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PRIME URBAN DEVELOPMENT INDIA LIMITED

(Formerly Prime Textiles Limited)

Annual Report 2010 -11

BOARD OF DIRECTORS

Mr. PURUSHOTTAM PATODIA

Chairman & Managing Director

Mr. MANOJJKUMAR PATODIA

Vice Chairman & Managing Director

Mr. ANUJJ K. PATODIA

Managing Director

Mr. N.K. BAFNA

Independent Director

Mr. BANWARILAL SINGHAL

Independent Director

Mr. VIJAY KUMAR BHANDARI

Independent Director - upto 30.06.2011

Mr. VIRAJ C. GANDHI

Independent Director - upto 30.06.2011

Mr. B.K. SRINIVASA RAGAVAN

Non-Independent Director - upto 30.06.2011

Mr. VENKAT RAMASWAMY

Independent Director (w.e.f. 26.7.2011)

AUDITORS

MESSRS.M.S.JAGANNATHAN & VISVANATHAN

Chartered Accountants, Coimbatore

LEGAL ADVISORS

MESSRS. RAMANI & SHANKAR

Advocates, Coimbatore

BANKERS

CENTRAL BANK OF INDIA

REGISTERED OFFICE

110, Avinashi Road
Gandhinagar Post
Tirupur-641 603
India

PRIME URBAN DEVELOPMENT INDIA LIMITED

DIRECTORS' REPORT

To the Members

Your Directors are presenting their Seventy Fourth Annual Report and the Audited Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS AT A GLANCE

Year ended 31 st March	2011 ₹. in thousands	2010 ₹. in thousands
Turnover and other Income	<u>4,56,181</u>	<u>3,38,839</u>
EBIDTA	2,09,223	(87,634)
Interest	29,380	41,005
Depreciation	2,254	8,490
Amortisation	-	18,004
Profit /(Loss) before taxes	1,77,589	(1,55,133)
Exceptional items	88,502	(42,180)
Extraordinary items	-	(5,500)
Current Taxation	-	-
Deferred taxation benefit/(Expenses)	-	32,204
Profit after tax	89,087	(1,70,609)
Surplus from previous year brought forward	6,593	(3,472)
Transfer from Business Reconstruction Reserve	88,502	2,10,674
Amount available for appropriation	<u>1,84,182</u>	<u>36,593</u>
Appropriations:		
Transfer to General Reserve	88,502	30,000
Surplus carried over to Balance Sheet	95,680	6,593
Total Appropriations	<u>1,84,182</u>	<u>36,593</u>

DIVIDEND

Your Directors do not recommend a dividend for the year ended 31st March 2011 to conserve funds.

RETROSPECTS AND PROSPECTS

Favourable socio-economic changes are driving the demand for premium housing in the country, while organized retail and IT/ITes are emerging as major growth drivers in the commercial and real estate sector. The construction industry has significantly contributed as a conduit for substantial part of its development investment. Increased industrialization, mass urbanization, bolstered economic development and aspirations of the people for improved quality of life standards, demand for commercial property to meet the needs of business such as corporate offices, world-class hotels and retail shopping arcades - all point to a profitable future for your company in the realty sector.

Tirupur has undergone major transformation in the past decade in order to remain a driving force for exports business and growth and has developed substantial cluster economy. It is now a district headquarters and is being nurtured by the government for a sustainable economic growth. The company possesses land bank in Tirupur and its development is now taken up.



As the shareholders are aware, "Prime Enclave Vistas" residential multi-storied apartments have become now a prestigious address to own in Tirupur. The construction of luxury apartments next to Prime Enclave Vistas has started. The construction of a multi-storied commercial complex adjacent to Prime Enclave Vistas is expected to be launched in the coming year.

Under a joint collaboration with FDI investors, the construction of independent luxury villas has commenced. The independent luxury villas designed to match with international standards engulfed in tropical greenery has caught the imagination of the buyers and has evinced good response.

CONSOLIDATED FINANCIAL STATEMENTS

Audited consolidated Financial Statements for the year ended 31st March 2011 form part of the Annual Report.

SUBSIDIARY COMPANIES

The Reports and Audited Accounts of the subsidiary companies along with the statement pursuant to Section 212 of the Companies Act, 1956, are not forming part of the Annual Report. The Ministry of Corporate Affairs, Government of India, New Delhi has issued a General circular No.2 of 2011 dated 8th February 2011 exempting companies from compliance of Section 212 of the Companies Act. In view of the said circular, the Company has not furnished the financials of its subsidiaries for the financial year 2010-2011.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company has adopted appropriate standards for good Corporate Governance. All the mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Stock Exchanges, with which the Company is listed, are complied with. Report on Corporate Governance with Management Discussion and Analysis as required under the Listing Agreements with the Stock Exchanges forms part of the Annual Report.

In terms of sub-clause (v) of Clause 49 of Listing Agreement, certificate of the CEO, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said Clause is also annexed as part of the said report. A certificate from the auditors to this effect is annexed as part of the Corporate Governance Report.

ENVIRONMENT AND POLLUTION CONTROL

Your Company has been complying with the State Environment and Pollution Control statutes and has instituted adequate measures towards environmental protection.

FIXED DEPOSITS

There are no unpaid deposits. The aggregate amount of deposits as at year end 31st March 2011 is ₹. 27,568 thousands.

LISTING PARTICULARS

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai. The company has paid the listing fees to Bombay Stock Exchange up to 2011-12. The company's application for delisting its equity shares from Coimbatore Stock Exchange is pending approval from the Coimbatore Stock Exchange Limited.

DISCLOSURE OF PARTICULARS

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information and data is given in Annexure A and B.

PRIME URBAN DEVELOPMENT INDIA LIMITED

DEPOSITORY SYSTEM

As the members are aware, your company's shares are tradable compulsorily in electronic form and your company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Banwarilal Singhal retires by rotation as Director at the ensuing Annual General Meeting and is eligible for re-appointment.

Under Section 262 of the Companies Act, 1956 and Articles 92 of the Articles of Association of the Company, Mr. Venkat Ramaswamy was appointed with effect from July 26, 2011 as a Director in the casual Vacancy caused by Mr. Viraj C. Gandhi. He retires by rotation as Director at the ensuing Annual General Meeting and is eligible for re appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217(2AA) of the Companies Act, 1956, your Directors wish to confirm that -

- i. In the preparation of the annual accounts, the applicable Accounting Standards have been followed.
- ii. The Accounting Policies adopted are consistently followed and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/(Loss) of the Company for the year.
- iii. The Directors have taken proper and sufficient care as warranted for the maintenance of adequate accounting records in accordance with the provisions of this Act in safeguarding the assets of the Company and for preventing/detecting any incidence of frauds and other irregularities.
- iv. The Annual Accounts have been prepared on a going concern basis.

AUDITORS

The Statutory Auditors of the Company, Messrs M.S.Jagannathan & Visvanathan, Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if reappointed.

PARTICULARS OF EMPLOYEES

The Ministry of Corporate Affairs has vide notification dated 31st March 2011 enhanced the limits for the purpose of disclosure of particulars of employees in Directors Report as requisite under section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 from the existing limit of ₹.2 lacs per month / ₹.24 lacs per year to ₹.5 lacs per month / ₹.60 lacs per year. The aforesaid disclosure is not applicable to the Company.

ACKNOWLEDGEMENTS

Your Directors record with a deep sense of gratitude to the working capital bankers for the excellent support and co-operation rendered by them to the company. Your Directors are thankful to its valuable customers, esteemed stakeholders and business associates for their continued support and the confidence reposed in the Company and its Management.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30.06.2011

Purushottam Patodia
Chairman



ANNEXURE-A Management's Discussion and Analysis

OVERVIEW

Prime Urban Development India Limited is a Government Recognized Star Export House. It has two business segments- Realty Division and Textile Division.

BUSINESS ANALYSIS

The Realty Division of the company has been developing presently the prime lands owned by the Company. With the realty business emerging as the core activity of the company, the Division is expected to achieve the spectacular growth to generate dependable returns over the long term. The Company plans to go the extra mile in creating and harvesting high quality properties to keep pace with a fast growing market. The Company has been imparting high level of professionalism in all its construction activities.

1. A multi- storied residential complex is taken up and construction for 288 apartments is complete and offered for occupation. The construction of a commercial mall adjacent to the residential complex will be taken up shortly. The above initiatives are in a partnership firm in which the company holds a stake of 50%.
2. Under a joint collaboration with FDI investors, the construction of independent luxury villas has commenced. The independent luxury villas designed to match with international standards engulfed in tropical greenery has caught the imagination of the buyers and has evinced good response.

TOWARDS ENHANCEMENT OF STAKEHOLDER VALUE

Matching the Company's distinctive capabilities with the Realty Division is considered where profitable growth and increased shareholders' value are likely to occur. Your Company has also planned to widely position its Realty Division through strategic partnerships for joint development of other properties. This will cater to a strong demand foreseen for dwelling units and leisure needs.

Financial Review and Analysis

Highlights

Particulars	Year ended 31 st March	
	2011 ₹. in thousands	2010 ₹. in thousands
Turnover and other Income	4,56,181	3,38,839
PBIDT	2,09,223	(87,634)
Interest	29,380	41,005
Depreciation	2,254	8,490
Amortisation expenses	Nil	18,004
Profit/(Loss) before Taxes	1,77,589	(1,55,133)
Exceptional items	88,502	42,180
Extraordinary items	Nil	5,500
Current tax	Nil	Nil
Profit/(Loss) after Current Tax	89,087	(2,02,813)
Deferred Tax	Nil	32,204
Profit/(Loss) after tax	89,087	(1,70,609)

PRIME URBAN DEVELOPMENT INDIA LIMITED

Internal Control

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly. The Internal Control is supplemented by an extensive program of internal audit cell, review by management and documented policies, guidelines and procedures. The Internal Control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets. The Board of Directors provides governance, guidance, and oversight. Through the Audit Committee, it discusses the internal control structure with management based on input from the internal audit cell and provides oversight as necessary.

The internal audit function adequately provides -

1. objective assurance to the Board as to the effectiveness of the company's risk management and internal control framework;
2. assistance to the Board and the management to issues connected with the design, implementation, and operation of systems of internal control; and,
3. assistance to the Board through periodic reporting to support their review of effectiveness of internal control.

ANNEXURE B

Information pursuant to companies (disclosure of particulars in report of board of directors) rules, 1988, forming part of the report of the directors

1. CONSERVATION OF ENERGY

- (a) Measures taken : Nil
- (b) Impact of the above measures : Does not arise
- (c) Energy consumption : Not applicable

2. TECHNOLOGY ABSORPTION

- (a) Processes for value addition : Nil
- (b) Benefits : Enlarging customer base
- (c) Imported technology/imports in last five years: N one

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

- A. Activity relating to Exports
Exports of value-added cotton yarns continue to be part of the business plans of the Company.
- B. Plans and Initiatives taken to increase exports : Export of cotton yarns under the Textile Division.

4. TOTAL FOREIGN EXCHANGE EARNING AND OUTGO

(₹. in thousands)

	Year ended on March 31st	
	2011	2010
Total Foreign Exchange earnings	1,07,403	2,26,684
Total Foreign Exchange outgo	3,334	5,549

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30.06.2011

Purushottam Patodia
Chairman and Managing Director



PRIME URBAN DEVELOPMENT INDIA LIMITED

(Formerly Prime Textiles Limited)

REPORT ON CORPORATE GOVERNANCE YEAR ENDED 31ST MARCH 2011

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

Your Company reports total compliance of the mandatory provisions of the Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges. Furnished below is a Report on the implementation thereof.

A. Mandatory Requirements

I. Company's Philosophy on Code of Corporate Governance

PRIME URBAN DEVELOPMENT INDIA LIMITED has recognized corporate governance policies as key factors in achieving its long-term goals. The Company believes that adherence to sound corporate governance policies and practices is important in ensuring that the company is governed and managed with the highest standards of responsibility, ethics and integrity and in the best interests of its stakeholders. The Board has adopted principles corporate governance, which provide an effective corporate governance framework for the Company, intending to reflect a set of core values that provide the foundation for its governance and management systems and its interactions with others.

The above philosophy along with the enshrined Code of Conduct for prevention of Insider Trading ensures the sustenance of high ethical and moral standards which govern the conduct of the Company and its employees.

Your Company has complied with the requirements of the Corporate Governance Code, the disclosure requirements of which are given below:

II. Board of Directors

a. Composition of the Board

The Board comprises four non-executive Independent Directors, one non-executive non independent Director and three executive Directors and is responsible to shareholders for the proper management of the Company. It meets regularly, reviewing trading performance, setting and monitoring strategy and examining major capital expenditure and acquisition opportunities. The Company is fully compliant with the revised Corporate Governance norms in terms of the composition of the Board. The Board at PRIME represents optimum mix of professionalism, knowledge and expertise.

b. Board Meetings

The Board meets at least once every quarter to review the quarterly results and where expediency demands, additional meetings are held. 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 Clause 49 of the Listing Agreement.

c. Number of Board meetings held during the year

Four Board Meetings were held during the year 2010-11 and the gap between two consecutive meetings did not exceed four months. The dates on which the Board Meetings held were 30th April 2010, 10th July 2010, 12th November 2010 and 25th January 2011

d. Directors attendance record at the Board Meetings and the last AGM

Name of Director	Category	No. of Board Meetings attended	Attended at the last AGM
Mr.Purushottam Patodia Chairman and Managing Director	Promoter Non Independent Executive	4	No
Mr.Manojkkumar Patodia Vice Chairman & Managing Director	Promoter Non Independent Executive	4	Yes
Mr.Anuj K.Patodia Managing Director	Promoter Non Independent Executive	3	No

PRIME URBAN DEVELOPMENT INDIA LIMITED

d. Directors attendance record at the Board Meetings and the last AGM (Continued)

Name of Director	Category	No. of Board Meetings attended	Attended at the last AGM
Mr. N.K. Bafna	Independent Non Executive	4	No
Mr. Banwarilal Singhal	Independent Non Executive	4	No
Mr. Vijaykumar Bhandari	Independent Non Executive	4	No
Mr. Viraj C. Gandhi	Independent Non Executive	2	No
Mr. B.K. Srinivasa Ragavan	Non Independent Non Executive	4	Yes

e. Number of other Companies or Committees the Director of the Company is a Director/Member/Chairman

Name of Director	No. of Directorship in other companies		No. of Committee positions held in other companies	
	Chairman	Member	Chairman	Member
Mr. Purushottam Patodia	Nil	3	Nil	Nil
Mr. Manojkumar Patodia	Nil	6	Nil	Nil
Mr. Anuj K. Patodia	Nil	8	Nil	Nil
Mr. N.K. Bafna	Nil	3	1	5
Mr. Banwarilal Singhal	Nil	5	5	8
Mr. Vijaykumar Bhandari	Nil	8	4	2
Mr. Viraj C. Gandhi	Nil	1	Nil	Nil
Mr. B.K. Srinivasa Ragavan	Nil	Nil	Nil	Nil

The Company did not have any pecuniary relationship with any of the Non-Executive Directors during the year 2010-11.

f. Information supplied to the Board

Among others information supplied includes

- review of annual operating plans of business, capital budgets
- quarterly results of the company and its operating divisions or business segments
- minutes of meeting of audit committee and other committees
- minutes of meeting of the subsidiary companies
- materially important show cause, demand, prosecution and penalty notices
- fatal or serious accidents or dangerous occurrences
- any materially significant problems
- sale of material nature of investments, subsidiaries, assets which is not in the normal course of business
- non compliance of any regulatory or statutory provision or listing requirements as well as share holder services
- details of any joint venture or collaboration agreement
- transactions that involve substantial payment towards goodwill, brand equity or intellectual property

The Board of Prime Urban Development India Limited is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board Meetings or are tabled in the course of the Board Meetings or are tabled before the appropriate Committees of the Board.

g. Materially significant related party transactions

There have been no materially significant related party transactions, pecuniary transaction or relationship between the company and its Directors for the year ended 31st March 2011 that may have a potential conflict with the interest of the company at large.