

16th Annual Report



2007 - 2008


PRIME[®]
Property Development Corporation Ltd.

Chairman's Message



Dear Shareholders,

With great pleasure, I advise that your Company has kept up with its consistent all round progress in the year ended March 2008. Revenues have recorded Rs. 1085.09 Million resulting in a Net Profit of Rs. 325.24 Million. The operational results therefore have vastly improved & are in line with our projections. Your Company, in particular, is blessed with the reputation of delivering quality products at landmark locations & reaps all benefits. With the projects on hand progressing well, I expect that next year's results may improve by about 30%.

You are aware, the Country's economy is going through a difficult phase & the real estate industry is also experiencing a correction. I, however, envisage this as a mere temporary blip. I am absolutely confident that with so many positive growth factors in real estate assets acting in favour, the emphasis on infrastructure development activity will remain strong.

I am grateful & thank you all for your support & sincerely hope that you would continue to extend your valuable co-operation in the years to come.

I, on my part, sincerely expect that barring unforeseen circumstances, the shareholders & all the stakeholders would reachly benefit with their association in future as well.

**16th ANNUAL GENERAL MEETING**

Day & Date : Tuesday, September 30, 2008
Time : 11.30 A.M.
Venue : Santokba Sanskar Sadan, Next to Bhaidas Maganlal Sabhagriha,
Bhaktivedant Swami Marg, Vile Parle (West), Mumbai - 400056

BOARD OF DIRECTORS

Shri Padamshi L. Soni Chairman
Shri Y.C. Pawar Independent Director
Shri K. Nalinakshan Independent Director
Dr. B. Samal Independent Director (upto 16.01.2008)
Shri Manish P. Soni Whole Time Director
Shri Vishal P. Soni Whole Time Director
Shri Alok Chowdhury Whole Time Director & Chief Executive officer

AUDITORS

Vora & Associates
Chartered Accountants, Mumbai

ADVOCATE & SOLICITORS

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

COMPLIANCE OFFICER

Ms. Shweta Shah

BANKERS

Indian Overseas Bank
Syndicate Bank
UTI Bank
Citi 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
Website: www.ppdcl.com

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
Ph. No.: 25963838, Fax No.: 25962691

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[NOTICE]

NOTICE is hereby given that the 16th Annual General Meeting of the Shareholders of **Prime Property Development Corporation Limited** will be held on Tuesday, September 30, 2008 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, 2008 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2) To Declare Dividend on Equity Shares.
- 3) To appoint a Director in place of Shri K. Nalinakshan, who retires by rotation and being eligible has expressed his willingness for re-appointment.
- 4) To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modifications the following resolution as on ordinary resolution:

"RESOLVED THAT, M/s Vora & Associates, Chartered Accountants, Mumbai be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration and reimbursement of expenses as agreed upon by the Board of Directors and the Auditors in connection with the audit of the accounts of the Company for the year ending on 31.03.2009."

Special Business:

- 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 Satendra Bhatnagar, 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 pursuant to the provisions of section 260 of the Companies Act, 1956, Articles of Association and other applicable provisions Shri Alok Chowdhury be and is hereby appointed as an Additional Director of the Company w. e. f. January 1, 2008.
- 7) To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, read with the Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the appointment of Shri Alok Chowdhury as Whole Time Director & Chief Executive Officer of the Company for a period of 3 years w.e.f. 1-1-2008 to 31-12-2010, (both days inclusive) on a remuneration and perquisites as set out in the agreement entered into between the Company and Mr. Alok Chowdhury."
- 8) To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of the section 198, 309, 349 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII part II to the said act, approval is accorded for payment of commission to Shri P. L. Soni, Chairman, of the Company, for the contribution made, time devoted and services rendered to the Company, amounting to Rs. 2,50,00,000/- as calculated in the manner provided in section 349 of the Companies Act 1956 and within the limits prescribed in the Section 198 and 309 and any relevant provisions of Schedule XIII and any circulars that may be issued to that effect with a further over all limit of eleven percent of the net profits to all the directors including the managerial director as prescribed in section 198 and 309 of the said act.
- 9) To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT 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, Whole-time Director of the company currently drawing a basic salary of Rs. 85000/- per month be & is hereby granted an enhanced salary of Rs. 150000/- per month with effect from January 1, 2008, exclusive of perquisites 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".
- 10) To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:



"RESOLVEDTHAT pursuant to the provisions of section 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri Vishal P. Soni, Whole-time Director of the company currently drawing a basic salary of Rs. 85000/- per month be & is hereby granted an enhanced salary of Rs. 150000/- per month with effect from January 1, 2008, exclusive of perquisites 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

Place : Mumbai
Date : July 23, 2008

P. L. Soni
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. THE INSTRUMENT APPOINTING PROXY SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF 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 Wednesday 24th September 2008 to Tuesday 30th September 2008 (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 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.
8. 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.
9. Members, who are holding shares in identical names in more than one folio, are requested to write to the Company enclosing the share certificates to consolidate their holdings in one folio.
10. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification.
11. Members wishing to claim dividends of previous years, which remained unclaimed, are requested to correspond with Ms. Shweta S. Shah, Compliance Officer, at the Company's Registered office.
12. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the Board resolution authorising their representatives to attend and vote at the Annual General Meeting.
13. 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

Place : Mumbai
Date : July 23, 2008

P. L. Soni
Chairman



[ANNEXURE TO THE NOTICE]

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

Item No.: 5

Shri Satendra Bhatnagar was appointed as an Additional Director of the company w.e.f. 23rd July, 2008 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 Satendra Bhatnagar is Advocate High Court and retired Chief Commissioner of Income tax 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 Satendra Bhatnagar, himself.

Item No.: 6 & 7

Shri Alok Chowdhury, Chief Executive Officer of the Company since July 2001, was appointed as Additional Director w.e.f. 1-1-2008, pursuant to Section 260 of the Company's Act 1956, in the meeting of the Board of Directors held on January 16, 2008. In the same meeting Shri Alok Chowdhury was appointed Whole Time Director & Chief Executive Officer of the Company, subject to the approval of members in the general Meeting & any other applicable provisions of the Companies Act, 1956.

The Board of Directors, on the recommendations of the Remuneration Committee, in its Meeting held on January 16, 2008 and subject to the approval of the members of the Company in the Annual General Meeting and the provisions of the Companies Act, 1956, proposes his promotion as the Whole time Director of the Company, for a period of three years w.e.f. 1-1-2008 to 31-12-2010 with remuneration of Rs.1,50,000/- per month, inclusive of perquisites, and such further increment as may be determined by the Board of Directors and the Remuneration Committee from time to time.

Item No.: 8

The Board of Directors on the recommendation of the remuneration committee at its meeting held on 23rd July 2008 has proposed, subject to the approval of the members, to make payment of performance commission to the Chairman as per the provisions in section 198, 309 and other applicable provisions.

Except for Shri P. L. Soni, Shri Manish P. Soni and Shri Vishal P. Soni, no other Directors are concerned or interested in the said resolution.

Item No.: 9

Shri Manish P. Soni was appointed as Whole Time Director of the Company in the Fourteenth Annual General Meeting w.e.f. April 1, 2006.

The Board of Directors on the recommendation of the Remuneration Committee, in its Meeting held on January 16, 2008, has approved increase in his salary with effect from January 1, 2008 from Rs. 85000/- per month to Rs. 150000/- per month.

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 Directors of the Company are concerned or interested in the resolution.

Item No.: 10

Shri Vishal P. Soni was appointed as Whole Time Director of the Company in the Fourteenth Annual General Meeting w.e.f. April 1, 2006.

The Board of Directors on the recommendation of the Remuneration Committee, in its Meeting held on January 16, 2008, has approved increase in his salary with effect from January 1, 2008 from Rs. 85000/- per month to Rs. 150000/- per month.

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 Directors of the Company are concerned or interested in the resolution.

By order of the Board

Place : Mumbai

Date : July 23, 2008

P. L. Soni

Chairman



DIRECTORS' REPORT

To
The Members,
Prime Property Development Corporation Limited

Your Directors have pleasure in presenting the 16th Annual Report of your Company along with the Audited Statement of Accounts for the year ended March 31, 2008.

Financial Results:

(Rs. In lacs)

Particulars	2007-2008	2006-2007
Business Income	10850.93	1669.81
Profit before Interest, Depreciation & Tax	5157.92	1436.02
Less:		
a. Interest	56.43	67.54
b. Depreciation	78.50	98.91
Profit before tax	5023.00	1269.57
Provision for Tax:		
a. Current Year	1788.93	142.50
b. Deferred Tax	(20.22)	302.92
c. Fringe Benefit Tax	2.09	1.75
Profit after tax but before Extraordinary items	3252.19	822.40
Add: (Short)/Excess provision for taxes of earlier years	0.25	0.99
Profit after tax	3252.44	823.39
Proposed Dividend	300.00	250.00
Corporate Dividend Tax	50.99	42.49
Transfer to General Reserve	320.00	85.00
Balance brought forward from Previous Year	1627.06	1181.16
Balance carried to Balance Sheet	4208.51	1627.06

Dividend:

Consequent upon fairly improved results achieved, your Directors are pleased to recommend a Dividend of 30% on the equity shares, i.e. Rs.1.50/- per equity share of Rs. 5/- each, for the financial year ended 31.03.2008.

Current Year's Operation:

Your company has achieved Sales & Other Income for the Current year of Rs. 10850.93 Lacs (Previous year Rs. 1669.81 Lacs) & Net Profit of Rs. 3252.44 Lacs (Previous year Rs. 823.39 Lacs). Thus, Sales & Net Profit have recorded a growth of 550% & 295%, respectively, over the previous year. During the year, Prime Tech Park Project at Vile Parle (East) was sold & a major part of the proceeds were booked. Prime Square Project, Goregaon (West), has progressed satisfactorily, as also the other projects, Prime Mall, Pune & Prime Down Town Mall, Hughes Road.

Future Prospects:

Real estate industry is going through the phase of stabilisation after enjoying an almost unprecedented boom period for the past few years. The continued inflationary pressure, rise in input prices, stock market downturn, high oil prices & subprime crisis in USA, have affected the market sentiment on the one hand & on the other, has brought about regulatory measures affecting money supply & further hardening of the interest rates. Rise in prices of essential commodities, in particular, has prompted the Government to balance between economic progress & fighting inflation.

While the above are true, it also remains a fact that Indian economy is still amongst the top few economies that are expected to continue its upward march in the years to come albeit with a lower GDP growth. India is expected to continue to enjoy favourable status in the matter of foreign investment, outsourcing destination & establishing new ventures. As such, infrastructure will remain a priority along with continued demand for quality commercial & residential establishments.



As you are aware, your Company caters to the high-end segment of real estate & has projects that are located at high demand areas. Your Directors therefore are confident of fairly good performance of your Company in future.

Directors:

Shri K. Nalinakshan retires by rotation as Independent Director at the ensuing Annual General Meeting & being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Dr. B. Samal, Independent Director, has resigned from the Board with effect from January 17, 2008, citing personal reasons. The Board places on record its appreciation for the services rendered by him during his tenure as member of the Board.

Shri Satendra Bhatnagar was inducted as Additional Director with effect from July 23, 2008 and holds office upto 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.

Appointment of Whole Time Director & CEO:

Shri Alok Chowdhury was appointed in July 2001, as the Chief Executive Officer of the Company. The Board of Directors has, subject to the approval of the Members in a general meeting, approved his appointment as the Whole Time Director & Chief Executive Officer of the Company for a period of 3 years from 1-1-2008 to 31-12-2010, at a remuneration of Rs. 1.5 Lacs per month, inclusive of perquisites, & such further increment as may be determined by the Remuneration Committee & Board of Directors from time to time.

The Board of Directors recommends his appointment.

The brief resume / details relating to Directors seeking appointment / re-appointment are furnished in the explanatory statement to the Notice of the Annual General Meeting.

Registrars & 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 (and 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, 2008, the applicable accounting standards have been followed and there has been no material departure.
- 2) That the Directors have selected such accounting policies in consultation with statutory auditors and applied them consistently and made judgments and estimates that were reasonable and prudent to maintain the matching of revenue concept, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2008 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. They confirm that there are adequate systems and controls 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, 2008, 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:**

As required, pursuant to provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975, the name and other particulars of employee(s) is set out below:

Name of Employee	: Shri Deepak S. Patil
Amount Received	: Rs. 8, 40,000/-
Nature of Employment whether permanent or Contractual	: Contractual
Other Terms & Conditions	:
Nature of Duties of the employee	: CFO
Qualifications & Experience of the Employee	: B.Com, ACS, ACA, MBA (U.S.A.)
Date of Commencement of Employment	: 07.01.2008
Age of the Employee	: 49 Years
Experience	: 29 Years
Last Employment held	: Yes Bank Ltd
(Employer / Designation)	: (Senior Advisor)

The Company on recommendation of Remuneration Committee held on July 23, 2008 proposes to pay a performance commission of Rs. 2, 50, 00,000/- to Shri P. L. Soni, the Chairman of the Company. The details of the same are attached in the annexure to this report.

Name of the Recipient	: Shri P. L. Soni
Gross Commission	: Rs. 2, 50, 00,000/-
Nature of Duties	: Chairman
Qualifications & Experience	: Graduate, 30 years of Experience
Age	: 59 Years

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, is not applicable, as the Company is not carrying out any manufacturing operation.

c) Foreign Exchange Earnings and Outgo:

Particulars	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
(a) Earnings in foreign exchange	NIL	NIL
(b) Expenditure / Outgo in foreign exchange (Material & Travelling)	28,05,181	328,500

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.

Acknowledgement:

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.

For and On behalf of the Board of Directors

Place : Mumbai
Date : July 23, 2008

P. L. Soni
Chairman



[ANNEXURE TO THE DIRECTORS REPORT]

Annexure 'I'

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 K. Nalinakshan	Shri Alok. A. Chowdhury	Shri S. Bhatnagar
Date of Birth	08.11.1942	01.11.1943	03.02.1946
Date of Appointment	16.01.2006	01.01.2008	23.07.2008
Qualifications	M.A. Economics, I.A.S	M.A. Economics, CAIIB	M. A. Sociology, LL.M, IRS
Expertise in specific functional areas	1) Gold Medallist in M.A. 2) Former Additional Chief Secretary (Transport & Excise), Home Dept. Govt. of Maharashtra (GOM) Mantralaya. 3) Former Principal Secretary & Chief Protocol Officer, General Adm. Dept. (GOM) Mantralaya. 4) Former Principal Secretary Urban Development (GOM) 5) Former Municipal Commissioner, M.C.G.M. Mumbai 6) Former Chairman JNPT, Navi Mumbai.	Banking & Finance	Advocate High Court, and Retired Chief Commissioner of Income Tax
List of Companies in which Directorship held as on 31st March, 2008	1) Shri Krishna Mines Private Limited	NIL	NIL
Chairman / member of the Committee of the Boards of the other Companies on which he is a Director as on 31st March 2008.	NIL	NIL	NIL



MANAGEMENT DISCUSSION & ANALYSIS

Industry Structure & Development:

Real estate assets, for the past several years, have gone through unprecedented boom, both in terms of demand for a variety of quality products & rise in prices. Construction activity has reached Tier II & even Tier III cities in a few states, after the near saturation in metros.

For the major part of the year 2007-2008, Indian economy has sustained a robust growth on the back of continued inflow of foreign funds, preferred destination of multinationals, IT / ITES & outsourcing activities coupled with excellent performance of Indian industry, agriculture & services sectors. The consequent demand for high class infrastructure facilities & residential & commercial premises has sustained the great development in the real estate scenario.

For quite sometime, input prices have been rising, in particular, those of cement, steel & other major accessories. The higher cost of construction, however, was being more than offset by the high demands & rising sales realization of real estate products.

During the 4th quarter of the year, however, the scenario had somewhat changed. The stock market, which also witnessed a prolonged period of boom, lost steam. Inflation in the country reached unacceptable proportions, attracting regulator's urgent attention. High cost of petrol prices, default in the sub-prime lendings & fear of recessions elsewhere, affected the sentiments of the Indian market, without any doubt. Economic policy measures by regulators aimed at containing the inflationary pressure have impacted on chances of interest rates further hardening, besides reducing the money supply & GDP growth estimates being pegged at much lower levels. As a fiscal measure, Service Tax on rental income on commercial property has been imposed & Work Contract Tax on agreement to sale of residential property has become a distinct possibility.

Abolition of ULC Act, & increase in FSI in some sections, however would benefit the development activity & are positive measures taken by the Authorities. A recent SEBI Notification on Real Estate Mutual Fund Schemes would widen the investment market in real estate by bringing in additional players & resources.

In this period of market correction, the speculative demand for real estate assets, more or less, has deserted. Certain signals from IT/ ITES, Retail & Hospitality segments indicate a slowdown in demand for commercial space. Residential segment also is witnessing a similar correction phase. The demand from end-users of real estate assets, both commercial & residential, however, continues to keep the real estate activity in selected areas quite positive. Destination India continues to attract multi-nationals with the economy remaining among the top few countries getting investments from foreign countries. Long term industry outlook, therefore is positive.

Opportunities & Threats:

Though somewhat pegged down, GDP growth is expected to be fairly comfortable in 2008-2009. The continued expansion of business activity & flow of funds to real estate industry, are expected to present opportunities selectively for quality products & players.

The measures to contain inflation, rising input prices, erratic market sentiment & recessionary trends in some major foreign markets may pose a real threat.

**Segment wise Performance:**

The Company operates in a single business segment namely 'Property Development'; hence no further disclosure is required under Accounting Standard (AS) 17 on segment reporting.

Business Analysis & Outlook:

During the year, your Company has realized a major part of sale proceeds of Prime Tech Park Project, Vile Parle (East) & the balance proceeds would be received in 2008-2009. Company's Prime Square Project, Goregaon (West), is also in an advanced stage & expected to be ready for sale by the 2nd / 3rd quarter of the year 2008-2009. 1st phase of Prime Down Town Mall & 1st & 2nd phases of Prime Mall, Pune projects are progressing well & are expected to be leased out / sold outright in 2008-2009. Further, negotiations for acquiring land & acceptable projects are on as an ongoing activity.

Barring unforeseen circumstances, therefore, the Company expects to earn fair profit, in future.

Internal Control System & Their Adequacy:

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

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 Standards 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 achieved income of Rs. 10850.93 Lacs as against Rs. 1669.81 Lacs in the previous year, with net profit increasing to Rs. 3252.44 Lacs as against Rs. 823.39 Lacs. The company has proposed to pay dividend @ 30 % to the Shareholders for the financial year ended March 2008. The turnover & profits for the current year are expected to grow by about 30%. The Company has repaid all debts in time in accordance with the arrangements with the banks.

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.

For and On behalf of the Board of Directors

Place : Mumbai

Date : July 23, 2008

P. L. Soni

Chairman



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 practice of incorporating corporate governance report in the 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 compliances 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
Promoter Whole Time Director	-	2
Whole Time Director / CEO	-	1
Independent Directors	-	2

Attendance of each Director at the Board Meetings and last Annual General Meeting during the financial year ended March 31, 2008 is as follows.

Name of Director	Category of Directorship	Dates at which meetings were held				Total Meetings Attended	No. Of Directorships held in other companies
		30.04.2007	26.07.2007	13.10.2007	16.01.2008		
Shri P. L. Soni	Chairman	Yes	Yes	Yes	Yes	4	Nil
Shri K. Nalinakshan	Independent Director	Yes	Yes	Yes	Yes	4	1
Shri Y.C. Pawar	Independent Director	Yes	Yes	Yes	Yes	4	Nil
Dr. B. Samal	Independent Director	Yes	Yes	Yes	Yes	4	6
Shri Manish P. Soni	Whole time Director	Yes	Yes	Yes	Yes	4	1
Shri Vishal P. Soni	Whole time Director	Yes	Yes	Yes	Yes	4	Nil
Shri Alok Chowdhury	Whole time Director & CEO	--	--	--	--	--	--

Note :

- Dr. B. Samal, Independent Director, has resigned from the Board with effect from January 17, 2008.
- Shri Alok Chowdhury was appointed in the meeting dated 16.01.2008.



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 K. Nalinakshan, Director, retires by rotation at the forthcoming Annual General Meeting and has expressed his willingness to be re-appointed at the ensuing Annual General Meeting.

Dr. B. Samal, Independent Director, has resigned from the Board with effect from January 17, 2008. The Board places on record its appreciation for the services rendered during his tenure as member of the board.

Shri Alok A. Chowdhury, M.A. (Economics); CAIIB & having more than 3 decades of experience in banking and finance, was appointed as Chief Executive Officer of the Company in July 2001. The Board, subject to the approval of the members in a General Meeting has appointed him as Whole Time Director & Chief Executive Officer of the Company for a period of 3 years from 1st January 2008 to 31st December 2010, at a remuneration of Rs. 1.5 Lacs per month, inclusive of perquisites, and such further increment as may be determined by the Remuneration committee & Board of Directors from time to time.

3. AUDIT COMMITTEE:

The Terms of Reference of this Committee are wide enough to cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956.

The primary role of the Audit Committee is:

- To oversee the financial reporting process and disclosures of financial information.
- To review the financial statements, adequacy of internal control system, findings of internal investigation and periodic audit reports.
- To recommend to the Board on any matter, relating to the financial management of the company.
- To recommend appointment / re-appointment of Statutory Auditors and fixation of their remuneration.
- The Committee holds discussions with the Statutory Auditors periodically.

The Statutory Auditors of the Company are invited to attend audit committee meetings to discuss and review the quarterly/ half-yearly unaudited results, the annual audited accounts, internal audit, matters relating to the compliance with accounting standards, auditors' observations arising from the audit of the Company's accounts and other related matters.

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

Name of Directors	Dates on which meetings were held				Total Meeting Attended
	30.04.2007	26.07.2007	13.10.2007	16.01.2008	
Shri P. L. Soni	Yes	Yes	Yes	Yes	4
Dr. B. Samal	Yes	Yes	Yes	Yes	4
Shri K. Nalinakshan	Yes	Yes	Yes	Yes	4
Shri Vishal P. Soni	Yes	Yes	Yes	Yes	4

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 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.

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

Name of Directors	Dates on which meetings were held				Total Meeting Attended
	30.04.2007	26.07.2007	13.10.2007	16.01.2008	
Shri P. L. Soni	Yes	Yes	Yes	Yes	4
Dr. B. Samal	Yes	Yes	Yes	Yes	4
Shri Y. C. Pawar	Yes	Yes	Yes	Yes	4
Shri Manish P. Soni	Yes	Yes	Yes	Yes	4

The Company has attended the Investor's Grievances / Correspondence promptly. There were no Investors' complaints pending as on March 31, 2008. There were No outstanding requests for transfer & no pending requests for dematerialization of Shares as on March 31, 2008.

**6. REMUNERATION COMMITTEE:**

The terms of reference of the Remuneration Committee is to determine, review and recommend the company's policy on specific remuneration packages for Whole Time Directors and non-executive directors. The remuneration payable to Directors as reviewed by the Committee is put up to the Board of Directors and Shareholders of the Company.

The Remuneration Committee also recommends commission payable to the Chairman of the Company.

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

Name of Directors	Dates on which meeting were held			Total Meetings Attended
	30.04.2007	26.07.2007	16.01.2008	
Shri P. L. Soni	Yes	Yes	Yes	3
Shri K. Nalinakshan	Yes	Yes	Yes	3
Shri Y. C. Pawar	Yes	Yes	Yes	3

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

7. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue
2004-2005	Sept.30, 2005	11.30a.m.	Santokba Sanskar Sadan, Next to Bhaidas Maganlal Sabhagriha, Bhaktivedant Swami Marg, Vile Parle (W), Mumbai 400 056.
2005-2006	Sept.27, 2006	11.30a.m.	Santokba Sanskar Sadan, Next to Bhaidas Maganlal Sabhagriha, Bhaktivedant Swami Marg, Vile Parle (W), Mumbai 400 056.
2006-2007	Sept. 24, 2007	11.30a.m.	Santokba Sanskar Sadan, Next to Bhaidas Maganlal Sabhagriha, Bhaktivedant Swami Marg, Vile Parle (W), Mumbai 400 056.

8. DISCLOSURES:

There are no materially significant related party transactions, which have the potential to 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. No penalties were imposed or strictures passed against your Company by SEBI, Stock Exchanges or any other statutory body 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 order has been revoked by its order passed on February 12, 2008, and the Company, Promoter / Directors, are free of these restraints.

9. CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for all Board Members and Senior Management of the Company in compliance with Clause 49 (1) (D) of the Listing Agreement.

10. 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 leading newspapers.

Management Discussion & Analysis Report for the year ended March 31, 2008 forms a part of this Annual Report and is given under the section so captioned.

Company has created a website addressed as www.ppdcl.com

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 SEBI website www.sebidifar.nic.in within the timeframe prescribed in this regard.

**11. 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 is: INE233C01023.

12. 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, 2008, 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.

13. GENERAL SHAREHOLDER INFORMATION:**a) Annual General Meeting**

Date and Time : Tuesday, September 30, 2008
at 11.30 a.m

Venue : Santokba Sanskar Sadan,
Next to Bhaidas Maganlal Sabhagriha,
Bhaktivedant Swami Marg,
Vile Parle (W), Mumbai 400 056

b) Date of Book Closure : September 24, 2008 to September 30, 2008
(both days inclusive)

c) Dividend : On or after approved by the shareholder in the
Annual General meeting within the specified time

d) Financial Calendar

Results for quarter ending June 30, 2008	On 23 rd July 2008 (already announced)
Results for quarter ending Sept. 30, 2008	Last week of October 2008
Results for quarter ending Dec. 31, 2008	Last week of January 2009
Results for the Year ended March 31, 2009	Last week of April 2009

e) Listing on Stock Exchange : Shares of the Company are listed on
Bombay Stock Exchange Limited. Annual Listing fees
as prescribed have been paid for the year 2008-2009.

f) Stock Codes / Symbol (for shares)

The Stock Exchange Code, Mumbai : 530695
Bombay Stock Exchange of India Ltd : PRIMEPROP
Demat ISIN Number in NSDL & CDSL : INE233C01023

g) Market Price Data

Month	Company Shares Traded on Stock Exchange			BSE Sensex	
	High	Low	Shares Traded	High	Low
April 2007	94.40	62.00	508026	14383.72	12425.52
May 2007	89.75	66.00	377299	14576.37	13554.34
June 2007	74.85	65.15	333146	14610.28	14683.36
July 2007	96.00	66.15	748547	15868.85	14638.88
August 2007	74.00	65.00	511013	15542.40	13779.88
September 2007	112.00	65.00	1895227	17361.47	15323.05
October 2007	160.15	102.60	3094489	20238.16	17144.58
November 2007	135.00	110.00	665444	20204.21	18182.83
December 2007	143.40	110.00	1083246	20498.11	18886.40
January 2008	142.90	90.35	1014908	21206.77	15332.42
February 2008	134.75	98.50	1065040	18895.34	16457.74
March 2008	124.30	67.65	478417	17227.56	15644.44

**h) 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

i) 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.

j) Distribution of Shareholding as on March 31, 2008:

No. Of Equity Shares Held		Shareholders		No. Of Shares Rs. 5/- each	
		Numbers	% Of Total	No. Of Shares Held	% Of Total
UPTO	500	3226	77.90	503736	2.52
501 -	1000	392	9.47	334758	1.67
1001 -	2000	223	5.38	358229	1.79
2001 -	3000	72	1.74	181207	0.91
3001 -	4000	43	1.04	156178	0.78
4001 -	5000	26	0.63	125587	0.63
5001 -	10000	68	1.64	509178	2.54
10001 -	And Above	91	2.20	17831127	89.16
TOTAL		4141	100.00	20000000	100.00

k) Share Holding Pattern as on March 31, 2008:

Category	No. Of Shares Held Rs. 5/- each	Percentage of Shareholding
a. Promoter's holding	11,149,600	55.75%
b.* FII's	25,000	0.125%
c. Private Corporate Bodies	2,442,470	12.21%
d. Public (In India)	5,840,986	29.21%
e.* NRIs / OCBs	87,842	0.44%
f. Clearing Member	453,427	2.27%
g. Any Other (Trust)	675	0.003%
GRAND TOTAL...	20,000,000	100.00%

* Note: The total foreign shareholding is 1, 12,842 equity shares.

l) Dematerialisation of shares:

56.53% of the Company's paid up equity share capital has been Dematerialized up to March 31, 2008. 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, 2008 are as under:

Depository	No. Of Shareholders	No. Of Shares	% Of Capital
NSDL	2542	9874624	49.37%
CDSL	1477	1431502	7.16%
TOTAL	4019	11306126	56.53%



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.

14. 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

For and On behalf of the Board of Directors

Place : Mumbai
Date : July 23, 2008

P. L. Soni
Chairman

CEO CERTIFICATE

In terms of the requirement of the amended Clause 49 of the Listing Agreements with the Stock Exchange, the certificates from CEO have been obtained.

For and On behalf of the Board of Directors

Place : Mumbai
Date : July 23, 2008

P. L. Soni
Chairman

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, 2008, 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 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

Place : Mumbai
Date : July 23, 2008

MAYUR A. VORA
Partner
(Membership No. 30097)

**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 March 31, 2008 and also 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 the 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 management, as well as evaluating the overall presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the order") issued by the Central Government in terms of Section 227(4A) 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 account, as required by law have been kept by the Company, so far as appears from our examination of those books of accounts;
 - iii. the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the company;
 - iv. in our opinion, the Balance Sheet and Profit and 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, 2008, 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, 2008 and
 - (b) In the case of the Profit and Loss Account, of the PROFIT, of the company for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of cash flows for the year ended on that date.

**FOR VORA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**MAYUR A. VORA
PARTNER**

Membership No. 30097

Place : Mumbai

Date : July 23, 2008



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date on accounts of
Prime Property Development Corporation Limited for the year ended 31st March 2008.)

1. In respect of its Fixed Assets :
 - (a) The company has generally maintained records showing full particulars including quantitative details and situation of 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 explanation given to us no discrepancies have been noticed on physical verification and does not require any adjustment in the books of accounts;
 - (c) The Company has disposed off part of its fixed assets of Rs. 1,93,03,121/-, but it does not affect its going concern status;
2. In respect of Inventories :
 - (a) As explained to us, the Management as at the end of the financial year or after the year-end has physically verified the stocks of inventory in the Company's custody.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of the stocks as followed by the Management are 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 having regard to the size of the operations of the Company. And have been dealt with in the books of accounts.
3. In respect of the loans, Secured or Unsecured Loans, granted or taken by the company to/from companies, firms or other parties covered under register maintained u/s 301 of The Companies Act, 1956 :
 - (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 taken unsecured loan from one of the party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs. 2,10,38,709/- & year-end balance is Rs. 2,05,26,073/-
 - (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 payment of interest as stipulated to the parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are 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 explanations given to us we have neither come across nor have been informed any continuing failure to correct weaknesses in the aforesaid internal control systems.
5. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) In our 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 (3) 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 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.



6. 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. Therefore the clause (vi) of paragraph 4 of the Order are not applicable to the company.
7. As explained to us, the Company has no formal internal audit department as such, but its internal control procedures generally ensure reasonable internal check of its financial and other records, commensurate with the size of the Company and the nature of its business.
8. 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.
9. According to information and explanation given to us, in respect to statutory dues :
 - (a) The company is regular in depositing with the appropriate authorities in India the undisputed statutory dues under Income tax Act, Wealth Tax, Value Added Tax, Service Tax, Duties and other material statutory dues as applicable to it.
 - (b) At the end of the financial year there were no undisputed amounts payable in respect of Income tax, Value Added Tax, Service Tax and other statutory dues as applicable, for a period of more than six months from the date they become payable.
10. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. 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 bank or financial institution during the year.
12. 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.
13. 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 is not applicable to the Company.
14. 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. The Company has invested surplus fund in marketable securities and are held in its own name. The Company has maintained proper records of the transaction and Contract and timely entries have been made therein.
15. 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.
16. 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.
17. 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.
18. 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.
19. The Company has not raised any funds by way of debenture issue during the year. Accordingly, the provision of clause 4 (xix) of "the Order" is not applicable to the Company.
20. The Company has not raised any money by public issues during the year under review.
21. According to the information and explanations given to us and to the best of our knowledge and belief, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year nor have been informed of such case by the management.

**FOR VORA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**MAYUR A. VORA
PARTNER**

Membership No. 30097

Place : Mumbai
Date : July 23, 2008

**BALANCE SHEET AS AT 31ST MARCH 2008**

PARTICULARS	SCH	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
SOURCES OF FUNDS			
Shareholders funds :			
Share Capital	A	100,000,000	100,000,000
Reserves & Surplus	B	479,001,398	188,855,819
Loan Funds :			
Secured loans	C	327,970,224	389,262,065
Unsecured loans	D	20,526,073	18,720,214
Deferred Tax Liability (Net)	E	34,189,246	36,210,998
TOTAL		961,686,941	733,049,096
APPLICATION OF FUNDS :			
Fixed Assets :	F		
Gross Block		134,392,483	127,931,448
Less : Depreciation		20,104,557	15,903,854
Net Block		114,287,926	112,027,594
Investments	G	8,149,483	5,719,718
Current Assets, Loans and Advances	H		
Inventory		930,720,409	904,597,347
Sundry Debtors		1,700,000	10,000,000
Cash & Bank Balances		17,004,474	18,301,863
Loans and Advances		408,180,656	130,601,175
Other Current Assets		-	-
		1,357,605,538	1,063,500,385
Current Liabilities & Provisions	I	518,356,006	448,198,601
Net Current Assets		839,249,532	615,301,784
TOTAL		961,686,941	733,049,096
Significant Accounting Policies and Notes on Accounts	P		

As per our attached reports of even date

For and on behalf of the Board of Directors

For VORA & ASSOCIATES
CHARTERED ACCOUNTANTSMAYUR A VORA
PARTNER
(Membership No.: 30097)Place : Mumbai
Date : July 23, 2008P. L. SONI
K. NALINAKSHAN
MANISH P. SONI
VISHAL P. SONI
ALOK CHOWDHURY
KISHORE TURAKHIACHAIRMAN
DIRECTOR
WHOLE TIME DIRECTOR
WHOLE TIME DIRECTOR
WHOLE TIME DIRECTOR
CHIEF FINANCIAL OFFICERPlace : Mumbai
Date : July 23, 2008

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

PARTICULARS	SCH	Current Year Rs.	Previous Year Rs.
INCOME			
Sales & Service		1,053,500,000	-
Rent & Other Income (TDS - Rs. 3,20,892/- P.Y. 47,54,475/-)		2,683,354	22,195,500
Profit on Sale of Fixed Assets/Shares		26,852,651	144,509,360
Dividend Income		27,653	17,015
Interest Income (TDS - Rs. 3,15,592/- P.Y. 13,326/-)		1,998,801	59,384
Write back of Provisions no longer required		-	200,000
Miscellaneous & Other Income		30,218	-
TOTAL		1,085,092,677	166,981,259
EXPENDITURE			
Property Development Expenses (Increase) / Decrease in Closing Stock	J	523,400,000	6,646,489
		-	-
Employees Cost	K	523,400,000	6,646,489
Establishment Expenses	L	32,131,602	3,296,417
Administrative & Other Expenses	M	4,509,728	-
Interest Expenses	N	7,483,884	12,513,860
Selling Expenses	O	5,642,998	6,754,487
Depreciation		1,775,368	922,029
		7,849,530	9,890,508
TOTAL		582,793,110	40,023,790
Profit Before Tax		502,299,567	126,957,469
Provision for Taxes (current)		178,893,326	14,250,000
Provision for F.B.T		209,000	175,000
Provision for Taxes (deferred)		(2,021,752)	30,291,889
Profit After Tax but before Extraordinary items		325,218,993	82,240,580
Add/(Less): Excess/(Short) provision for taxes for earlier years		25,086	98,489
Profit After Tax		325,244,079	82,339,069
Less : Appropriation			
Transfer to General Reserve		32,000,000	8,500,000
Proposed Dividend		30,000,000	25,000,000
Provision for Tax on Dividend		5,098,500	4,248,750
		67,098,500	37,748,750
Retained Earnings for the year		258,145,579	44,590,319
Balance brought forward from previous year		162,705,819	118,115,500
Balance carried to the Balance Sheet		420,851,398	162,705,819
Earning per share (Basic & Diluted) Annualised (Refer to Schedule 'O', Item X).		16.26	4.12
Significant Accounting Policies and Notes on Accounts	P		

As per our attached reports of even date

For and on behalf of the Board of Directors

For VORA & ASSOCIATES
CHARTERED ACCOUNTANTSMAYUR A VORA
PARTNER
(Membership No.: 30097)Place : Mumbai
Date : July 23, 2008

P. L. SONI	CHAIRMAN
K. NALINAKSHAN	DIRECTOR
MANISH P. SONI	WHOLE TIME DIRECTOR
VISHAL P. SONI	WHOLE TIME DIRECTOR
ALOK CHOWDHURY	WHOLE TIME DIRECTOR
KISHORE TURAKHIA	CHIEF FINANCIAL OFFICER

Place : Mumbai
Date : July 23, 2008



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

PARTICULARS	CURRENT YEAR (in Rs.)	PREVIOUS YEAR (in Rs.)
I CASH FLOW FROM OPERATING ACTIVITIES	502,299,567	126,957,469
Net Profit before Tax and Extraordinary items		
Adjustment for:		9,890,508
Depreciation	7,849,530	(124,639,360)
Profit on Sale of Fixed Assets / Investment	(26,852,651)	(59,384)
Interest Income	(1,998,801)	(17,015)
Dividend Income	(27,653)	(114,825,251)
	(21,029,575)	
Less: Income taxes paid	481,269,992	12,132,218
	178,342,669	20,873,391
Operating Profit Before Working Capital Changes	302,927,323	(8,741,173)
(Increase) / Decrease in Inventories	(26,123,062)	(620,940,759)
(Increase)/ Decrease in Sundry Debtors	8,300,000	(10,000,000)
(Increase)/ Decrease in Loans and Advances	(113,636,726)	(27,780,895)
Increase/ (Decrease) in Sundry Creditors / Others	73,230,327	(4,497,610)
Increase/ (Decrease) in Advances from Customers	(173,600,000)	113,321,000
	(231,829,461)	(549,898,264)
Cash generated from / (Used in) operations (A)	71,097,862	(558,639,437)
II NET CASH FLOW FROM INVESTING ACTIVITIES	(29,412,981)	(129,000)
Purchases of Fixed Assets	46,100,000	224,000,000
Sale of Fixed Assets	27,653	17,015
Dividend Income	(2,429,765)	-
Purchase of Investments	1,998,801	59,384
Interest Income	55,772	
Profit on sale of Investment		
Net cash used in Investing activities (B)	16,339,480	223,947,399
III CASH FLOW FROM FINANCIAL ACTIVITIES	(61,291,841)	336,271,082
Secured Loans repaid	1,805,859	13,720,214
Unsecured Loans taken	(25,000,000)	-
Dividend Paid	(4,248,750)	-
Tax Paid on above dividend		
Net cash generated from Financial Activities (C)	(88,734,732)	349,991,296
NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)	(1,297,389)	15,299,258
Cash and Cash Equivalent (Opening Balance)	18,301,863	3,002,605
Cash and Cash Equivalent (Closing Balance)	17,004,474	18,301,863

Notes:

- The Cash flow statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.
- Cash and Cash Equivalents include 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

MAYUR A VORA
PARTNER
(Membership No.: 30097)

Place : Mumbai
Date : July 23, 2008

P. L. SONI
K. NALINAKSHAN
MANISH P. SONI
VISHAL P. SONI
ALOK CHOWDHURY
KISHORE TURAKHIA

CHAIRMAN
DIRECTOR
WHOLE TIME DIRECTOR
WHOLE TIME DIRECTOR
WHOLE TIME DIRECTOR
CHIEF FINANCIAL OFFICER

Place : Mumbai
Date : July 23, 2008



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008

PARTICULARS	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
<u>Schedule - " A " : Share Capital</u>		
Authorised:		
40,000,000 Equity shares of Rs. 5 /- each	200,000,000	200,000,000
Issued subscribed and paid up:		
20,000,000 Equity shares of Rs. 5/- each	100,000,000	100,000,000
fully paid - up	100,000,000	100,000,000
<u>Schedule - " B " : Reserves & Surplus</u>		
General Reserve		
Balance as per last year	26,150,000	17,650,000
Add: Transfer from Profit & Loss A/c	32,000,000	8,500,000
	58,150,000	26,150,000
Balance as per Profit & Loss Account	420,851,398	162,705,819
	479,001,398	188,855,819
<u>Schedule - " C " : Secured Loans</u>		
Term Loan		
From Banks	325,000,000	362,500,000
Vehicle Loans	2,970,224	2,124,430
Cash Credit/Working Capital From Banks	-	24,637,635
(See Note 10, Schedule 'P')	327,970,224	389,262,065
<u>Schedule - " D " : Unsecured Loans</u>		
Unsecured Loans from Directors & Relatives	20,526,073	18,720,214
	20,526,073	18,720,214
<u>Schedule - "E" : Deferred Tax Liability</u>		
Deferred Tax Liability	36,210,998	36,210,998
Deferred Tax Assets	(2,021,752)	-
	34,189,246	36,210,998



Schedule " F " : Fixed Assets and Depreciation

PARTICULARS	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	As on 01/04/2007 Rs.	Add/(Dedn) during the Year Rs.	As on 31/3/2008 Rs.	For The Year Rs.	Adjustment on Deductions Rs.	As on 31/3/2008 Rs.	As on 31/3/2007 Rs.
(i) Premises	115,508,818	(3,667,228)	111,841,590	5,202,689	3,648,825	101,156,287	106,377,379
(ii) Computers	1,351,615	350,632	1,702,247	93,655	-	379,123	122,146
(iii) Furnitures & Fixtures	1,668,257	3,537,305	5,205,562	84,880	-	3,639,492	187,067
(iv) Motor Cars	8,776,799	4,890,119	13,666,918	2,393,199	-	7,665,532	5,168,612
(v) Office Equipments	625,959	1,350,207	1,976,166	75,107	-	1,447,492	172,390
Total for Current year	127,931,448	6,461,035	134,392,483	7,849,530	3,648,825	114,287,926	112,027,594
Total for Previous Year	237,600,060	(109,668,612)	127,931,448	9,890,508	(10,436,973)	112,027,594	221,149,741



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008

PARTICULARS	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
Schedule - " G " Investments- At Cost		
Quoted Shares		
1170 (Previous Year 1170) Equity Shares of Surana Industries Ltd. at Rs. 108.44 each	126,875	126,875
20808 (Previous Year 20808) Equity Shares of Rathi Udyog Ltd. at Rs. 221.47 each	4,608,360	4,608,360
8803 (Previous Year 8803) Equity Shares of Khaitan Fertiliser & Chem Ltd. at Rs. 111.83 each	984,483	984,483
6500 (Previous Year NIL) Equity Shares of Reliance Power Ltd at Rs. 373.81 each	2,429,765	-
(Total Market Value is Rs.31,51,891/- P. Y. 6,89,457)	8,149,483	5,719,718
Schedule - " H " : Current Assets Loans and Advances		
A) Inventories		
Finished Stock of Property	-	-
Work in Progress at Project Sites	930,720,409	904,597,347
	930,720,409	904,597,347
B) Sundry Debtors		
(Unsecured considered good)		
- Due for a period exceeding six months	-	10,000,000
- Others	1,700,000	-
	1,700,000	10,000,000
C) Cash & Bank Balances		
i. Cash on Hand	315,646	490,795
ii. Balances with Scheduled Banks	16,688,828	17,811,068
iii. Fixed Deposit with Scheduled Banks	-	-
	17,004,474	18,301,863
D) Loans And Advances		
i. Loans and Advances		
- Unsecured considered good	230,328,418	116,691,692
- Unsecured considered doubtful	-	-
Less : Provision for Doubtful debts	-	-
ii. Prepaid Taxes	177,852,238	13,909,483
	408,180,656	130,601,175
E) Other Current Assets		
Deposits & Advances	-	-
(I + II + III + IV + V)	1,357,605,538	1,063,500,385
Schedule - " I " : Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors for Expenses	97,125,076	22,200,213
Advance from customers	206,200,000	379,800,000
Deposit from customers	-	2,145,000
Unclaimed Dividend 2005	382,938	379,638
Unclaimed Dividend 2007	447,165	-
	304,155,180	404,524,851
Provisions		
Provision for Taxation	-	14,250,000
Provision for Taxation (C.Y)	178,893,326	-
Provision for F.B.T	209,000	175,000
Proposed Dividend	30,000,000	25,000,000
Provision for Tax on Proposed Dividend	5,098,500	4,248,750
	214,200,826	43,673,750
Total	518,356,006	448,198,601



SCHEDULES TO PROFIT & LOSS A/C FOR THE YEAR ENDED ON 31ST MARCH 2008

PARTICULARS	2008 Rs.	2007 Rs.
Schedule - "J" : Property Development Expenses		
Cost of Land and Development Rights	230,916,893	-
Consumption of Materials & Other Expenses	292,483,107	4,920,568
Labour Charges	-	745,000
Other Allied Development Expenses	-	980,921
	523,400,000	6,646,489
Schedule - "K" : Personnel Expenses		
Salary, Wages, Bonus & Commission	6,888,487	3,238,750
Proposed Commission to Chairman	25,000,000	-
Staff Welfare	72,892	57,667
Gratuity Paid	150,000	-
Placement Charges	20,223	-
	32,131,602	3,296,417
Schedule - "L" : Establishment Expenses		
Property Tax	4,054,422	-
Maintenance charges	455,306	-
	4,509,728	-
Schedule - "M" : Administrative Expenses		
AGM Expenses	31,208	-
Listing Fees & ROC Fees	19,650	31,194
Rent, Rates, Taxes and Society Maintenance	-	347,626
Electricity Charges	187,161	8,370
Repairs & Maintenance		
Plant & Machinery	-	31,431
Buildings	-	-
Others	57,589	-
Motor car expenses	98,048	239,040
Membership & Subscription	16,754	46,150
Printing & Stationery	292,439	252,065
Conveyance/ Hire Charges	62,531	97,925
Postage & Courier Charges	88,226	45,654
Registrar & Share Transfer Expenses	58,344	114,553
Demat Charges	-	-
Directors sitting fees	240,000	250,000
Travelling Expenses	756,356	868,399
Telephone, Fax and Internet	187,506	196,791
Security, Watch & Ward Expenses	1,195,519	750,872
Loan Processing expenses	25,969	7,159,647
Bank Charges	80,094	57,216
Legal & Professional Fees	619,074	640,006
Auditors' Remuneration		
- Audit Fees	337,350	383,248
- Tax Matters	56,180	84,180
- Others	156,181	150,150
	549,711	-
Donations	2,756,100	191,000
Miscellaneous Expenses	146,314	568,343
STT Charges on Shares	8,703	-
Stamp Duty & Registration	6,588	-
	7,483,884	12,513,860
Schedule - "N" : Interest Expenses		
Interest on CC	2,770,491	993,053
Interest on Car Loans	314,094	4,280,003
Interest on unsecured loans/others	2,008,413	1,481,431
Prepayment of Charges on Loan	550,000	-
	5,642,998	6,754,487
Schedule - "O" : Selling Expenses		
Advertisement & Publicity	999,889	834,964
Sale Promotion Expenses	195,243	-
Exhibition Expenses	561,800	-
Website Maintenance charges	18,436	87,065
	1,775,368	922,029



[SCHEDULE "P"]

Significant Accounting Policies & Notes on Accounts

I. Significant Accounting Policies:

(a) Accounting convention

The financial statements are prepared under the historical cost convention, on an accrual & on going basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory accounting standard and the relevant provisions of Companies Act, 1956.

(b) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimated are recognized in the period in which the result are known/ materialized.

(c) Fixed Assets

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

(d) 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.

(e) Impairment of Assets:

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an assets is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(f) 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. No provision is made for diminishing in value of Investment being Long Term Investment.

(g) 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 (including interest on Term Loan for respective projects) undertaken by the Company. Inventories of finished units / stock in trade, if any, are valued at cost or estimated net realizable value (as certified by management) whichever is less.

(h) Revenue Recognition

Income

(i) 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, whichever is earlier.

(ii) Interest Income is recognized on time proportion basis.

(iii) Dividend income is recognized when the right to receive dividend is established and / or receipts.

Expenses

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.

(l) Borrowing Cost

Interest paid on Term Loan availed from the bank for specific projects are allocated to respective project and



included into Inventory value of specific projects to give true & fair view of matching revenue & expenditure of specific projects.

Other Interests are recognized as a revenue expense in the period in which it is incurred.

(j) **Retirement Benefits**

The Company has not made any provision for gratuity / Retirement Benefits payable to the employees. The amount in respect of gratuity / Retirement Benefits payable in accordance with the Payment of Gratuity Act 1972 / Other Statutory provisions, if any, shall be accounted in the year of actual payment thereof.

(k) **Taxation**

Income-tax expense comprises of current tax and deferred tax charge or credit. The deferred tax charge or credit is recognized using current tax rates. Deferred tax asset is recognized only if there is sufficient evidence that future taxable income will be available.

Wealth Tax for the current period is determined on basis of estimated taxable wealth under the Act.

(l) **Provisions and Contingent Liabilities :**

The Company creates a provision when there is a present obligation as a result of an obligation event that probably requires an outflow of resources and a reliable estimate can be made of the amounts of the outflow.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(m) **Secured Loan:**

(a) Term loans obtained from the Indian Overseas Bank and Syndicate Bank are 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 Promoter Directors of the Company.

(c) Term loans of Rs.2584 lacs (Previous Year Rs.1825 lacs) fall due for repayment within one year.

(d) Vehicles loan of Rs 17.39 Lacs (Previous Year 8.32 lacs) falls due for repayment within one year.

II. 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).

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

IV. 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 business.

VI. Micro, Small and Medium Enterprise:

The creditors of micro, small and medium enterprise are timely paid as per terms of contract and there are no over dues to any enterprise, hence, no provision of any interest is made.

VII. Details of Managerial Remuneration:

(In Rs.)

	2007-2008	2006-2007
Salaries to Executive Directors	3,050,000	1,400,000
Director's Sitting Fees	240,000	250,000
Commission to Chairman (Proposed)	25,000,000	NIL
Total	28,290,000	1,650,000

**VIII. Computation Of Net Profit Under Section 349 Of The Companies Act, 1956:**

(In Rs.)

	2007-2008	2006-2007
Profit Before Tax & chairman Commission	527,299,567	126,957,469
Add : Managerial Remuneration	3,290,000	1,650,000
	530,589,567	128,607,469
Less : Profit on sale of assets	26,796,879	124,639,360
Net profit u/s 349 for the purpose of Chairman's Commission	503,792,688	3,968,109
Maximum permissible to all Directors 11%	55,417,196	436,492
Less: Paid to Other Directors	3,290,000	1,650,000
Balance available for Commission payable to Chairman	52,127,196	(1,213,508)
Maximum permissible to Chairman @ 5%	25,189,634	NIL
Commission payable restricted to	25,000,000	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

(B) Key Management Personnel:

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

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

Particulars	Party where control exists 31.3.2008 Rs.	Party where control exists 31.3.2007 Rs.
(i) Loans taken during the year (Balance at year end)	20,526,073	18,720,214
(ii) Due to related parties (Balance at year end)	NIL	NIL
(iii) Sales	NIL	NIL
(iv) Interest Expenses	2,008,413 Relative of party where control exists	1,481,431 Relative of party where control exists
(v) Sales	NIL	NIL
(vi) Interest Expenses	NIL	NIL



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

Particulars	31.3.2008 Value of Transaction Rs.	31.3.2007 Value of Transaction Rs.
(i) Remuneration to Whole Time Directors	2,600,000	1,400,000
(ii) Commission payable to Chairman	25,000,000	NIL

X. Foreign Exchange Earnings & Outgo:

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

(In Rs.)

Particulars	For the year ended 31 st March 2008	For the year ended 31 st March 2007
(a) Expenditure in foreign exchange (traveling)	2,805,181	328,500
(b) Earnings in foreign exchange	NIL	NIL

XI. Deferred Tax Liability:

In accordance with Accounting Standard 22, relating to "Accounting on Taxes on Income", the deferred tax assets of Rs. 20, 21,752/- for the current year has been shown as income for the Current year. The component of deferred tax liability and assets is as under:

(Figures in Rs)

Particulars	Opening on 01.04.2007	For the year	Closing on 31.3.2008
Deferred Tax (Liability) / Assets:			
Difference of depreciation due to rate difference	(36,210,998)	2,021,752	(34,189,246)

XII. 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	325,244,079
Number of Equity Shares (Nominal Value of Rs. 5/- each)	20,000,000
Weighted Earnings per share (Basic & Diluted)	16.26

XIII. 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

MAYUR A VORA
PARTNER
(Membership No.: 30097)

Place : Mumbai
Date : July 23, 2008

P. L. SONI
K. NALINAKSHAN
MANISH P. SONI
VISHAL P. SONI
ALOK CHOWDHURY
KISHORE TURAKHIA

CHAIRMAN
DIRECTOR
WHOLE TIME DIRECTOR
WHOLE TIME DIRECTOR
WHOLE TIME DIRECTOR
CHIEF FINANCIAL OFFICER

Place : Mumbai
Date : July 23, 2008



STATEMENT PURSUANT TO PART IV, 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 8	
	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				961,686,941
Total Assets				961,686,941
Sources of funds :				
Paid-up Capital				100,000,000
Reserves & Surplus				479,001,398
Secured Loans				327,970,224
Unsecured Loans				20,526,073
Deferred Tax Liability (Net)				34,189,246
				961,686,941
Application of Funds :				
Net Fixed Assets				114,287,926
Investments				8,149,483
Net Current Assets				839,249,532
				961,686,941
4. PERFORMANCE OF THE COMPANY (Amount in Rupees)				
Total Income				1,085,092,677
Total expenditure				582,793,110
Profit Before Tax				502,299,567
Profit After Tax				325,244,079
Earning Per Share Rs. 5/- each.				16.26
Dividend Rate %				30
5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)				
<u>Product Description</u>		<u>Item Code No.</u>		
Property Development		NOT APPLICABLE		
FOR AND ON BEHALF OF BOARD OF DIRECTORS				
P. L. SONI		CHAIRMAN		
K. NALINAKSHAN		DIRECTOR		
MANISH P. SONI		WHOLE TIME DIRECTOR		
VISHAL P. SONI		WHOLE TIME DIRECTOR		
ALOK CHOWDHURY		WHOLE TIME DIRECTOR		
KISHORE TURAKHIA		CHIEF FINANCIAL OFFICER		

Place : Mumbai

Date : July 23, 2008



PRIME PROPERTY DEVELOPMENT CORPORATION LIMITED

Seven Years - Financial Highlights At A Glance.

PARTICULARS	(RS IN LAKHS)						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
SALES & OTHER INCOME	149.05	1,418.33	1,529.80	1,728.72	5,733.01	1,669.81	10,850.93
PROFIT BEFORE TAXES	0.98	130.22	149.34	216.30	2,169.83	1,269.57	5,023.00
PROFIT AFTER TAXES	0.91	114.54	95.20	140.27	1,445.95	822.40	3,252.44
EQUITY SHARE CAPITAL	1,000.00	1,000.00	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	1,888.56	4,790.01
TANGIBLE NET WORTH	904.37	1,018.89	1,114.56	1,141.20	2,357.66	2,888.56	5,790.01
BOOK VALUE PER SHARE OF Rs 5	4.52	5.09	5.57	5.71	11.79	14.44	28.95
E.P.S (RS) ON Rs 5 paid up	0.01	0.57	0.48	0.70	7.22	4.12	16.26
DIVIDEND %	NIL	NIL	NIL	10%	20%	25%	30%
PBT TO SALES %	0.66%	9.18%	9.76%	12.51%	37.85%	76.03%	46.29%
PAT TO SALES %	0.61%	8.08%	6.22%	8.11%	25.22%	49.25%	29.97%
DEBT EQUITY RATIO	0.72 : 1	0.98 : 1	0.66 : 1	1.28 : 1	0.25 : 1	1.41 : 1	0.60 : 1



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