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CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT, RESULTS OF WHICH WERE DECLARED ON 19.10.2013 AT 11:00 A.M. AT THE CORPORATE OFFICE OF THE COMPANY AT 307 REGENT CHAMBERS, NARIMAN POINT, MUMBAI- 400 021

ISSUE OF WARRANTS ON PREFERENTIAL BASIS TO PROMOTERS/PROMOTER GROUP OF THE COMPANY:

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subsequent amendments thereto (the **"SEBI (ICDR) Regulations, 2009"**) as in force, and subject to the Regulations/Guidelines, if any, issued by the Government of India, the Reserve Bank of India and any other applicable laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and the relevant provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions as may be required from the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other relevant statutory, governmental authorities or departments, institutions or bodies (**"Concerned Authorities"**) in this regard and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, and permissions as may be necessary or which may be agreed to by the Board of Directors of the Company (hereinafter referred to as **"the Board"**, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allotment upto 39,00,000 (Thirty Nine Lacs) Convertible Warrants (hereinafter referred to as **"Warrants"**) on Preferential basis to the Promoters/ Promoter Group (as detailed below), on such terms and conditions and in such manner as the Board may think fit, with each Warrant convertible into one equity share of face value of Rs. 2/- each fully paid-up of the Company, at a price of Rs. 5/- (Rupees Five Only) per share, [including a premium of Rs. 3/- (Rupees Three Only) per share], or at such a higher price as may be determined in accordance with chapter VII of the SEBI (ICDR) Regulations, 2009, and the conversion of which should be made within a period not exceeding eighteen months from the date of allotment of the Warrants, in one or more tranches, in accordance with SEBI (ICDR) Regulations, 2009 and other relevant rules, regulations and guidelines as may be applicable:

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Sr. No.	Name of the Proposed Allottees	No. of Warrants to be allotted	Mode of Payment
	Promoters/ Promoter Group:		
1.	Purusottam Das Patodia jt. with Indira Devi Patodia	12,00,000	Cash
2.	Manoj Kumar Patodia	5,00,000	Cash
3.	Manoj Kumar Patodia jt. with Nandita Patodia	1,00,000	Cash
4.	Nandita Patodia	8,00,000	Cash
5.	Anuj Patodia	1,00,000	Cash
6.	Meenal Patodia	10,00,000	Cash
7.	Anuj Patodia jt. with Meenal Patodia	2,00,000	Cash
	Total	39,00,000	

“RESOLVED FURTHER THAT:

(i) The Relevant Date for the purpose of determining the minimum Issue Price of the Warrants on Preferential basis under SEBI (ICDR) Regulations, 2009 shall be 19.09.2013, which is thirty (30) days prior to the date on which result of Postal Ballot will be announced, which is deemed to be the date of Postal Ballot Resolution passed in accordance with section 192A of the Companies Act, 1956 with relevant rules thereunder.

(ii) The equity shares allotted on conversion of Warrants to Promoters /Promoter Group of the Company shall be in dematerialised form only.

(iii) The equity shares allotted on conversion of Warrants in terms of this resolution shall be subject to the relevant provision contained in the Memorandum and Article of Association of the Company and shall rank pari passu in all respects with the existing fully paid up equity shares of face value of Rs. 2/- each of the Company.

(iv) The aforesaid Warrants allotted in terms of this resolution and the resultant equity shares arising on exercise of right attached to such Warrants shall be subject to lock-in requirement as per the provision of Chapter VII of the SEBI (ICDR) Regulations, 2009.

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(v) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of Warrants, and also shall be entitled to vary, modify or alter any of the terms and conditions, including the issue price on a higher side than mentioned above, as it may deem expedient, without being required to seek any further consent or approval of the Company in a General Meeting”.

“RESOLVED FURTHER THAT the aforesaid issue of Warrants shall be in accordance with the following terms and conditions:

(i) A Warrant by itself shall not give to a Warrant holder thereof, any rights of the Shareholder or the Debenture holder of the Company.

(ii) In the event, the equity shares of the Company are either sub-divided or consolidated before the conversion of the Warrants into equity shares of the Company, then the face value, the number of equity shares to be acquired on conversion of the Warrants, and the Warrant Issue Price shall automatically stand adjusted in the same proportion without affecting any right or obligation of the said Warrant holders; and

(iii) In the event, the Company’s equity capital is affected or changed due to any other corporate actions such as a merger, demerger, consolidation of business, Rights Issue, Bonus Issue, or other reorganization of the Company, tender offer for equity shares or sale of undertaking, necessary adjustments with respect to the terms of the aforesaid Warrants shall be made by the Company and such other action, as may be deemed necessary or appropriate by the Board shall be taken to reflect such corporate actions, including but without limitation, suitable adjustment of the issue of number of Warrants/ Warrant Issue Price etc.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to issue or allotment of the aforesaid Warrants and the resultant equity shares to the holders of Warrants upon exercise of right to subscribe the shares and listing thereof with the Stock Exchange as appropriate and to resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said Warrants, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the Shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”



"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors or to any Officer or Officers of the company to give effect to the aforesaid resolution."

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) AND 192A OF THE COMPANIES ACT 1956

The Board of Directors of the Company ("**Board**") at their meeting held on 10.09.2013 evaluated the operational performance of the Company and further discussed the requirement to raise resources to meet the Long Term working capital requirements and for general corporate purposes. Based on the above discussions, the Board thought it prudent to raise resources by proposed issue of 39,00,000 (Thirty Nine Lacs) Warrants, with each Warrant convertible into one equity share of face value of Rs. 2/- each fully paid-up of the Company, at a price of Rs. 5/- (Rupees Five Only) per share, [including a premium of Rs. 3/- (Rupees Three Only) per share], or at such higher price as may be determined in accordance with the SEBI (ICDR) Regulations, 2009, on Preferential Basis to the Promoters/ Promoter Group of the Company in accordance with relevant provisions of the Companies Act, 1956 & SEBI (ICDR) Regulations, 2009.

In terms of section 81(1A) of the Companies Act, 1956, the shareholder's are required to accord their approval to the special resolution for raising resources through issue of shares/securities or other instruments convertible into equity shares on Preferential basis. Hence the consent of shareholders is being sought for the Special resolution as proposed in the notice.

Disclosure that is required to be made pursuant to clause 73(1) of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009:

(i) Object of the Issue:

The object of the Issue is to raise resources to meet Long Term Working Capital requirements and for general corporate purposes.

(ii) The Intention of the Promoters/Promoter Group/Directors/Key Management Persons to subscribe to this Offer:

The Promoters/ Promoter Group of the Company, as detailed below, intend to subscribe to the extent of 39,00,000 Warrants, each Warrant being convertible into one equity share of face value of Rs. 2/- (Rupees Two Only) each at a price of Rs. 5/- (Rupees Five Only) per share, [including premium of Rs 3/- (Rupees Three Only) per share]:



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Name of the Allottees	Number of Equity Shares*
Purusottam Das Patodia Jt. with Indira Devi Patodia	12,00,000
Manoj Kumar Patodia	5,00,000
Manoj Kumar Patodia Jt. with Nandita Patodia	1,00,000
Nandita Patodia	8,00,000
Anuj Patodia	1,00,000
Meenal Patodia	10,00,000
Anuj Patodia Jt. with Meenal Patodia	2,00,000
Total Promoters Contribution	39,00,000

*On an assumption of full conversion of the Warrants into equity shares of the Company by each of the allottees.

Except the above, there is no intention of the any other Promoters, Directors and Key Management Persons of the Company to subscribe to the present Preferential Issue.

(iii) Shareholding Pattern before and after the Offer: (as of 06.09.2013)

Class of Shareholders	Pre Preferential Issue		Post Preferential Issue (Assuming full conversion of 39,00,000 Warrants into equity shares)*	
	No of Shares	% of share capital	No. of Shares	% of share capital
A. Promoters/ Promoter Group				
a. Indian Promoters	1,50,12,356	66.01%	1,89,12,356	70.99%
b. Foreign Promoter	Nil	0.00%	Nil	0.00%
Total for Promoter Group (A)	1,50,12,356	66.01%	1,89,12,356	70.99%

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Class of Shareholders	Pre Preferential Issue		Post Preferential Issue (Assuming full conversion of 39,00,000 Warrants into equity shares)*	
	No of Shares	% of share capital	No. of Shares	% of share capital
B. Public Shareholdings				
i Institutional	25,000	0.11%	25,000	0.09%
ii Non Institutional				
- Bodies Corporate	11,38,853	5.01%	11,38,853	4.27%
- Individuals				
a. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	35,06,959	15.42%	35,06,959	13.16%
b. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	21,52,492	9.46%	21,52,492	8.08%
ii Any Other				
- Directors & their Relatives & Friends	94,713	0.42%	94,713	0.36%
- NRIs	64,707	0.28%	64,707	0.24%
- Clearing Shareholders	17,815	0.08%	17,815	0.07%
- HUFs and Trust	7,30,705	3.21%	7,30,705	2.74%
Total Public Shareholdings (B)	77,31,244	33.99%	77,31,244	29.01%
GRAND TOTAL (A) + (B)	2,27,43,600	100.00%	2,66,43,600	100.00%

*The post- issue conversion shareholding pattern has been arrived on the assumption that-

- (i) the entire Warrants will be converted into the equity shares of the Company by the Promoters/Promoter Group as envisaged and
- (ii) there is no further increase in share capital of the Company till allotment of these shares.



(iv) Consequential Changes in the Voting Rights: (Already covered in point No. viii)
Voting rights will change in tandem with the shareholding pattern.

(v) Proposed time within which allotment shall be completed:

The allotment of Warrants are proposed to be made within 15 days of the date of declaration of results of the Postal Ballot, provided that when the allotment on preferential basis is pending on account of pendency of any approval or permission for such allotment by a regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

(vi) The identity of the natural persons who are the ultimate beneficial owners of the shares upon conversion of Warrants proposed to be allotted and/ or who ultimately control the proposed allottees and the percentage of Post Preferential Issue Capital that may be held by them:

Sr. No.	Name of the Proposed Allottees	No. of Equity Shares held prior to the Preferential Allotment	No. of Equity Shares to be issued and allotted*	No. & % of Post Issue Equity and Voting Share Capital*
Promoters and Promoter Group:				
1.	Purusottam Das Patodia Jt. with Indira Devi	97,320	12,00,000	12,97,320 (4.87%)
2.	Manoj Kumar Patodia	3,70,337	5,00,000	8,70,337 (3.27%)
3.	Manoj Kumar Patodia Jt. with Nandita Patodia	84,750	1,00,000	1,84,750 (0.69%)
4.	Nandita Patodia	4,50,750	8,00,000	12,50,750 (4.69%)
5.	Anuj Patodia	1,65,175	1,00,000	2,65,175 (1.00%)
6.	Meenal Patodia	7,24,915	10,00,000	17,24,915 (6.47%)
7.	Anuj Patodia Jt. with Meenal Patodia	88,500	2,00,000	2,88,500 (1.08%)
	Total	19,81,747	39,00,000	58,81,747 (22.08%)

**On an assumption of full conversion of the Warrants into equity shares of the Company and there is no further increase in share capital of the Company till allotment of these shares.*

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vii) Lock-in :

The entire pre-preferential allotment shareholding of all the proposed allottees and the aforesaid allotment of Warrants and/or equity shares arising on the conversion of Warrants into equity shares shall be locked-in as per the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009.

viii) Change in the control or composition of the Board :

Subsequent to the proposed issue of Warrants on Preferential Basis, there will neither be a change in control nor a change in the management of the Company. However there will be a corresponding change in the shareholding pattern as well as voting rights consequent to the preferential allotment.

ix) Price of the Issue:

The equity shares upon conversion of Warrants are proposed to be allotted on Preferential Basis at an issue price of Rs. 5/- (Rupees Five Only) per share, [including a premium of Rs. 3/- (Rupees Three Only) per equity share] or at such a higher price as may be decided by the board, in accordance with Chapter VII of the SEBI (ICDR) Regulations, 2009, and the Relevant Date for this purpose is 19.09.2013.

x) Undertakings :

- (i) The Issuer Company undertakes that they shall re-compute the price of the Warrants issued in terms of the SEBI (ICDR) Regulations, 2009, where it is required to do so.
- (ii) The Issuer Company undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in terms of the provision of SEBI (ICDR) Regulations, 2009, the equity shares shall continue to be locked-in till the time such amount is paid by the allottees.

xi) Other Terms of Issue of Warrants:

- (i) The proposed allottees of the Warrant shall on or before the date of allotment of Warrants, pay an amount equivalent to at least 25% of the total consideration per Warrant.
- (ii) The holder(s) of each Warrant will be entitled to apply for and obtain allotment of one equity share against such Warrant at any time after the date of allotment but on or before the expiry of eighteen months from the date of allotment, in one or more tranches. At the time of exercise of entitlement, the warrant holder shall pay the balance of the consideration towards the subscription to each equity share.



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- (ii) If the entitlement against the Warrants to apply for the equity shares is not exercised within the aforesaid period, the entitlement of the Warrant holders to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such Warrants shall stand forfeited.
- (iii) Upon receipt of the requisite payment as above, the Board shall allot one equity share against Warrant by appropriating Rs. 2/- per share towards equity share capital and the balance amount paid against each warrant towards the securities premium amount.
- (iv) The Warrant by itself till converted into equity shares, does not give to the holder(s) thereof any rights of the shareholders of the Company.
- (v) The equity shares issued as above shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid up equity shares of the Company.

xii) Auditor`s Certificate :

The Company is in process of obtaining a certificate from its Statutory Auditor certifying that the Preferential Issue of Warrants is in accordance with SEBI (ICDR) Regulations, 2009, and such certificate shall be open for inspection at the Registered Office of the Company during the working hours between 10.00 am to 1.00 pm, on any working day, up to the last date fixed for the receipt of Postal Ballot forms from the shareholders of the Company.

Any of the Warrants and/or Equity Shares issued as above, that may remain un-subscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any person/entity/investors, on the same terms and conditions.

Further, under section 81(1A) of the Companies Act, 1956, approval of the Shareholders is required for allotment of securities on Preferential basis. Accordingly, the consent of the Shareholders is being sought, pursuant to the applicable provisions of the Companies Act, 1956, SEBI (ICDR) Regulations, 2009, if any, and in terms of the provisions of the Listing Agreements executed by the Company with BSE Limited, i.e., the Stock Exchange where the Company's shares are listed.

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The allotment of Warrants does not require making of a public offer as it is below the prescribed threshold limit for making of a public offer in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 [**“SEBI (SAST), 2011”**]. Due to above preferential allotment of the Warrants and the resultant issue of equity shares, no change in management control is contemplated. The aforesaid allottee(s) shall be required to comply with the relevant provisions of the SEBI (SAST), 2011, if applicable consequent to the allotment of shares on conversion of Warrants as proposed above.

None of the Directors of the Company except Mr. Purusottam Das Patodia, Mr. Manoj Kumar Patodia and Mr. Anuj Patodia is, in any way, concerned or interested in the said resolution except to the extent of their respective shareholding in the Company and Convertible Warrants which may be issued to them in terms of this resolution. The Board of Directors believes that this Offer will be in the best interest of the Company and its shareholders.

Your Directors recommend the Special Resolution as set out in the Postal Ballot Notice for your approval.

Certified true copy
For **Prime Urban Development India Limited,**

Purusottam Das Patodia
Chairman & Managing Director