal P. Soni was appointed as Executive Director by members of the company in the Ninth Annual General Meeting w.e.f August 1, 2001. He was appointed on a salary of Rs. 12000-2000-20000 per month for a period of five years.

In the Twelfth Annual General Meeting held on September 7, 2004, his terms of appointment were partially modified by increasing the salary from Rs. 20,000/- per month to Rs. 25,000/- per month in the scale of Rs. 25000-5000-40000 per month w.e.f. April 1, 2004 until the expiry of his term.

His term of office shall expire on July 31, 2006. The Board of Directors on recommendation of the Remuneration Committee, in its Meeting held on April 15, 2006, proposes his promotion as the Whole Time Director of the company for a period of five years at a remuneration of Rs. 40000 per month, exclusive of perquisites, w.e.f. April 1, 2006 and such further increment as may be determined by the Board of Directors and Remuneration Committee from time to time and as per the terms and conditions as may be agreed between the Board and Shri Vishal P. Soni.

Shri Padamshi L. Soni, Shri Manish P. Soni and Shri Vishal P. Soni are concerned or interested in the resolution pertaining to the remuneration payable to Shri Vishal P. Soni, as they are related to one another and except the above, none of the other Directors of the company are concerned or interested in the resolution.

By order of the Board

Sd/-

P. L. Soni

Chairman

Place : Mumbai

Dated : July 31, 2006



Details of the Directors seeking appointment / re-appointment in forthcoming Annual General Meeting
(forming part of the explanatory statement to the notice in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Shri Y. C. Pawar	Shri K. Nalinakshan	Dr. B. Samal	Manish P. Soni	Vishal P. Soni
Date of Birth	25.07.1941	08.11.1942	02.03.1943	31.10.1972	14.07.1977
Date of Appointment	16.01.2006	16.01.2006	16.01.2006	16.08.2000	16.08.2000
Qualifications	B.S.C., I.I.B. I.P.S.	M.A. Economics, I.A.S.	PH.D. Economics	B.E.	B. Com
Expertise in specific functional areas	1. Twice Awarded With President's Police Medal. 2. Former Joint Commissioner (Law & Order) Mumbai. 3. Deputy Director - Maharashtra Police Academy, Nashik. 4. Commandant, SRPF G.R. VIII.	1. Gold Medalist In M.A. 2. Former Additional Chief Secretary (Transport & Excise), Home Dept. Govt. of Maharashtra (GOM) Mantralaya. 3. Principal Secretary & Chief Protocol Officer, General Adm. Dept. (GOM) Mantralaya. 4. Municipal Commissioner, M.C.G.M. Mumbai. 5. Chairman - JNPT, Navi Mumbai.	1. Former Member-Securities Appellate Tribunal, Govt. of India. 2. Former Chairman & M.D. - Allahabad Bank. 3. Former Chairman & M.D. - Industrial Investment Bank Of India.	Operations & Marketing	Accounts & Administration
List of Companies in which Directorship held as on 31 st March, 2006	NIL	Shri Krishna Mines Private Limited	1. Jaiprakash Associates Ltd. 2. Surana Industries Ltd. 3. Shriram Life Insurance Co. Pvt. Ltd. 4. Samurai Entertainment Pvt. Ltd.	Paras Merchandise Private Limited	NIL
Chairman / member of the Committee of the Boards of the other Companies on which he is a Director as on 31 st March, 2006.	NIL	NIL	Jaiprakash Associates Ltd - Remuneration Committee	NIL	NIL



DIRECTORS' REPORT

To

The Members,

Prime Property Development Corporation Limited

Your Directors have pleasure in presenting the 14th Annual Report of your Company along with the Audited Statement of Accounts for the year ended March 31, 2006.

FINANCIAL RESULTS :

Particulars	(Rs. In lacs)	
	2005-2006	2004-2005
Business Income	5733.00	1728.73
Profit before Interest, Depreciation & Tax	2407.16	405.33
Less:		
a. Interest	151.68	134.69
b. Depreciation	85.65	54.34
Profit before tax	2169.83	216.30
Provision for Tax:		
a. Current Year	692.79	65.75
b. Deferred Tax	29.09	10.28
c. Fringe Benefit Tax	2.00	----
Profit after tax but before Extraordinary items	1445.95	140.27
Add: (Short)/Excess provision for taxes of earlier years	(1.44)	0.38
Profit after tax	1444.51	140.65
Proposed Dividend	-	100.00
Interim Dividend	200.00	-
Corporate Dividend Tax	28.05	14.02
Transfer to General Reserve	145.00	12.00
Balance brought forward from Previous Year	109.70	95.06
Balance carried to Balance Sheet	1181.16	109.69

DIVIDEND :

Your Directors had recommended Interim Dividend @ 20% on the equity shares i.e. Rs. 2/- per equity share of Rs. 10/- each during the financial year. The same was paid to Shareholders in October 2005. However, the directors do not recommend final dividend for the financial year ended March 31, 2006 with a view to augment the resources of the company. Your Company has since taken on hand a few medium/large projects of considerable value, necessitating conservation of funds.

CURRENT YEAR'S OPERATIONS :

Sales and Other Income of your Company increased by 232 %, from Rs. 1728.73 lacs to Rs. 5733.00 lacs, and the Net Profit increased by 931 %, from Rs. 140.27 lacs to Rs. 1445.95 lacs. The spurt in profitability of operations has been achieved by consciously cultivating the benefits of Company's business module, which has been to cater to the large and luxurious segment of the property market. Favourable fiscal and bank finance policies, during the year, a booming economy and emphasis on infrastructural development, have all been great catalysts to real estate growth of which your company has been a beneficiary.

During the year, your Company has completed the Prime Centre and Prime Beach projects. It has purchased a property in Vile Parle (E), for developing a commercial project thereon and has also commenced a Mall Project near Hughes Road, in partnership.

FUTURE PROSPECTS :

The real estate industry continues to experience a prolonged boom period, even though certain factors of production, including input prices, have risen considerably. The interest rates on loans from banks have hardened both for the industry and the end-users. The monetary authorities have already announced stricter provisioning and risk weightage norms for financing the properties segment. On the face of all these adverse features, the industry has shown a lot of resilience, basically due to the fact that the demand appears to have been driven overwhelmingly by actual users and investors. India continues to be one of the most favoured destinations for multi-nationals, IT Industries, Retail Segment, BPO activities, and some other services and as such, demand for good real estate products and improved infrastructure, are expected to continue unabated for years to follow. Your Company, at present, has a large Composite Mall project on hand, in partnership with others, at the up-beat Hughes Road area and another project for developing an IT Park building in Vile Parle (E). It has also purchased outright a property at Goregaon (W), for a commercial project



and has negotiated for acquiring a large property on the main Pimpri Chinchwad Road, Pune wherein a Composite Mall project will be developed. Besides, negotiations for properties are on in prime locations.

In this scenario, we are reasonably confident to continue to do well in the future.

SUB-DIVISION OF SHARES :

Pursuant to the special resolution passed in the 13th Annual General Meeting, the company has sub-divided its one equity share of Rs. 10/- each into two equity shares of Rs. 5/- each fully paid up, on the Record Date January 9, 2006. The sub-divided shares were credited by NSDL and CDSL on January 10, 2006 in the demat accounts of respective shareholders holding shares in demat mode. The Company had despatched the physical Share Certificates to those shareholders who held the shares in physical form.

DIRECTORS :

Shri Nitin Killawala and Shri Viren Miskita, Independent Directors, have resigned from the Board with effect from January 16, 2006 and July 31, 2006, respectively. The Board places on record its appreciation for the services rendered by them during their tenure as members of the Board.

Shri Prakash D. Shah retires by rotation in the forthcoming Annual General Meeting. He has shown his unwillingness to be re-appointed due to personal pre-occupations. The Board of Directors records appreciation for his services during the tenure as a member of the Board.

Shri Y. C. Pawar was inducted as Additional Director with effect from January 16, 2006 and holds office up to ensuing Annual General Meeting of the Company. The Company has received notice from a member pursuant to section 257 of the Companies Act, 1956, signifying his intention to propose him as the Director of the Company.

Shri K. Nalinakshan was inducted as Additional Director with effect from January 16, 2006 and holds office up to ensuing Annual General Meeting of the Company. The Company has received notice from a member pursuant to section 257 of the Companies Act, 1956, signifying his intention to propose him as the Director of the Company.

Dr. B. Samal was inducted as Additional Director with effect from January 16, 2006 and holds office up to ensuing Annual General Meeting of the Company. The Company has received notice from a member pursuant to section 257 of the Companies Act, 1956, signifying his intention to propose him as the Director of the Company.

Shri Manish P. Soni, was appointed as an Executive Director w.e.f. August 1, 2001. His term of office expires on July 31, 2006. The Board of Directors on recommendation of the Remuneration Committee in its Meeting held on April 15, 2006, proposes his promotion as the Whole Time Director of the company.

Shri Vishal P. Soni, was appointed as an Executive Director w.e.f. August 1, 2001. His term of office expires on July 31, 2006. The Board of Directors on recommendation of the Remuneration Committee in its Meeting held on April 15, 2006, proposes his promotion as the Whole Time Director of the company.

The brief resume / details relating to directors who are to be appointed are furnished in the explanatory statement to the Notice of the ensuing Annual General Meeting.

REGISTRARS AND TRANSFER AGENTS :

INTIME SPECTRUM REGISTRY LIMITED, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai 400 078 are our Registrar and Transfer Agents. All your requests for dematerialisation, rematerialisation, transfer of physical shares, etc (& queries related thereto) may be sent to the Registrars and Transfer Agents.

FIXED DEPOSITS :

During the year under review, the Company has not accepted any deposit from the public and the shareholders.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- 1) That in the preparation of the Annual Accounts for the financial year ended March 31, 2006, the applicable accounting standards have been followed and there has been no material departure.
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2006 and of the Profit of the Company for that period;
- 3) That the Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the interest of the Company and for preventing and detecting fraud and other irregularities;
- 4) That the Annual Accounts for the financial year ended March 31, 2006, is prepared on a 'going concern' basis.

MATERIAL CHANGES AFTER THE DATE OF BALANCE SHEET :

Pursuant to provisions of Section 217 (1) (d) of the Companies Act, 1956, there has been no material change and commitment affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.

**CORPORATE GOVERNANCE :**

A separate section on Corporate Governance is included in the Annual Report and the certificate from the Company's Auditors confirming the compliance of the conditions on the Corporate Governance as stipulated in the clause 49 of the Listing Agreement with the Stock Exchange is annexed thereto.

PARTICULARS OF EMPLOYEES :

There are no employees in receipt of remuneration exceeding the limit as prescribed under the provisions of Section 217(2A) of the Companies Act, 1956, and rules framed thereunder read with the Companies (Particulars of Employees) Rules, 1975.

However, the company on recommendation of Remuneration Committee Meeting held on April 15, 2006, proposes to pay a performance commission of Rs. 44,00,000/- to Shri P.L. Soni, the Chairman of the Company. The details of same are attached in the annexure to this report.

PARTICULARS UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 :

Additional information required under the provisions of the above Section read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding a) Conservation of Energy and b) Technology Absorption are not applicable as the Company is not carrying out any manufacturing operation.

c) Foreign Exchange Earnings and Outgo:

Particulars		As on 31.03.2006 (Rs.)	As on 31.03.2005 Rs.
(a)	Earnings in foreign exchange	NIL	NIL
(b)	Expenditure / Outgo in foreign exchange (traveling)	139,850	707,822

AUDITOR'S REPORT :

The observations of the Auditors in their Report have been dealt with in the Notes forming part of the accounts and other statements, which are self-explanatory.

AUDITORS :

M/s. Vora & Associates, Chartered Accountants, Statutory Auditors, retire at the conclusion of this Meeting and are eligible for reappointment. They have furnished a certificate to the effect that their proposed appointment, if made, will be in accordance with the limit specified under section 224 (1-B) of the Companies Act, 1956.

ACKNOWLEDGMENTS :

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Banks, Customers and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Employees of the Company.

By order of the Board

Sd/-

P.L. Soni
Chairman

Place : Mumbai

Dated : July 31, 2006

ANNEXURE TO THE DIRECTOR'S REPORT

Information as per section 217 (2A) of the Companies Act, 1975 read with Companies (Particulars of the Employees) Rules 1975 & forming part of the Director's Report for the year ended March 31, 2006 :

Name of the Recipient : Shri P.L. Soni
Designation : Chairman
Age as on 31.03.2006 : 57 years
Gross Remuneration : Rs. 44,00,000/-
Qualification : Graduate
Experience (no. of years) : 30 Years
(as on 31.03.2006)

**MANAGEMENT DISCUSSION & ANALYSIS****INDUSTRY STRUCTURE & DEVELOPMENT :**

Real estate scenario in the country continues to be upbeat both in the residential and commercial segments. Rising levels of salary income, more particularly in the IT, besides the MNC's, has brought in favorable socio economic changes resulting in increased demand for premium housing. On the other hand New Retail business IT and MNC's, are driving up the demand for good quality commercial properties in metros and many large cities.

New guidelines approved by authorities have allowed mutual funds to invest in real estate and have cleared investment by the real estate mutual funds in the property and the shares and securities of realty companies.

Real estate prices have continued its northward journey. In past 2 years, prices in certain areas in Delhi and Mumbai have nearly doubled, while in many other areas prices have generally gone up by 60 – 70 %.

Monetary authorities have pronounced policy guidelines requiring banks to have higher provisionary norms for construction companies and for larger housing loans. Banks have responded by hiking lending rates. In the face of rising prices of certain inputs, the authorities have indicated their intention to intervene if required. The industry however, it appears, has taken these factors in its stride and the outlook continues to be bright.

OPPORTUNITIES & THREATS :

Favorable economic condition in the country, in general, and the IT and Retail segment, in particular continue to provide excellent opportunities to quality Builders and Developers of luxurious properties. Hardening interest rate structure, a few unfavorable policy guidelines, increasing input prices may be matters of concern to the real estate industry.

SEGMENTWISE PERFORMANCE :

The Company has mainly one reportable business segment namely 'Property Development'; hence no further disclosure is required under Accounting Standard (AS) 17 on segment reporting.

BUSINESS ANALYSIS & OUTLOOK :

The company has completed its "Prime Centre" and "Prime Beach" project during the year, which has improved its profitability substantially and has enhanced its reputation in the niche property market as a quality Builder and Developer.

Sales and Other Income of your Company increased by 232 % and the Net Profit increased by 931 %. The spurt in profitability and operations has been achieved by consciously cultivating the benefits of Company's business module, which has been to cater to the large and luxurious segment of the property market. Favorable fiscal and monetary policies, during the most part of the year, a booming economy and emphasis on infrastructural development, have all been great catalysts to real estate growth, of which your Company has been a beneficiary.

At present, your company has on hand a composite Mall project near Hughes Road and an IT Park project at Vile Parle (E). It has already purchased outright, a property on S.V. road, Goregaon (W), for developing a commercial project therein and has negotiated for acquiring a large property on the main Pimpri-Chinchwad road, Pune for Composite Mall project. Implementation of these projects will commence soon, after completion of statutory clearance and legal formalities. Besides the above, negotiation to procure other properties are on in prime locations.

Barring unforeseen circumstances, the management is confident that performance of the Company would improve substantially in the current year.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :

The Company has a regular System of Internal check & control, costing, budgeting, forecasting and monitoring projections. Efforts are put to further strengthen the system including internal audit.

FINANCIAL PERFORMANCE :

The Company has adopted fair accounting policy as regards the revenue recognition and expenses. The Accounts are maintained in accordance with the Accounting Standard generally accepted in India for the nature of its business as prescribed by ICAI to the extent applicable and as required by the Companies Act, 1956.

Your Company earned income of Rs. 5733.00 lacs as against Rs. 1728.73 lacs in the previous year, with net profit increasing from Rs. 140.27 lacs to Rs. 1445.95 lacs. All repayment terms are strictly adhered to all times. Future outlook of your company therefore, can be considered satisfactory. The company has paid an interim dividend @ 20 % to the Shareholders for the financial year.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES :

The Company uses the services of a fairly good team of Engineers, Architects, Contractors, Suppliers and Legal Advisors. The people employed by the Company and other agencies working for the project, are technically qualified and help in successful and timely execution of projects.

DISCLAIMER :

Statements in this Management Discussion and Analysis describing the Company's objectives, projections and expectations may be "forward looking" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Important factors that might materially affect the future performance of the Company include the state of the Indian economy, changes in government regulations, tax laws, input availability and prices, and the state of the financial markets and other factors such as litigation.



CORPORATE GOVERNANCE REPORT

The Corporate Governance code is a professional system framed for directing and controlling the organization. The purpose is to ensure compliance of local statutes and ensure safeguard and value addition in the long-term to the interest of its members, creditors, customers and employees.

The Company has initiated the process of corporate governance with its Annual Report in compliance with Clause 49 of Listing Agreement. A concerted attempt has been made to bring in transparency and professionalism to ensure ethical standards in business activities while implementing the Corporate Governance code. The management places on record that the mandatory compliance are made to constitute various committees as required by Clause 49 of Listing Agreement with The Bombay Stock Exchange Ltd.

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of Listing Agreement as applicable to the Company is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company is committed to good corporate governance and has implemented the new corporate governance norms as prescribed by SEBI. The Company's philosophy of corporate governance is based on preserving core values and ethical business conduct, which enhances the efficiency of the Board and inculcates a culture of transparency, accountability and integrity across the company.

2. BOARD OF DIRECTORS :

The Company is fully compliant with the Corporate Governance Norms in terms of constitution of the Board with a good combination of Executive and Non- Executive Directors. The board has complete access to any information within the Company and to any employee of the Company.

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board meets at least once every quarter to review the quarterly results and other items of the Agenda and, if necessary, additional meetings are held. The Board meets at least 4 times in a year and the gap between two Board Meetings is not more than 4 months as per the revised Clause 49 of the Listing Agreement. The Board is apprised and informed of all the important information relating to the business of the Company including those listed in Annexure 1A of the revised Clause 49 of the Listing Agreement.

The composition of the Board and other relevant details relating to Directors are given below:

Promoter Chairman	-	1
Promoters Executive Director	-	2
Independent Directors	-	4

Attendance of each Director at the Board Meetings and last Annual General Meeting during the financial year ended March 31, 2006 is as follows : Seven Board Meetings were held on 26.04.2005, 30.06.2005, 11.07.2005, 23.08.2005, 17.10.2005, 06.12.2005 and 16.01.2006.

Name of the Director	No. of other Directorship	No. of Board Meetings attended	Attendance at last AGM held on 30 th September 2005
Shri Padamshi L. Soni	NIL	7	Present
Shri Siraj M. Somji (i)	NIL	NIL	Not Applicable
Shri Nitin R. Killawala (ii)	NIL	NIL	Absent
Shri Viren C. Miskita (iii)	NIL	NIL	Absent
Shri Prakash D. Shah	1	7	Present
Shri Y.C. Pawar (iv)	NIL	1	Not Applicable
Shri K. Nalinakshan (v)	1	1	Not Applicable
Dr. B. Samal (vi)	6	1	Not Applicable
Shri Manish P. Soni	1	7	Present
Shri Vishal P. Soni	Nil	7	Present

Note:

- i) Shri Siraj M. Somji resigned and hence, not re-appointed by rotation in last Annual General Meeting.
- ii) Shri Nitin Killawala resigned w.e.f. January 16, 2006.
- iii) Shri Viren Miskita resigned w.e.f. July 31, 2006.
- iv) Shri Y. C. Pawar is appointed as an Additional Director w.e.f. January 16, 2006.
- v) Shri K. Nalinakshan is appointed as an Additional Director w.e.f. January 16, 2006.
- vi) Dr. B. Samal is appointed as an Additional Director w.e.f. January 16, 2006.

3. DISCLOSURE REGARDING APPOINTMENT/RE-APPOINTMENT OF DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Prakash D. Shah, Director, retires by rotation at the forthcoming Annual General Meeting and has shown his unwillingness for being re-appointed at the ensuing Annual General Meeting.

**4. AUDIT COMMITTEE :**

The purpose of Audit Committee is to assist the Board of Directors in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls which management and the Board have established, appointing, and overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

Terms of reference

The terms of reference of the Audit Committee broadly are as under:

- To hold periodic discussions with the Statutory Auditors of the Company concerning the financial reports of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- To review compliance with internal control systems;
- To review the quarterly, half yearly and annual financial results of the Company before submission to the Board;
- To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report;
- Recommending the appointment / reappointment of statutory auditors and fixation of their remuneration.

The scope of the Audit Committee includes amongst other matters which are set out in Clause 49 of the Listing Agreements with the Stock Exchange as amended from time to time read with Section 292A of the Companies Act, 1956.

Five Meetings were held during the year on 26.04.2005, 30.06.2005, 11.07.2005, 17.10.2005 and 16.01.2006 to consider the periodical financial statements and discussion on internal control system of the Company.

The names of the Committee Members, their composition and meeting attended during the year are as follows:

Name of the Directors	Composition	Meetings attended
Shri Prakash D. Shah	Chairman, Independent Director.	5
Shri P. L. Soni	Member, Chairman of the Company	5
Shri Vishal P. Soni	Member, Executive Director.	5
Shri Viren C. Miskita	Member, Independent Director.	NIL

The powers and terms of references of the committee are as specified in Clause 49 of the Listing Agreements with Stock Exchanges and Section 292A of the Companies Act, 1956. Recommendations of the Audit Committee, if any, are considered and implemented by the Board.

5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE :

The committee reviews all matters connected with the securities transfer. The committee also looks into redressal of shareholders complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, issue of share certificates on account of bonus, split or any other matter related to securities of the Company. The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services. The committee meets as and when required, depending upon grievances and/or request for physical transfer of securities received by the Company.

Details of shares transfers / transmissions approved by the Committee and Shareholders'/Investors' grievances are placed at the Board Meetings from time to time.

Five meeting were held during the year on 26.04.2005, 11.07.2005, 23.08.2005, 17.10.2005 and 16.01.2006. The names of the Committee Members, their composition and meetings attended during the year are as follows:

Name of the Directors	Composition	Meetings attended
Shri P. L. Soni	Chairman.	5
Shri Siraj M. Somji	Member, Independent Director.	NIL
Shri Manish P. Soni	Member, Executive Director.	5
Shri Prakash D. Shah	Member, Independent Director.	5

The Company has attended the Investors Grievances / Correspondence promptly. There were no Investors' complaints pending as on March 31, 2006. There were 14 outstanding requests for transfer & one request for dematerialization of Shares pending as on March 31, 2006.

6. REMUNERATION COMMITTEE :

The terms of reference of the Remuneration Committee is to determined, review and recommend the company's policy on specific remuneration packages for executive and non-executive directors. Remuneration Committee comprises Chairman and Independent Directors. The remuneration payable to Directors as reviewed by the Committee is approved by the Board of Directors and Shareholders of the Company.

The remuneration committee can also recommend and increase the compensation paid to Executive Chairman and Executive Directors of the Company who are paid remuneration in accordance with the terms of appointment as approved.



The names of the Committee Members, their composition and meetings attended during the year are as follows:

Name of the Directors	Composition	Meetings attended
Shri P. L. Soni	Chairman	1
Shri Prakash D. Shah	Member, Independent Director.	1
Shri Siraj M. Somji	Member, Independent Director.	NIL
Shri Nitin R. Killawala	Member, Independent Director.	NIL

The Committee has met on July 11, 2005 during the financial year ended March 31, 2006.

The Company has not issued any stock options to any of its Directors and Employees.

7. GENERAL BODY MEETINGS :

The last three Annual General Meeting of the Company were held as under:

Financial Year	Date	Time	Venue
2002-2003	Sept. 8, 2003	11.00a.m.	Registered Office
2003-2004	Sept. 7, 2004	11.30a.m.	Registered Office
2004-2005	Sept. 30, 2005	11.30a.m.	Santokba Sanskar Sadan, Bhaktivedant Swami Marg, Vile Parle (W), Mumbai 400 056.

8. DISCLOSURES :

There were no materially significant related party transactions which have potential conflict with the interest of the company at large.

The company has complied with all the requirements of the Listing Agreement with the Stock Exchange as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchanges or any other statutory on any matter relating to capital markets during last 3 years.

The company had received an Ad interim ex-parte order dated September 29, 2005 from SEBI, restraining the promoters / directors to deal in the shares of the company and the company to access the capital market.

The company has submitted its reply along with relevant data / particulars objecting the order and is awaiting for SEBI's final order.

The Company has business transactions with M/s. Prime Property Developers entered in the register maintained under section 301 of the Companies Act, 1956 and they are made at prices which are reasonable, having regard to the prevailing market prices available with the Company for the goods, materials and services or the prices at which transactions for similar goods, materials and services, have been entered into with other parties and they are prima facie not prejudicial to the interest of the Company including interest on loans taken as stipulated.

9. MEANS OF COMMUNICATION :

The quarterly, half-yearly and yearly financial results of the Company are sent to the Bombay Stock Exchange immediately after they are approved by the Board and these are published in the news papers viz., Free Press Journal / Navshakti / Economic Times / DNA. Management Discussion & Analysis Report for the year ended March 31, 2006 forms a part of this Annual Report and is given under the section so captioned.

As per the requirements of Clause 51 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern etc. are being electronically filed on the EDIFAR website www.sebiedifar.nic.in within the timeframe prescribed in this regard.

10. INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

ISIN is unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialized equity shares of the company. The Company's ISIN No.: INE233C01023

11. SECRETARIAL AUDIT REPORT REGARDING RECONCILIATION OF CAPITAL :

As required by SEBI, a quarterly audit was conducted by practicing Company Secretary, reconciling the issued, paid up and listed share capital of the Company with the aggregate of the shares held by the investors in physical form and in depositories and said certificates were submitted to the Stock Exchange within the prescribed time limit.

As on March 31, 2006, there was no difference between the issued capital and the aggregate of shares held by the investors in both physical form and in electronic form with depositories.

12. GENERAL SHAREHOLDER INFORMATION :

- a) Annual General Meeting Date and Time : Wednesday, September 27, 2006, at 11.30 a.m.
Venue : Santokba Sanskar Sadan, Next to Bhaidas Mangalal Sabhagriha, Bhaktivedant Swami Marg, Vile Parle (W), Mumbai 400 056.
- b) Date of Book Closure : September 21, 2006 to September 27, 2006 (both days inclusive).
- c) Listing on Stock Exchange : Shares of the Company are listed on The Bombay Stock Exchange Limited.
Annual Listing fees as prescribed have been paid for the year 2006-2007.

d) **Financial Calendar :**

Results for quarter ending June 30, 2006	Last week of July, 2006
Annual General Meeting	September 27, 2006
Results for quarter ending Sept. 30, 2006	Last week of October 2006
Results for quarter ending Dec. 31, 2006	Last week of January 2007
Results for the Year ended March 31, 2007	June 30, 2007

e) **Stock Code :** BSE Code No. 530695f) **Market Price Data :**

Month	Company Shares Traded on			BSB Sensx	
	High	Low	No. Of Shares Traded	High	Low
April 2005	28.95	21.35	277922	6649.42	6118.42
May 2005	29.10	21.35	159874	6772.74	6140.97
June 2005	35.40	27.25	126121	7228.21	6647.36
July 2005	102.00	33.75	3818064	7708.59	7123.11
August 2005	284.00	96.95	3940060	7921.39	7537.50
September 2005	308.25	190.35	1430352	8722.17	7818.90
October 2005	180.85	75.90	164875	8821.84	7656.15
November 2005	154.75	72.15	558833	9033.99	7891.23
December 2005	173.90	130.50	1164969	9442.98	8769.56
January 2006*	116.80	85.20	1599643	9945.19	9158.44
February 2006*	104.00	73.00	570927	10422.65	9713.51
March 2006*	118.00	72.00	1592717	11356.95	10344.26

* Notes: From January 9, 2006, one equity share of the nominal value of Rs.10/- each has been subdivided into two equity shares of Rs.5 each.

g. **Registrar and Transfer Agents :**

M/s Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup(W), Mumbai 400 078.

Tel: 25963838, Fax: 25962691. Email: isrl@intimespectrum.com

h. **Share Transfer System:**

The Company's shares are traded in the Bombay Stock Exchange compulsorily in demat mode. Physical Shares which are lodged with the Registrar and Transfer Agents / or with the Company for transfer are processed and returned to the Shareholders duly transferred within the time limit stipulated under the Listing Agreement subject to the documents being in order.

i. **Distribution of Shareholding as on March 31, 2006 :**

No. of Equity Shares Held	SHARE HOLDERS		No. of Shares Rs. 5/- each	
	NUMBERS	% OF TOTAL	No. of shares held	% OF TOTAL
UPTO 500	2259	66.80	412172	2.06
501 - 1000	524	15.49	439644	2.20
1001 - 2000	279	8.25	456993	2.29
2001 - 3000	73	2.16	189748	0.95
3001 - 4000	48	1.42	177329	0.89
4001 - 5000	35	1.03	168955	0.84
5001 - 10000	56	1.66	432641	2.16
10001 - And Above	108	3.19	17722518	88.61
TOTAL	3382	100.00	20000000	100.00



j. Share Holding Pattern as on March 31, 2006 :

	Category	No. of shares held Rs. 5/- each	% age of Shareholding
a.	Promoter's holding	11,149,600	55.75%
b.*	FII's	20,000	0.10%
c.	Private Corporate Bodies	2,514,393	12.57%
d.	Indian Public	6,000,075	30.00%
e.*	NRI's / OCB's	98,685	0.49%
f.	Any other (Clearing Member)	217,247	1.09%
	GRAND TOTAL...	20,000,000	100.00%

* Note: The total foreign shareholding is 118685 equity shares.

k. Dematerialisation of shares :

55.31% of the Company's paid up equity share capital has been Dematerialized up to March 31, 2006. Trading in the equity shares of the Company at Bombay Stock Exchange is permitted only in dematerialized form.

The details of demat of shares as on March 31, 2006 are as under:

Depository	No. of Shareholders	No. of Shares	% of Capital
NSDL	2044	9798006	48.99%
CDSL	823	1264120	6.32%
TOTAL	2867	11062126	55.31%

Request for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e. National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days. Shares of the Company are regularly traded on BSE.

12. Addresses for Correspondence :

All Correspondence relating to the shares and debentures of the Company should be forwarded to the below mentioned address:

Intime Spectrum Registry Limited

Unit: Prime Property Development Corporation Limited, C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (W), Mumbai - 400 078. Tel: 25963838 Fax: 25962691. Email: isrl@intimespectrum.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of,

PRIME PROPERTY DEVELOPMENT CORPORATION LIMITED.

We have examined the compliance of conditions of Corporate Governance by Prime Property Development Corporation Limited, for the year ended March 31, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the company, there were no Investor's grievance are pending for a period extending 30 days against the Company as per the records maintained by Shareholder's / Investors Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

sd/-

MAYUR A. VORA

PARTNER

(Membership No. 30097)

Place : Mumbai.

Dated : July 31, 2006.



AUDITORS' REPORT

To,
THE MEMBERS OF

PRIME PROPERTY DEVELOPMENT CORPORATION LIMITED.

1. We have audited the attached Balance Sheet of PRIME PROPERTY DEVELOPMENT CORPORATION LIMITED as at 31st March 2006, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the order") issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph (3) above; we report that;
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) in our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at March 31, 2006, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the State of affairs of the company as at March 31, 2006;
 - (b) in the case of Profit & Loss A/c of the PROFIT of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

sd/-

MAYUR A. VORA

PARTNER

Membership No. 30097

Place : Mumbai
Dated : July 31, 2006



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date)

- (i).
 - (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) As explained to us according to the practice generally followed, the fixed assets of the Company are physically verified by the management at reasonable intervals, in a proper manner, which in our opinion is reasonable looking to the size of the Company and nature of its business. According to the information and explanations given to us, no discrepancies were noticed on such physical verification.
 - (c) The Company has not disposed off any substantial part of its fixed assets so as to effect its going concern.
- (ii).
 - (a) As explained to us, Inventories have been physically verified by the Management at reasonable interval during the year. In our opinion frequency of such verification is reasonable
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of the stocks of finished goods and work in progress followed by the Management are in our opinion reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanation given to us, the company is generally maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material. And have been dealt with in the books of accounts
- (iii).
 - (a) The company has not granted any secured or unsecured loans to companies, firms and other parties as covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b) (c) and (d) of the Order are not applicable.
 - (b) The Company has not taken any new loans during the year. However the Company had taken loans in the past from one party whose balance at the end of the financial year is Rs. 50,00,000 is covered in the register maintained under section 301 of the Companies Act 1956
 - (c) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions as stipulated on which the Company has taken the loans from parties required to be listed in the register maintained under section 301 and section 370 (1B) of the Companies Act, 1956, are prima facie not prejudicial to the interest of the company.
 - (d) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest as stipulated to the parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and nature of its business for purchase of inventories, fixed assets and for sale of goods. Further on the basis of our examination of the books and records of the Company and according to the information and explanation given to us we have not observed any major weakness in the internal control systems.
- (v).
 - (a) To the best of our knowledge and belief and according to the information, explanations and representations given to us, we are of the opinion that the transactions in which directors were interested and which were required to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and having regard to our comments in paragraph (iii) above, and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at the relevant time where such market prices are prima-facie made available.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and Section 58AA of the Companies Act 1956 and the rules framed there under.



- (vii) As explained to us, the Company has no formal internal audit system as such, but its internal control procedures generally ensure reasonable internal check of its financial and other records, commensurate with the size and the nature of its business.
- (viii) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209 (1)(d) of the Companies Act, 1956, in respect of activities carried on by the Company.
- (ix) (a) According to the information and explanation given to us, the Company is generally regular in depositing with the appropriate authorities in India the undisputed statutory dues under Income Tax Act and other material statutory dues as applicable to it. However, the provisions of the Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues are not applicable.
- (b) At the end of the financial year there were no undisputed amounts payable in respect of income tax and other statutory dues, as applicable, for a period of more than six months from the date they become payable.
- (x) The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of its dues to any banks during the year.
- (xii) In our opinion and according to the information and explanation given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanation given to us the Company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer in or trader in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us the Company has not given any guarantee for loans from bank and financial institutions on behalf of others.
- (xvi) In our opinion and according to the information and explanations given to us, the funds raised co-relating to the end use of term loans has been, prima facie, applied for the intended purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956, during the year.
- (xix) The Company has not raised any funds by the way of debenture issue during the year. Accordingly, the provision of clause 4 (xix) of the order is not applicable to the Company.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the course of our audit.

For VORA & ASSOCIATES
CHARTERED ACCOUNTANTS
sd/-
MAYUR A. VORA
PARTNER
(Membership No. 30097)

Place : Mumbai
Dated : July 31, 2006



BALANCE SHEET AS ON 31ST MARCH 2006

PARTICULARS	SCH	As at 31/03/2006 Rs.	As at 31/03/2005 Rs.
SOURCES OF FUNDS			
Shareholders funds :			
Share Capital	A	100,000,000	100,000,000
Reserves & Surplus	B	135,765,500	14,119,502
Loan Funds :			
Secured loans	C	52,990,983	120,088,798
Unsecured loans	D	5,000,000	24,656,198
Deferred Tax Liability (Net)	E	5,919,109	3,009,969
TOTAL		299,675,592	261,874,467
APPLICATION OF FUNDS :			
Fixed Assets :	F		
Gross Block		237,600,060	84,510,048
Less : Depreciation		16,450,319	10,239,405
Net Block		221,149,741	74,270,643
Investments	G	5,719,718	373,582
Current Assets, Loans and Advances	H		
Inventory		283,656,588	263,524,214
Sundry Debtors		-	14,900,000
Cash & Bank Balances		3,002,605	67,987,128
Loans and Advances		151,327,510	7,141,562
Other Current Assets		-	3,500,000
		437,986,703	357,052,904
Current Liabilities & Provisions	I	365,180,570	169,822,662
Net Current Assets		72,806,133	187,230,242
TOTAL		299,675,592	261,874,467
Significant Accounting Policies and Notes on Accounts	O		

As per our attached reports of even date

For VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

sd/-

MAYUR A VORA
PARTNER
(Membership No.: 30097)Place : Mumbai
Date : July 31, 2006

For and on behalf of the Board of Directors

sd/-

Shri PADAMSHI L. SONI	CHAIRMAN
Shri PRAKASH D. SHAH	DIRECTOR
Shri MANISH P. SONI	EXECUTIVE DIRECTOR
Shri VISHAL P. SONI	EXECUTIVE DIRECTOR

Place : Mumbai
Date : July 31, 2006

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006**

PARTICULARS	SCH	Current Year Rs.	Previous Year Rs.
INCOME			
Sales		539,300,000	162,700,000
Rent & Other Income (TDS - Rs. 47,09,749/- P.Y. 18,72,336)		21,773,000	9,113,682
Profit on Sale of Fixed Assets/Shares		11,172,001	981,909
Dividend Income		68,712	-
Interest Income (TDS - Rs. 2,01,021- P.Y.16,075)		986,538	76,877
Misc. Income		501	-
TOTAL		573,300,752	172,872,468
EXPENDITURE			
Property Development Expenses	J	315,999,290	103,274,400
(Increase) / Decrease in Closing Stock		-	19,938,745
Personnel Expenses	K	315,999,290	123,213,145
Administrative & Other Expenses	L	6,736,937	2,201,279
Interest Expenses	M	4,857,718	6,490,076
Selling Expenses	N	15,168,201	13,469,215
Depreciation		4,990,689	435,047
TOTAL		8,564,576	5,433,686
Profit Before Tax		356,317,411	151,242,448
Provision for Income Tax		216,983,341	21,630,020
Provision for Taxes (deferred)		69,279,109	6,575,000
Provision for E.B.T		2,909,139	1,027,650
Profit After Tax but before Extraordinary items		200,000	-
Add / (Less) : Excess / (Short) provision for taxes for earlier years		144,595,093	14,027,370
Profit After Tax		(144,095)	38,503
Less : Appropriation		144,450,998	14,065,873
Transfer to General Reserve		14,500,000	1,200,000
Proposed Dividend		-	10,000,000
Interim Dividend		20,000,000	-
Provision for Tax on Dividend		2,805,000	1,402,500
Retained Earnings for the year		37,305,000	12,602,500
Balance brought forward from previous yrs.		107,145,998	1,463,373
Balance carried to the Balance Sheet		10,969,502	9,506,129
Earning per share (Basic & Diluted) Annualised (Refer to Schedule 'O', Item XI).		118,115,500	10,969,502
		7.22	0.70
Significant Accounting Policies and Notes on Accounts	O		

As per our attached reports of even date

For and on behalf of the Board of Directors

For VORA & ASSOCIATES

sd/-

CHARTERED ACCOUNTANTS

sd/-

MAYUR A VORA
PARTNER

(Membership No.: 30097)

Place : Mumbai

Date : July 31, 2006

Shri PADAMSHI L. SONI

CHAIRMAN

Shri PRAKASH D. SHAH

DIRECTOR

Shri MANISH P. SONI

EXECUTIVE DIRECTOR

Shri VISHAL P. SONI

EXECUTIVE DIRECTOR

Place : Mumbai

Date : July 31, 2006



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

PARTICULARS	CURRENT YEAR (in Rs.)	PREVIOUS YEAR (in Rs.)
I CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	216,983,341	21,630,020
Adjustment for:		
Depreciation	8,564,576	5,433,686
Profit on Sale of Fixed Assets	(46,102)	(981,909)
Interest Income	(986,538)	(76,877)
	7,531,936	4,374,900
	224,515,277	26,004,920
Less: Income taxes paid	62,899,366	5,388,411
Operating Profit Before Working Capital Changes	161,615,911	20,616,509
(Increase) / Decrease in Inventories	(20,132,374)	(62,185,938)
(Increase)/ Decrease in Sundry Debtors	14,900,000	(14,900,000)
(Increase)/ Decrease in Loans and Advances	(88,005,676)	25,542,497
(Increase)/ Decrease in Other Current Assets	3,500,000	489,587
Increase/ (Decrease) in Sundry Creditors / Others	21,356,299	(2,858,132)
Increase/ (Decrease) in Advances from Customers	122,500,000	19,409,000
	54,118,249	(34,502,986)
Cash generated from / (Used in) operations (A)	215,734,160	(13,886,477)
II NET CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(159,597,572)	(4,766,698)
Sale of Fixed Assets	4,200,000	4,391,000
Purchase of Investments	(5,346,136)	(12,182)
Interest Income	986,538	76,877
Net cash used in Investing activities (B)	(159,757,170)	(311,003)
III CASH FLOW FROM FINANCIAL ACTIVITIES		
Secured Loans taken	(67,097,815)	68,572,225
Unsecured Loans taken	(19,656,198)	2,726,198
Dividend Paid	(30,000,000)	0
Tax Paid on above dividend	(4,207,500)	0
Net cash generated from Financial Activities (C)	(120,961,513)	71,298,423
NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)	(64,984,523)	57,100,943
Cash and Cash Equivalent (Opening Balance)	67,987,128	10,886,185
Cash and Cash Equivalent (Closing Balance)	3,002,605	67,987,128

Notes :

- The Cash flow statement has been prepared under the 'Indirect method' as the set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.
- Cash and Cash Equivalents includes Cash and Bank Balance.
- Figures of Previous years have been regrouped and rearranged wherever necessary to confirm with Current Years classification.

For VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

sd/-

MAYUR A VORA
PARTNER
(Membership No.: 30097)

Place : Mumbai
Date : July 31, 2006

FOR AND ON BEHALF OF BOARD

sd/-

Shri PADAMSHI L. SONI CHAIRMAN
Shri PRAKASH D. SHAH DIRECTOR
Shri MANISH P. SONI EXECUTIVE DIRECTOR
Shri VISHAL P. SONI EXECUTIVE DIRECTOR MAYUR

Place : Mumbai
Date : July 31, 2006



SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH 2006

PARTICULARS	As at 31/03/2006 Rs.	As at 31/03/2005 Rs.
Schedule - " A " : Share Capital		
Authorised: 40,000,000 Equity shares of Rs. 5 /- each (Previous year 10,000,000 Equity Shares of Rs. 10/- each)	200,000,000	100,000,000
Issued subscribed and paid up: 20,000,000 Equity shares of Rs. 5/- each fully paid - up (Previous year 100,00,000 Equity shares of Rs.10/- each fully paid up)	100,000,000	100,000,000
	100,000,000	100,000,000
Schedule - " B " : Reserves & Surplus		
General Reserve		
Balance as per last year	3,150,000	1,950,000
Add: Transfer from Profit & Loss A/c	14,500,000	1,200,000
	17,650,000	3,150,000
Balance as per Profit & Loss Account	118,115,500	10,969,502
	135,765,500	14,119,502
Schedule - " C " : Secured Loans		
Term Loan		
From Banks	50,000,000	112,500,000
Vehicle Loans	2,990,983	4,109,586
Cash Credit/Working Capital From Banks (See Note II, Schedule 'O')	-	3,479,212
	52,990,983	120,088,798
Schedule - " D " : Unsecured Loans		
Unsecured Loans from Directors	5,000,000	24,656,198
	5,000,000	24,656,198
Schedule - "E" : Deferred Tax Liability		
Deferred Tax Liability	5,919,109	3,009,969
Deferred Tax Assets	-	-
	5,919,109	3,009,969



Schedule " F " : Fixed Assets and Depreciation

PARTICULARS	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	As on 01/04/2005 Rs.	Add/(Dedn) during the Year Rs.	As on 31/3/2006 Rs.	For The Year Rs.	Adjustment on Deductions Rs.	As on 31/3/2006 Rs.	As on 31/3/2005 Rs.
(i) Premises	69,718,959	155,587,471*	225,306,430	6,211,382	-	213,696,655	64,320,556
(ii) Computers	1,222,615	0	1,222,615	33,456	-	50,188	83,644
(iii) Furnitures & Fixtures	1,668,257	0	1,668,257	50,476	-	228,407	278,883
(iv) Motor Cars	11,274,258	(2,497,459)	8,776,799	2,236,906	(2,353,662)	6,974,244	9,354,947
(v) Office Equipments	625,959	0	625,959	32,356	-	200,247	232,603
Total for Current year	84,510,048	153,090,012	237,600,060	8,564,576	(2,353,662)	221,149,741	74,270,633
Total for Previous Year	85,243,851	(733,803)	84,510,048	5,433,686	(2,091,410)	74,270,633	78,346,722

* Includes Rs. 92,556,871 transferred to Premises block from Work in progress.



SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH 2006

PARTICULARS	As at 31/03/2006 Rs.	As at 31/03/2005 Rs.
Schedule - 'G' : Investments- At Cost		
Quoted Shares		
1170 (Previous Year NIL) Equity Shares of Surana Industries Ltd. at Rs. 108.44 each	126,875	-
20808 (Previous Year NIL) Equity Shares of Rathi Udyog Ltd. at Rs. 221.47 each	4,608,360	-
8803 (Previous Year NIL) Equity Shares of Khatan Fertiliser & Chem Ltd. at Rs. 111.83 each	984,483	-
NIL (Previous Year 1,300) Equity Shares of Bal Pharma Limited at Rs. 6/- each	-	7,800
NIL (Previous Year 38,400) Equity Shares of Bhageria Dye Chem Ltd. at Rs. 9/- each	-	345,600
NIL (Previous Year 100) Equity Shares of Corporation Bank Ltd. at Rs. 80/- each	-	8,000
NIL (Previous year 1029) Units of ICICI Prudential Liquid Fund	-	12,182
(Total Market Value is Rs. 25,40,114/- P.Y. 613,501)	5,719,718	373,582
Schedule - 'H' : Current Assets Loans and Advances		
A) Inventories		
Finished Stock of Property	-	-
Work in Progress of Various Project Sites	283,656,588	263,524,214
I	283,656,588	263,524,214
B) Sundry Debtors		
(Unsecured considered good)		
- Due for a period exceeding six months	-	-
- Others	-	14,900,000
II	-	14,900,000
C) Cash & Bank Balances		
i. Cash on Hand	649,291	1,000,789
ii. Balances with Scheduled Banks	2,353,314	1,925,537
iii. Fixed Deposit with Scheduled Banks	-	65,060,802
III	3,002,605	67,987,128
D) Loans And Advances		
i. Loans and Advances		
- Unsecured considered good	88,556,171	550,495
- Unsecured considered doubtful	1,522,642	1,522,642
Less : Provision for Doubtful debts	1,168,016	1,168,016
IV	354,626	354,626
ii. Prepaid Taxes	62,416,713	6,236,441
V	151,327,510	7,141,562
E) Other Current Assets		
Deposit & Advances	-	3,500,000
(I + II + III + IV + V)	437,986,703	357,052,904
Schedule - 'I' : Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors for Expenses	21,560,473	6,066,162
Advance from customers	266,479,000	143,979,000
Deposit from customers	7,245,000	1,800,000
Unclaimed Dividend	416,988	-
	295,701,461	151,845,162



SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH 2006

PARTICULARS	As at 31/03/2006 Rs.	As at 31/03/2005 Rs.
Provisions		
Provision for Taxation	69,279,109	6,575,000
Provision for E.B.T	200,000	-
Proposed Dividend	-	10,000,000
Provision for Tax on Proposed Dividend	-	1,402,500
	365,180,570	169,822,662
Schedule - 'J' : Property Development Expenses		
Cost of Land and Development Rights	228,699,474	23,171,085
Consumption of Materials & Others	58,927,864	59,162,057
Labour Charges	13,591,000	7,616,000
Other Allied Development Expenses	14,780,952	13,325,258
	315,999,290	103,274,400
Schedule - 'K' : Personnel Expenses		
Salary, Wages, Bonus and Commission	6,695,700	2,166,997
Contribution to Provident & Other Funds	-	-
Staff Welfare	41,237	34,282
	6,736,937	2,201,279
Schedule - 'L' : Establishment & Administrative Expenses		
Listing Fees & ROC Fees	721,500	32,323
Rent, Rates, Taxes and Society Maintenance	347,453	385,576
Electricity Charges	4,080	12,590
Repairs & Maintenance	-	-
Plant & Machinery	-	-
Buildings	-	-
Others	62,656	42,374
Motor car expenses	216,622	229,330
Membership & Subscription	16,125	85,701
Printing & Stationery	480,293	114,291
Conveyance/ Hire Charges	6,154	63,329
Postage & Courier Charges	79,270	13,723
Share Transfer Expenses	164,112	41,198
Directors sitting fees	150,000	204,000
Travelling Expenses	439,632	779,772
Telephone, Fax and Internet	209,342	147,710
Security Expenses	332,955	-
Loan Processing expenses	247,259	3,492,386
Bank Charges	46,268	23,194
Legal & Professional Fees	640,996	331,795
Auditors' Remuneration		
- Audit Fees	252,440	197,920
- Tax Matters	137,600	55,100
- Others	56,224	76,901
	446,264	329,921
Donations	198,747	142,000
Miscellaneous Expenses	47,990	18,863
	4,857,718	6,490,076
Schedule - 'M' : Interest Expenses		
Interest - bank finance	3,138,748	2,621,036
Interest - term loans	8,199,173	8,676,179
Interest - others	3,830,280	2,172,000
	15,168,201	13,469,215
Schedule - 'N' : Selling Expenses		
Advertisement & Publicity	4,968,089	371,941
Project Promotion Expenses	22,600	63,106
	4,990,689	435,047

**SCHEDULE "O"****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.****I. SIGNIFICANT ACCOUNTING POLICIES:****(a) Accounting convention & Concepts**

The accounts are prepared generally on historical cost basis of accounting. The Company adopts accrual system of accounting, unless stated otherwise.

(b) Fixed Assets

Fixed assets are valued at cost less depreciation. Cost includes all expenses incurred for acquisition of assets.

(c) Depreciation

Depreciation is provided as per written down value method at the rates and in the manner specified in schedule XIV of the Companies Act, 1956, unless stated otherwise.

(d) Investments

Investments are valued at cost plus brokerage and other charges. Profit or Losses on investment are accounted as and when realized as Capital Gain / Loss, if any.

(e) Inventories

Inventories are valued at lower of cost or net realizable value. The Construction Work in Progress includes cost of Land, Development Rights, TDR Rights, Construction Costs and Expenses incidental to the projects undertaken by the Company. Inventories of finished tenements, if any, are valued at cost or estimated net realizable value (as certified by management) whichever is less.

(f) Income

Generally the Company is accounting sale of property / flats on completion of the projects, and / or on receipt of substantial payment and / or on agreement for sale and / or on handing over possession of the property and / or on registration of the sale agreement in favour of purchaser.

(g) Expenses

(i) All revenue expenses are accounted on accrual basis, except, expenses pertaining to specific projects, which are considered as paid towards work in progress until the specific project is completed. The Company is following a policy of accounting work in progress expenses proportionate to all the expenditure incurred at the respective sites on accrual basis.

(ii) The Company has the policy of generally charging the interest paid on the borrowed funds as revenue expenses since all the projects are considered to be in nature of current assets under the head work in progress which does not go beyond substantial period of time for completion.

(h) Retirement Benefits

The Company has not made any provision for gratuity payable to the employees. The amount in respect of gratuity payable in accordance with the Payment of Gratuity Act 1972, if any, will be decided based on the actuarial valuation and shall be accounted in the year of actual payment thereof.

(i) Taxation

(i) Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments / appeals.

(ii) Deferred tax is recognized on timing difference between the accounting income and the estimated taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted on the balance sheet date.

(iii) Deferred tax assets which arise mainly on account of unabsorbed loss or unabsorbed depreciation are recognized and carried forward only to the extent that management is virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realized.

II. SECURED LOAN:

(a) Term loan obtained from the UTI Bank Limited is secured by an equitable mortgage of the Company's specific immovable property.

(b) Repayment of all term loans and payment of interest thereon is personally guaranteed by the Chairman and two Directors of the Company.

(c) Term loans of Rs.500.00 lacs (Previous Year Rs.1125.00 lacs) fall due for repayment within one year.

(d) Vehicles loan of Rs.29.91 lacs (Previous Year Rs. 14.08 lacs) falls due for repayment within one year.



III. The Company has mainly one reportable business and geographical segment and hence no further disclosure is required under Accounting Standard (AS) 17 on Segment Reporting issued by the Institute of Chartered Accountants of India (ICAI).

IV. In the opinion of the Directors there were no contingent liabilities as at the Balance Sheet date.

V. ADDITIONAL INFORMATION PURSUANT TO SECTION 217 (1) TO THE COMPANIES ACT, 1956 :

The Licensed capacity, installed capacity and actual production, opening and closing stock of finished goods, Sale of finished goods and Raw and Packing Material consumed in quantity and value, Classification of Raw and Packing Materials consumed, are not relevant to the Company since it is engaged in civil construction and real estate development.

VI. DETAILS OF MANAGERIAL REMUNERATION :

(in Rs.)

	2005-2006	2004-2005
Salaries to Executive Directors	780,000	650,000
Director's Sitting Fees	150,000	204,000
Commission to Chairman	4,400,000	----
Total	5,330,000	854,000

VII. COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 349 OF THE COMPANIES ACT, 1956 :

(in Rs.)

	2005-2006	2004-2005
Profit Before Tax	216,983,341	21,630,020
Add : Managerial Remuneration	5,330,000	854,000
	222,313,341	22,484,020
Less : Profit on sale of assets / shares	11,172,001	981,909
Net profit u/s 349 for the purpose of Chairman's Commission	211,141,340	21,502,111
Maximum permissible to Chairman 5%	10,557,067	1,075,105
Commission payable restricted to	4,400,000	NIL

VIII. FOREIGN EXCHANGE EARNINGS & OUTGO :

Additional information pursuant to provisions of Para 3 and 4 of schedule VI of the Companies Act, 1956.

Particulars	For the year ended 31 st March 2006 (Rs.)	For the year ended 31 st March 2005 (Rs.)
(a) Expenditure in foreign exchange (traveling)	139,850	707,822
(b) Earnings in foreign exchange	NIL	NIL

IX. RELATED PARTIES DISCLOSURES UNDER ACCOUNTING STANDARD 18 OF ICAI :

(A) Particulars of Party where control exists / Relative of parties where control exists:

Name of the Related Party	Nature of Relationship
(i) M/s. Prime Property Developers	Party where control exists
(ii) Mrs. Prabhavati P. Soni	Relative of party where control exists.

(B) Key Management Personnel:

Name of the Related Party	Nature of Relationship
(i) Mr. Padamshi L. Soni	Chairman
(ii) Mr. Manish P. Soni	Executive Director
(iii) Mr. Vishal P. Soni	Executive Director



(C) Transactions with Party where control exists / Relative of parties where control exists:

Particulars	Party where control exists 31.3.2006 Rs.	Party where control exists 31.3.2005 Rs.
(i) Loans taken during the year (Balance at year end)	5,000,000	21,401,166
(ii) Due to related parties (Balance at year end)	NIL	1,004
(iii) Sales	59,700,000	NIL
(iv) Interest Expenses	3,494,964	1,888,000
	Relative of party where control exists	Relative of party where control exists
(v) Due to Related parties (Balance at year end)	NIL	NIL
(vi) Loans taken during the Year (Balance at year end)	NIL	3,255,032
(vii) Sales	21,600,000	13,200,000
(viii) Interest Expenses	264,891	284,000

(D) Details of transactions relating to Key Management Personnel:

Particulars	31.3.2006 Value of Transaction Rs.	31.3.2005 Value of Transaction Rs.
(i) Remuneration to Executive Directors	780,000	650,000
(ii) Directors Sitting Fees	NIL	96,000
(iii) Commission payable to Chairman	4,400,000	NIL

X. DEFERRED TAX LIABILITY:

In accordance with Accounting Standard 22, relating to "Accounting on Taxes on Income", the deferred tax liability of Rs. 2,909,139 for the current year has been shown as expenses for the current year. The component of deferred tax liability and assets is as under:

Figures in Rs:

Particulars	Opening on 01.04.2005	For the year	Closing on 31.3.2006
Deferred Tax Liability:			
Difference of depreciation due to rate difference	(3,009,969)	(2,909,139)	(5,919,109)
Deferred Tax Assets:	NIL	NIL	NIL
Deferred Tax Liability Net	(3,009,969)	(2,909,139)	(5,919,109)

**XI. EARNINGS PER SHARE UNDER ACCOUNTING STANDARD 20 OF ICAI:**

Particulars	Rs.
Net Profit as per Profit and Loss Account after tax and extra ordinary item, available for Equity Shareholders	144,450,998
Number of Equity Shares (Nominal Value of Rs. 5/- each)	20,000,000
Weighted Earnings per share (Basic & Diluted)	7.22

XII. Previous years figures are regrouped / recast wherever necessary.

As Per our attached report of even date Signatures to Schedules 'A' to 'O'

For VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

sd/-

sd/-

MAYUR A. VORA
PARTNER
(Membership No. 30097)

Shri PADAMSHI L. SONI CHAIRMAN
Shri PRAKASH D. SHAH DIRECTOR
Shri MANISH P. SONI EXECUTIVE DIRECTOR
Shri VISHAL P. SONI EXECUTIVE DIRECTOR

PLACE : MUMBAI
DATED : July 31, 2006.

PLACE : MUMBAI
DATED : July 31, 2006.

Name of the Audited Party		Particulars	
For the year ended 31.03.2006		For the year ended 31.03.2005	
Total Income		Total Income	
1,20,00,000		1,20,00,000	
Less: Expenses		Less: Expenses	
(2,00,000)		(2,00,000)	
Net Profit		Net Profit	
1,18,00,000		1,18,00,000	



STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

1. REGISTRATION DETAILS			
Registration No. 7 0 1 2 1	State Code		1 1
Balance Sheet Date	3 1	0 3	0 6
	Date	Month	Year
2. CAPITAL RAISED DURING THE YEAR			
(Amount in Rupees)			
Public Issue	N I L	Bonus Issue	N I L
Rights Issue	N I L	Private Placement	N I L
3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rupees)			
Total Liabilities and Shareholders Funds			299,675,592
Total Assets			299,675,592
<u>Sources of funds :</u>			
Paid-up Capital			100,000,000
Reserves & Surplus			135,765,500
Secured Loans			52,990,983
Unsecured Loans			5,000,000
Deferred Tax Liability (Net)			5,919,109
			299,675,592
<u>Application of Funds :</u>			
Net Fixed Assets			221,149,741
Investments			5,719,411
Net Current Assets			72,806,133
			299,675,592
4. PERFORMANCE OF THE COMPANY (Amount in Rupees)			
Total Income			573,300,752
Total expenditure			356,317,411
Profit Before Tax			216,983,341
Profit After Tax			144,450,998
Earning Per Share in Rs.(Weighted Average)			7.22
Dividend Rate %			20

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY
(as per monetary terms)

Product Description	Item Code No.
Property Development	NOT APPLICABLE

FOR AND ON BEHALF OF BOARD OF DIRECTORS
sd/-

Shri PADAMSHI L. SONI	CHAIRMAN
Shri PRAKASH D. SHAH	DIRECTOR
Shri MANISH P. SONI	EXECUTIVE DIRECTOR
Shri VISHAL P. SONI	EXECUTIVE DIRECTOR

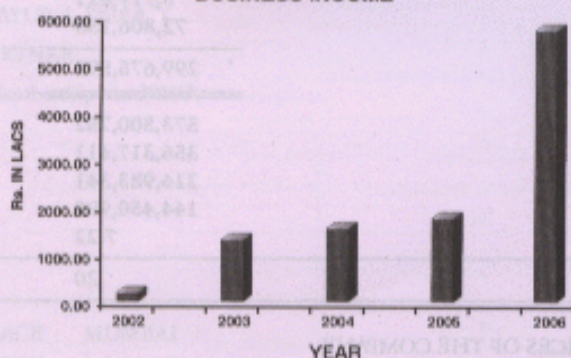
Place : Mumbai
Date : July 31, 2006



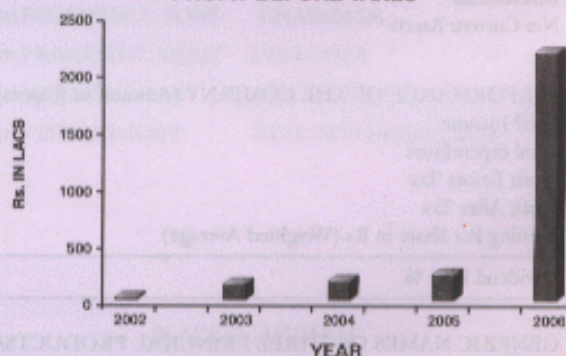
Five Years - Financial Highlights At A Glance.

RS IN LAKHS					
PARTICULARS	2001-02	2002-03	2003-04	2004-05	2005-06
SALES & OTHER INCOME	149.05	1,418.33	1,529.80	1,728.72	5,733.01
PROFIT BEFORE TAXES	0.98	130.22	149.34	216.30	2,169.83
PROFIT AFTER TAXES	0.91	114.54	95.20	140.27	1,445.95
EQUITY SHARE CAPITAL	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
RESERVES & SURPLUS	(95.63)	18.89	114.56	141.20	1,357.66
TANGIBLE NET WORTH	904.37	1,018.89	1,114.56	1,141.20	2,357.66
BOOK VALUE PER SHARE of Rs. 5/-	4.52	5.09	5.57	5.71	11.79
E.P.S on Rs. 5/- paid up	0.01	0.57	0.48	0.70	7.22
DIVIDEND %	NIL	NIL	NIL	10%	20%
PBT TO SALES %	0.66%	9.18%	9.76%	12.51%	37.85%
PAT TO SALES %	0.61%	8.08%	6.22%	8.11%	25.22%
DEBT EQUITY RATIO	1:0.72	1:0.98	1:0.66	1:1.28	1:0.25

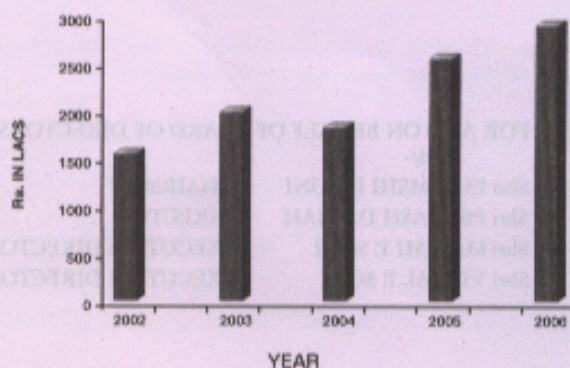
BUSINESS INCOME



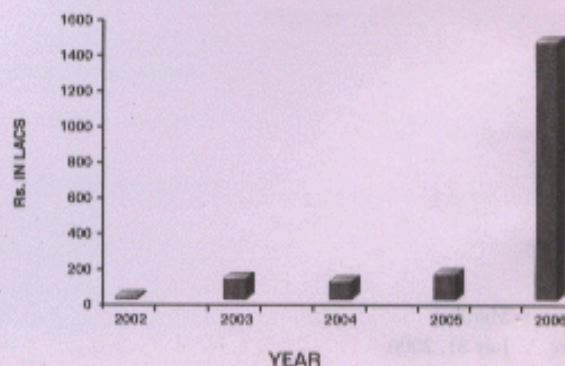
PROFIT BEFORE TAXES



CAPITAL EMPLOYED



PROFIT AFTER TAXES



Ongoing Projects



PRIME DOWNTOWN MALL - HUGHES ROAD
O.V. PROJECT



PRIME MALL - PUNE

Ongoing Projects



PRIME TECH PARK (VILE PARLE - EAST)



PRIME SQUARE (GOREGAON WEST)