



***PRIME SECURITIES LIMITED***  
**ANNUAL REPORT**  
**2011 - 2012**

## GREEN INITIATIVE

Dear Shareholder,

Ministry of Corporate Affairs, Government of India, (MCA) vide its Circular Nos. 17 & 18 dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011 respectively, has clarified that the company would be in compliance of the provisions of the Companies Act, 1956, if the company serves the Notice of General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc. to its shareholders through electronic mode, at the e-mail address provided by them to the company.

### Shareholders holding shares in Demat (electronic) form

- (a) In case you are holding shares of the Company in demat (electronic) form, the Company proposes to send the aforesaid documents to you in electronic form, at the e-mail address provided by you and which will be made available to us by your Depository Participant (DP).
- (b) In case of any change in your e-mail address, we request you to inform the same change to your Depository Participant (DP) to enable them to update their record.
- (b) As such, the email address registered by you with your DP will henceforth be used by the Company for service of the said documents, including those covered under Section 219 of the Companies Act, 1956.
- (d) If, however, you wish to continue to receive the said documents in physical mode, please send us an email [primesec@shareproservices.com](mailto:primesec@shareproservices.com) or write to the Share Department of the Company at its Registered Office at Ashford Centre, 7th Floor, Shankarrao Naram Marg, Opp. Peninsula Corporate Park, Lower Parel, Mumbai 400013 quoting reference of your DP ID & Client ID and name of the 1<sup>st</sup> Registered shareholder.

### Shareholders holding shares in Physical form

- (a) In case you are holding shares of the Company in physical form, please register your email address with the Company at [primesec@shareproservices.com](mailto:primesec@shareproservices.com) mentioning your Folio Number, name of 1<sup>st</sup> Registered Holder and the email – id, so that all such documents can be served upon you henceforth in electronic mode at the said e-mail address.
- (b) Alternatively, you are requested to fill up the form given below and send us signed form to the share department of the Company at the earliest.

Please note that the said documents will be made available by the Company on its website, [www.primesec.com](http://www.primesec.com). Physical copies of the same shall be made available for inspection, during office hours, at our Registered Office at Ashford Centre, 7th Floor, Shankarrao Naram Marg, Opp. Peninsula Corporate Park, Lower Parel, Mumbai 400013.

Upon receipt of a request from you, your Company shall also send you the physical copy of the above documents free of cost.

Thanking you,

Yours faithfully,

For **Prime Securities Limited**

**N. Jayakumar**  
Managing Director

## GO GREEN FORM

To,

**Prime Securities Limited**

As per the "Green Initiative in the Corporate Governance" of the Ministry of Corporate Affairs, I hereby opt to receive service of documents by Company, including Annual Report, Notices, and other documents in electronic mode and request to register my email ID as stated below for the same.

Field marked with \* are compulsory.

Name of Shareholder(s)*	
Folio No.*	
No. of shares held as on date*	
Email ID (Permanent)*	
Contact No. (Mobile)	
Contact No. (Fixed Line)	

Signature \_\_\_\_\_

# PRIME SECURITIES LIMITED

## BOARD OF DIRECTORS

Pradip Dubhashi	Chairman
N. Jayakumar	Managing Director
R. Ramachandran	Executive Director
S. R. Sharma	Director
Anil Dharker	Director

## REGISTERED OFFICE

Ashford Centre, 7th Floor,  
Shankarrao Naram Marg,  
Opp. Peninsula Corporate Park,  
Lower Parel, Mumbai 400013  
Tel: +91-22-61842525 / +91-22-24981515  
Fax: +91-22-24970777  
Email: prime@primesec.com

## MANAGEMENT TEAM

Vinay Motwani	Director - Equity Sales Distribution (Prime Broking Company (India) Limited)
T.S. Anantkrishnan	Director - Private Client Group (Prime Broking Company (India) Limited)
Shashi Singh	Head - Sales & Distribution - Private Wealth Management (Prime Broking Company (India) Limited)
Ajay Shah	Vice President - Legal & Company Secretary

## REGISTRAR & SHARE TRANSFER AGENTS

Sharepro Services (India) Private Limited  
Samhita Warehousing Complex,  
13 AB, Gala No. 52, 2nd Floor,  
Near Sakinaka Telephone Exchange,  
Off. Kurla Andheri Road, Sakinaka,  
Mumbai 400072  
Tel: +91-22-67720300  
Fax: +91-22-28591568  
Email: sharepro@vsnl.com

## AUDITORS

Gandhi & Associates  
Chartered Accountants

## INTERNAL AUDITORS

K. V. S. & Company  
Chartered Accountants

## BANKERS

ICICI Bank Limited  
HDFC Bank Limited  
IndusInd Bank Limited

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# PRIME SECURITIES LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirtieth Annual General Meeting of the Members of Prime Securities Limited will be held on Tuesday, September 25, 2012 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp Film Centre, Mumbai 400034, to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012 and the Profit and Loss Account for the Year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Anil Dharker, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint M/s. Gandhi & Associates, Chartered Accountants, the retiring Auditors, as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

### Special Business

4. To consider, and if thought fit, to pass, with or without modification(s), as a **SPECIAL RESOLUTION**, the following:

**“RESOLVED THAT** in partial modification of Resolution No. 4 passed at the Annual General Meeting of the Company held on September 29, 2009, for appointment of and payment of remuneration to Mr. R. Ramachandran as Whole-time Director of the Company and in accordance with the provisions of Section 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as “the Act”), read with Schedule XIII and all other applicable guidelines for managerial remuneration issued by the Central Government from time to time and as approved and recommended by the Remuneration Committee, the consent of the Company be and is hereby granted to the revision in the maximum remuneration payable to Mr. R. Ramachandran, with authority to the Board of Directors of the Company or Remuneration Committee thereof to fix his salary within such maximum amount with effect from July 1, 2012, for the remainder of the tenure of his appointment i.e. upto November 30, 2013, as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.

**RESOLVED FURTHER THAT** the Board of Directors or Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to vary the terms of appointment and/or, increase or revise the remuneration and perquisites at any time(s) as the Board may deem appropriate.

**RESOLVED FURTHER THAT** wherein in any financial year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company may pay to the Whole-time Director the remuneration as the minimum remuneration by way of salaries, perquisites and other allowances and benefits as specified above subject to the receipt of the requisite approvals, if any”.

### Registered Office:

Ashford Centre, 7<sup>th</sup> Floor,  
Shankarrao Naram Marg,  
Lower Parel, Mumbai 400013  
August 14, 2012

### By Order of the Board of Directors

**Ajay Shah**  
Vice President – Legal  
& Company Secretary

### NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business of the Notice set out above is annexed hereto. The relevant details in respect of item no 2 as required by clause 49 of the Listing Agreement entered into with the Stock Exchanges is also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A Proxy, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Members / Proxies should bring the enclosed attendance slip duly filled in, for attending the Meeting, along with the Annual Report.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, September 20, 2012 to Tuesday, September 25, 2012 (both days inclusive).

5. Members holding shares in physical form may obtain the Nomination Form from the Registrar and Share Transfer Agent of the Company and members holding shares in the electronic form may obtain the Nomination Form from their respective Depository Participants.
6. For all matters relating to the change in address, ECS mandates, bank details, nomination, power of attorney, etc., the Members are requested to approach the Company's Registrar and Shares Transfer Agent in case of shares held in physical form and to their respective Depository Participants in case of shares held in electronic form.
7. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the year ended 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period, are requested to forward their claim in Form No II prescribed under the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, 1978 to the Registrar of Companies, Mumbai, Maharashtra. Pursuant to introduction of Section 205C, the amount of dividends remaining unclaimed for a period of seven years from the date they became due for payment is required to be transferred to the Investor Education & Protection Fund ("IEPF") set up by the Central Government and no claim of the shareholders shall lie against the Company or the IEPF in respect of any amount transferred to IEPF. Accordingly, all unclaimed dividend upto the year 1995 has been transferred to the fund. The details of the unclaimed dividend that will be transferred to IEPF is given below:

Dividend	Date of Declaration of Dividend	Unclaimed Dividend to be claimed by	Transfer to IEPF
Final Dividend 2005-06	August 29, 2006	September 2013	October 2013
Interim Dividend 2006-07	October 20, 2006	November 2013	December 2013
Final Dividend 2006-07	August 30, 2007	September 2014	October 2014
Interim Dividend 2007-08	November 3, 2007	November 2014	December 2014
Final Dividend 2007-08	September 30, 2008	October 2015	November 2015

The Company has designated an exclusive e-mail id [prime@primesec.com](mailto:prime@primesec.com) for redressal of investor complaints / grievances. In case you have any queries / complaints or grievances, then please write to us at [prime@primesec.com](mailto:prime@primesec.com).

Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.

The details required under clause 49 of the Listing Agreement in respect of the Directors seeking appointment / re-appointment in this Annual General Meeting:

<b>Name of Director</b>	Mr. Anil Dharker
<b>Date of Birth</b>	August 15, 1946
<b>Date of Appointment</b>	May 28, 2011
<b>Expertise in Specific Functional Area</b>	He holds degrees in Mathematics and Engineering from London University that led to a position on the academic staff of the University of Glasgow and as a consultant in a Mumbai architectural firm. He has been editor of the some of India's best known publications, such as The Illustrated Weekly of India, The Independent and Middy. He has been a columnist for many of India's leading newspapers such as The Times of India, The Economic Times, The Hindu and DNA. He has also been a columnist for Gulf News and Khaleej Times. He has also written for The Independent (London), The Scotsman (Edinburgh), The Glasgow Herald, Foreign Policy and other publications. He has been head of the National Film Development Corporation and has held prominent positions in leading television channels. He is the author of six books.
<b>Qualifications</b>	B.Sc. (Maths), B.Sc. (Eng) (London), Salzburg Fellow
<b>Directorship held in other Companies</b>	Riteverses Solutions Private Limited
<b>Membership / Chairmanship of Committees of the Board of other Companies in which he is a Director</b>	None

# ***PRIME SECURITIES LIMITED***

## **EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956**

### **Item No. 4**

At the Annual General Meeting held on September 29, 2009, the Members had approved the appointment of and payment of remuneration to Mr R. Ramachandran as the Whole-time Director, for a period of five years w.e.f. December 1, 2008 on the terms and conditions and remuneration (including commission, perquisites and allowances) as specified in the explanatory statement to the notice of above mentioned annual general meeting. The remuneration payable to Mr. R. Ramachandran has been revised w.e.f. July 1, 2012 for the remainder of his tenure i.e. upto November 30, 2013. The board is of the view that the increase in remuneration proposed is commensurate with the responsibilities being shouldered by Mr. R. Ramachandran as Whole-time Director of the Company.

Mr. R. Ramachandran is a qualified professional with expertise in Corporate Finance and Investment Management and has vast experience in advising in areas of financial restructuring, evaluation of business plans / joint venture proposals / acquisitions, fund raising and strategic alliances. His experience spans several reputed organisations such as Bank of Baroda, ITC group and TAIB Bank, where he was President and CEO.

The main terms of appointment, revised remuneration, perquisites, etc., which are subject to the approval of the Members of the Company, are as follows:

#### **Term**

Period of Appointment – Five years effective December 1, 2008

#### **Salary**

- a) Basic Salary upto a maximum of Rs. 10,00,000/ – per month, with authority to the Board or a Committee thereof to fix the salary within the said maximum amount.

#### **Perquisites**

- b) Furnished Company's owned / hired / leased accommodation.
- c) Use of the Company's car with a driver or alternatively the Company will maintain at its expense a car belonging to the Whole-time Director and will also reimburse the salary of the driver as per the rules of the Company.
- d) Reimbursement of medical expenses actually incurred by Mr. R. Ramachandran and his family subject to a maximum of Rs. 15,000/ – per annum;
- e) Reimbursement of Company car running and maintainance expenses reasonably incurred by Mr. R. Ramachandran exclusively in the business of the Company;
- f) Benefit of a personal accident insurance policy effected by the Company;
- g) Company's Contribution to Provident Fund as per the rules;
- h) Benefit of a Company Group Mediclaim Policy;
- i) Gratuity as per the Gratuity Scheme of the Company;
- j) Reimbursement of travelling and entertainment expenses reasonably incurred by him exclusively in the business of the Company;
- k) Leave on full remuneration as per the rules of the Company for the time being in force but not exceeding one month's privilege leave for every 12 months service;

Perquisite shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

#### **Performance Bonus**

Performance Bonus as may be decided by the Board of Directors based on the net profits of the Company in a particular year subject to the overall ceiling limit laid down under Section 198 and 309 of the Companies Act, 1956.

The perquisites namely contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity and encashment of leave shall not be included in the computation of the ceiling on remuneration.

Notwithstanding anything hereinabove, where in any financial year during the currency of his tenure as Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisite as above subject to the ceiling specified under Section II of Part II of the Schedule XIII to the Companies Act, 1956.

The following additional information as required by Schedule XIII to the Companies Act, 1956 is given below:

**1) General Information:**

**a) Nature of Industry:**

The Company is in the business of Corporate Advisory and Investment Banking.

**b) Date or expected date of commencement of commercial production:**

Not applicable as the Company is an existing Company.

**c) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not applicable.

**d) Financial performance based on given indicators – as per audited financial results for the year ended March 31, 2012:**

Particulars	Rs in Lacs
Turnover and Other Income	955.89
Net Profit / (Loss) after Tax (as per Profit & Loss a/c)	(303.08)
Profit as computed under Section 309 (5) read with Section 198	(106.66)

**f) Export performance and net foreign exchange collaborations:**

The Company is not involved in export activities and there are no financial collaborations.

**g) Foreign investments or collaborations, if any:**

Not applicable.

**2) Information about the Appointee:**

**a) Background details:**

Mr. R. Ramachandran, aged 51 years, M. Com., A.I.C.W.A., A.C.S., L.L.B., D.B.A., is a qualified professional with expertise in Corporate Finance and Investment Management and has vast experience in advising in areas of financial restructuring, evaluation of business plans / joint venture proposals / acquisitions, fund raising and strategic alliances. His experience spans several reputed organisations such as Bank of Baroda, ITC group and TAIB Bank, where he was President and CEO. As a Whole-time Director, he shall carry out such functions, exercise such powers and perform such duties as the Board shall from time to time in its absolute discretion determine and entrust to him. Subject to the superintendence, control and direction of the Board, he shall have the general control of the business of the Company and be vested with the management and day-to-day affairs of the Company.

**b) Past remuneration**

Mr. R. Ramachandran has been appointed as Whole-time Director of the Company w.e.f. December 1, 2008. For the financial year ended on March 31, 2012, the Company has paid Rs. 56.97 lacs as remuneration to Mr. R. Ramachandran.

**c) Recognition or awards:**

Nil.

# ***PRIME SECURITIES LIMITED***

**d) Job profile and their suitability:**

Same as above in item no. a) hereinabove.

**e) Remuneration proposed:**

The Company proposes to pay the remuneration to Mr. R. Ramachandran as per the resolutions proposed to be passed by the Members in the Annual General Meeting(s) of the Company.

**f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of Mr. R. Ramachandran, the responsibilities shouldered by him and industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in the companies.

**g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Besides the remuneration proposed to be paid to him, Mr. R. Ramachandran does not have any other pecuniary relationship with the Company.

**3) Other Information:**

**a) Reasons for loss or inadequate profits:**

The Company is mainly involved in the Corporate Advisory and Investment Banking. The business of the Company and its performance is linked to capital market conditions. Uncertain conditions prevailing in the capital markets over the last few years have resulted in performance leading to inadequate profits.

**b) Steps taken or proposed to be taken for improvement:**

The Company has been continuously enhancing its client list. The Company has made significant strides in establishing stronger client relationships. The Company is focussing on providing innovative business solutions to its clients in the area of fund raising and merger and acquisitions.

**c) Expected increase in productivity and profits in measurable terms:**

With better capital market conditions and increased client relationships, the Company is expected to step up the revenues and profits substantially in future.

The Memorandum of Understanding dated December 2, 2008 entered into between the Company and Mr. R. Ramachandran is available for inspection to the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays.

This may be treated as an abstract of the memorandum of understanding between the Company and Mr. R. Ramachandran for the revision in his remuneration as whole-time director pursuant to Section 302 of the Act.

Except Mr. R. Ramachandran, none of the Directors has any concern or interest in the aforesaid resolution. The Board recommends passing of the said Resolution.

**Registered Office:**

Ashford Centre, 7<sup>th</sup> Floor,  
Shankarrao Naram Marg,  
Lower Parel, Mumbai 400013  
August 14, 2012

**By Order of the Board of Directors**

**Ajay Shah**  
**Vice President – Legal**  
**& Company Secretary**



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Thirtieth Annual Report, together with the Audited Accounts for the year ended March 31, 2012.

(Rs. in lacs)

FINANCIAL RESULTS	Year ended March 31, 2012	Year ended March 31, 2011
Total Revenues	955.89	1,957.35
Total Expenses	1,258.97	1,433.61
<b>Profit / (Loss) before Tax</b>	<b>(303.08)</b>	523.75
Tax Expenses	116.00	102.67
<b>Profit / (Loss) after Tax</b>	<b>(419.08)</b>	421.07
Profit Brought Forward from Previous Year	1,863.12	1,442.05
<b>Balance Carried to Balance Sheet</b>	<b>1,444.04</b>	1,863.12

### PERFORMANCE REVIEW

During the year under review, capital markets were volatile and lacked direction due to uncertainties in the Euro Zone, on account of sovereign debt crisis in the countries like Greece, Italy, Spain, Portugal. In India, high inflation, huge current account deficit and high fiscal deficit have impacted the economy thereby reducing the targeted GDP growth to around 6%. Moreover the inability of the government to take decisions on increase in petroleum product prices and infrastructure sector related issues like power shortage, absence of coal linkages, foreign direct investment have caused adverse impact on the markets.

The Corporate Finance and Advisory business have been active during the year. However, closing of such transactions took longer time due to investors risk aversion and global uncertainties.

The Company is also focusing on the Merchant Banking activities like the Open Offer, Delisting of Companies, Buy-Back of the Shares by the Companies, as there are good opportunities to earn fee based income.

The Company has grown the Wealth Management business during the year and the new products like Prime Agile were launched and substantial additions to asset under the Portfolio Management Scheme were made.

The Company's Offshore Asset Management business commenced activity with overseas debt products and Assets under Management have shown significant growth during the year.

### DIVIDEND

The Board of Directors has not recommended any Dividend on Equity Shares for the year under review.

### EMPLOYEE STOCK OPTION SCHEMES

The Company is presently having three employee stock option schemes viz. Employee Stock Option Scheme 2007 (ESOS 2007), Employee Stock Option Scheme 2008 (ESOS 2008) and Employee Stock Option Scheme 2009 (ESOS 2009). The compensation committee of the board of directors has granted, to the eligible employees / directors of the Company and subsidiary companies, 999,000, 1,197,750 and 1,300,000 Options pursuant to ESOS 2007, ESOS 2008 and ESOS 2009 respectively. The disclosures in accordance with the provisions of clause 12 of the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the annexure to this report.

### SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENT

Prime Broking Company (India) Limited (PBCIL) has during the year under review earned revenues of Rs. 868.96 lacs as compared to Rs. 836.65 lacs in the previous financial year. This includes Income from Broking Operations, Income from Portfolio Management Services, Profit on Sale of Investments and Interest & Dividend Income. During the year, PBCIL has incurred a net loss after tax of Rs. 7.88 lacs vis-à-vis a net loss after tax of Rs. 25.60 lacs in the previous financial year.

# ***PRIME SECURITIES LIMITED***

Primesec Investments Limited (PIL) was incorporated in November 2007 to carry on investment activities. During the year under review, PIL earned revenues of Rs. (1,664.36) lacs as compared to Rs. 427.30 lacs in the previous financial year. This includes Gain / (Loss) on Sale of Investments and Interest & Dividend Income. The net loss after tax for the year ended March 31, 2012 was Rs. 2,338.94 lacs as against net profit after tax and adjustments of Rs. 107.81 lacs in the previous financial year.

Prime Commodities Broking (India) Limited (PCBIL) was incorporated in 2006 to carry on broking and other related activities in the commodities markets. PCBIL did not undertake any activities during 2011-2012. During the year under review, PCBIL earned revenues of Rs. 3.25 lacs as compared to Rs. 2.90 lacs in the previous financial year. The net profit after tax for the year ended March 31, 2012 amounted to Rs. 2.13 lacs as against net profit after tax of Rs. 1.64 lacs in the previous financial year.

Prime Research & Advisory Limited (PRAL) has registered itself with AMFI as a Distributor during the year 2011-2012 and has started activities as a Distribution of Mutual Fund product.

A statement pursuant to Section 212 of the Companies Act, 1956 relating to the Subsidiary Companies is annexed.

In terms of the general permission granted by the Government of India, Ministry of Corporate Affairs, New Delhi u/s 212 (8) of the Companies Act, 1956 vide its circular no. 02/2011 dated February 8, 2011, copies of the Balance Sheet, Profit & Loss Account, Director's Report and Auditor's Report of all the Subsidiary Companies have not been attached to the Balance Sheet of the Company as at March 31, 2012. However, as directed by the said approval, the financial data of the Subsidiary Companies have been disclosed under "Subsidiary Companies Particulars" forming part of the Annual Report. The annual accounts of the Subsidiary Companies and the related detailed information will be made available to the holding and subsidiary companies investors seeking such information at any point of time. The annual accounts of the Subsidiary Companies will also be kept open for inspection by any investor at the Registered Office of the Company and that of the Subsidiary Companies concerned.

As required under the Listing Agreement with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated Financial Statement has been prepared in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and shows the financial information of the Company and its subsidiaries as a single entity, after elimination of minority interest.

## **CORPORATE GOVERNANCE AND CODE OF CONDUCT**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Report and a Report on Corporate Governance are given as annexures to this Report. A certificate from the Statutory Auditors confirming compliance by the Company of the conditions of Corporate Governance as provided in Clause 49 of the Listing Agreement is also annexed to this Report.

Pursuant to the provisions of Clause 49(1)(D) of the Listing Agreement, your Company has also laid down a Code of Conduct for its Board Members and Senior Management Personnel. All the Directors and the Senior Management Personnel have affirmed compliance with the said Code of Conduct. A declaration by the Whole-time Director regarding compliance by Board Members and Senior Management Personnel with the Code of Conduct for the year ended March 31, 2012 is annexed to this Report.

## **DIRECTORS**

Mr. Anil Dharker is retiring at the ensuing Annual General Meeting and is eligible for re-appointment. Appropriate resolution for re-appointment is being placed before you for your approval at the ensuing Annual General Meeting. The information on the particulars of Director seeking re-appointment as required under Clause 49 of the Listing Agreement have been given in the Notice of Annual General Meeting in this Annual Report. Your Directors recommend his re-appointment as a Director of your Company.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have selected such accounting policies in consultation with the statutory auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.

#### **CORPORATE SOCIAL RESPONSIBILITIES**

As a part of corporate social responsibilities, during the year under review, the Company has donated an amount of Rs. 12,43,000/- to various organisation for support to children education, protection, survival and many more things to benefit them. These are the world's leading independent organization for children that works to inspire breakthroughs in the way the world treats children to achieve immediate and lasting change in their lives.

#### **AUDITORS AND AUDITORS' REPORT**

M/s. Gandhi & Associates, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956. Members are requested to re-appoint them as Auditors and to authorise the Board of Directors to fix their remuneration.

Observations made in the Auditors' Report are self-explanatory.

#### **EMPLOYEES**

The particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees. Any shareholders interested in obtaining a copy may write to the Company at the registered office of the Company.

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

Since the Company is not engaged in any manufacturing activity, the disclosures as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 pertaining to conservation of energy, etc. are not applicable.

During the year, there were no earnings and expenditure in foreign exchange.

#### **LISTING & LISTING FEES**

The equity shares of the Company are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. Listing fees for the year 2012-13 have been duly paid.

#### **ACKNOWLEDGEMENTS**

The Board would like to place on record their appreciation of the contributions made by every employee of the Company. The Board would like to thank the bankers, shareholders for their continued support to the Company.

**For and on behalf of the Board of Directors**

Mumbai  
August 14, 2012

**N. Jayakumar**  
**Managing Director**

# PRIME SECURITIES LIMITED

## DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDILINES, 1999

Particulars		ESOS 2007	ESOS 2008	ESOS 2009
a)	Options granted	999,000	1,197,750	1,300,000
b)	Pricing formula	Rs 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs 15/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)
c)	Options vested	666,900	839,950	376,900
d)	Options exercised	Nil	148,100	Nil
e)	The total number of shares arising as a result of exercise of option	Nil	148,100	Nil
f)	Options lapsed	187,000	209,700	170,000
g)	Variation of terms of options	Nil	Nil	Nil
h)	Money raised by exercise of options	Nil	Rs. 2,221,500/-	Nil
i)	Total number of options in force	812,000	839,950	1,130,000
j)	Employee wise details of options granted			
i)	Senior managerial personnel	Total 452,500 options granted to 3 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)	Total 530,000 options granted to 3 directors and senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)	Total 525,000 options granted to 6 directors and senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)
ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of the option granted during that year	Nil	Nil	Nil
iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Nil	Nil
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard AS20 Earnings Per Share	Rs (1.58) per share of face value of Rs 5/- each	Rs (1.58) per share of face value of Rs 5/- each	Rs (1.58) per share of face value of Rs 5/- each
l)	i)	Method of calculation of employee compensation cost		
	ii)	Difference between the employee compensation cost so computed at (i) above and cost that shall have been recognized if it had used the fair value of the options		
	iii)	The impact of this difference on profits and on EPS of the Company		
m)	Weighted average exercise price and weighted average fair value	Weighted average exercise price – Rs 38/- Weighted average fair value – Rs 38.43	Weighted average exercise price – Rs 15/- Weighted average fair value – Rs 22.15	Weighted average exercise price – Rs 38/- Weighted average fair value – Rs 38.43
n)	Fair value of options based on Black Scholes methodology - assumptions			
	Risk free rate	8.80%	8.80%	8.80%
	Expected life of options	3 years	3 years	3 years
	Expected volatility	21.29%	21.29%	21.29%
	Expected dividends	-	-	-
	Closing market price of share on date of option grant	Rs 196.40	Rs 13.60	Rs 38.75

## MANAGEMENT DISCUSSION & ANALYSIS

### A. Industry Structure & Developments

The financial year 2011-2012 was marked by a huge set of challenges both global as well local in nature. The recovery in GDP in developed markets have been muted and anemic at best. India clocked 6.5% GDP in FY12, which is the one of the lowest in the last decade. The main reason for this decline is the fall in investment led growth and with consumption activity looking muted, the trend does not augur well for FY13 too. We have Europe which has been struggling with huge debts and growth in Europe (barring Germany) has not been good. The US has recovered with GDP showing signs of improving but given the size of debt and unemployment levels being high, the recovery is being questioned.

Central Banks and government across the world have moved swiftly to expand their balance sheets by providing fiscal and monetary stimulus to stabilize global demand and to prevent a 1930 like depression. The quantitative easing program (dubbed as QE2) helped in increasing inflation expectations but did not have the desired effect on increasing credit and demand in the US. QE2 led to increase in commodity prices across the world and led to greater flows into Emerging Markets. The causal effect of QE2 was inflation in Emerging Countries like India. Now you have ECB, Bank of England, the US fed all looking to do quantitative easing to prime the markets further.

RBI in India also acted prudently by raising rates in order to tame inflation in India. However, its been proving to be difficult to control as RBI has been adopting a monetary policy whereas fiscal stimulus done during the 2008 downturn has not been reduced or removed. However, the good news is that inflation in Q1 FY13 seems to have peaked and there is hope that it may lead to an interest rate cut soon.

The Indian government has also been besotted with one issue after the other starting with the commonwealth games, 2G Scam, Adarsh, Coalgate, CAG issues etc. This has lead to a political impasse in the reforms process as the government focuses on putting out one fire after another. The biggest hit in this has been business confidence which has led to many companies deferring capex and leading to a cut in investment led growth. To what extent government revives some of the "animal spirits" of Indian entrepreneurs will determine growth here onwards.

Given all the above issues, the capital markets in India was very volatile with a select few sectors performing like pharma and fmcg though many sectors like infrastructure and telecom were laggards.

#### Stock Market

The BSE Sensex was down about 11% in FY12. It was marked by huge bouts of volatility and the dispersion across returns were huge. The brokerage business improved from the previous year as many FII and domestic institutions returned to investment and trading mode but volumes were skewed towards derivatives and brokerage rates across the industry came down. Capital raising and pre IPO/IPO/QIP placements became quite prevalent in the market. Prime was impacted as our focus was in emerging corporates and risk appetite came back for the larger corporates but not for the midcap and small cap segment that we focused on.

The Corporate Finance & Advisory business worked on many companies desiring to restructure their balance sheets/merge and expand, however closing of such transactions became extended due to investors being more wary about investments. We believe many of the mandates that we have been working on throughout 2011-2012 should start to bear fruit as risk appetite returns.

### B. Opportunities & Threats

Enhanced risk management and keeping adequate liquidity is the focus that we would be adopting as the world and the industry navigates this global volatility.

Our peer group, in the bulge bracket category, continues to be focused on big names and large IPOs. The mid-market segment, which we believe should logically be called the Emerging Local Corporates (ELC), is the sector that promises to be our bread winner, in the years to come.

We need to continue our relentless focus on the ELC segment, with increasing thrust on restructuring and value added advisory services. As the segment grows, we believe we would be in a position to have contributed positively towards the creation of world class, competitive corporates.

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## **C. Segment-wise or Product-wise Performance**

The Company operates only in advisory business. Its subsidiary is in the business of Obrokerage for institutional and high-networth clients. As the performance indicates, the brokerage activity is the regular monthly cash flow business, which is very much a function of overall market conditions, while income from sale of investments is what supplements the regular business flows.

## **D. Outlook**

We will strive to consummate several deals in the areas of Private Equity and Corporate Finance in the coming years. As the focus of international investor's moves towards the mid-cap segment, our utility as an intermediary is bound to increase.

We see a huge opportunity in expanding our Wealth Management franchise and hope to launch new products both in the Indian as well as in overseas markets. We are very happy to have got our FII license and launched our offshore fund business and our application is pending approval for a domestic Asset Management License which will enable us to expand into the mutual fund business.

## **E. Risks & Concerns**

As a conscious strategy, the Company had reduced its emphasis on the secondary markets. We believe this would greatly mitigate risks in the underlying portfolio and help to recreate the portfolio when conditions have improved. We will monitor the portfolio diligently, in order to optimize the gains. Further, we look to significantly expand our agency business with local tie-ups and through better staffing and constant monitoring of the opportunity space.

## **F. Internal Control Systems & Their Adequacy**

Your Company's Internal Control System and procedures are adequate and commensurate with the Company's size and nature of business and are constantly reviewed. The internal control systems lay down the policies, authorization and approval procedures. The adequacy of the internal control systems has been reported by the auditors under the Companies (Auditor's Report) Order, 2003.

## **G. Discussion on Financial Performance**

The total revenues of the Company were Rs. 955.89 lacs for the financial year under review as against previous year Rs. 1,957.35 lacs. The Loss after Tax was at Rs. 419.08 lacs as against Profit after Tax of Rs. 421.07 lacs). The Company strives to improve the performance during the current financial year and expect to post better results.

## **H. Material Development in Human Resources / Industrial Relations Front, Including Number of People Employed**

There has been no material development on the Human Resource / Industrial Relations front during the year. Employee relations at all levels continue to remain cordial. The Company had 36 employees (including employees of subsidiary companies) as on March 31, 2012.

## **CAUTIONARY STATEMENT**

Statements in this Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic developments in the country and improvement in the state of capital markets, changes in the Government regulations, tax laws and other status and other incidental factors.



## REPORT ON CORPORATE GOVERNANCE

### MANDATORY REQUIREMENTS

#### 1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is aimed at ensuring that the objectives of the Company are well defined along with timely measurement and monitoring of the performance against those objectives. It envisages attainment of a high level of transparency & accountability in the functioning of the Company and helps the management in the efficient conduct of the Company's affairs and in protecting the interest of various participants like shareholders, employees, lenders, clients, etc and at the same time places due emphasis on compliance of various statutory laws.

#### 2. Board of Directors

##### (a) Composition

The present strength of the Board is Five Directors. The Board comprises of Three Non-Executive and Independent Directors and Two Executive Directors. The Chairman of the Board is a Non-Executive and Independent Director. The number of Non-Executive and Independent Directors exceeds one-third of the total number of Directors.

##### (b) Attendance of each Director at the Board Meetings and the last Annual General Meeting

During the year under review, 4 Board Meetings were held. The attendance of each of the Directors at the said Board Meetings is given below:

Name of Director	Category of Directorship	No of Meetings attended	% of total Meetings attended during the year
Mr. Pradip Dubhashi	Independent, Non-Executive	4	100%
Mr. N. Jayakumar	Executive	4	100%
Mr. R. Ramachandran	Executive	4	100%
Mr. S. R. Sharma	Independent, Non-Executive	4	100%
Mr. Anil Dharker *	Independent, Non-Executive	4	100%

\* Appointed as an Additional Director w.e.f. May 28, 2011

All Directors of the Company who were on the Board as on the date of the last Annual General Meeting held on September 29, 2011 attended the Annual General Meeting. None of the Director is related to each other.

##### (c) Number of other Boards or Board Committees in which the Director is a Director / Member / Chairman:

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which he is a Director. All the Directors have furnished the necessary disclosure regarding their Directorship and Committee Membership.

Name of Director	Number of other Companies in which Directorship is held (*)	No of Committees in which Membership is held (**)	Number of Chairmanship(s) in other Board Committees
Mr. Pradip Dubhashi	1	2	1
Mr. N. Jayakumar	3	1	1
Mr. R. Ramachandran	2	Nil	Nil
Mr. S. R. Sharma	Nil	Nil	Nil
Mr. Anil Dharker	Nil	Nil	Nil

\* Excludes alternate directorships, directorships in private/foreign companies and interest in firms/other bodies.

\*\* Includes memberships of only audit and shareholders' grievances committee.

##### (d) Number of Board Meetings held and the dates of the Board Meeting:

During the year under review, 4 Board Meetings were held. The dates on which the said meeting were held are May 28, 2011, August 6, 2011, November 15, 2011 and February 14, 2012.

#### 3. Audit Committee

The Audit Committee was originally constituted on November 5, 1995. On June 26, 2001, the terms of reference and scope were revised to meet with the requirements prescribed under the Code of Corporate Governance and the Listing Agreement with the Stock Exchanges.

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## (a) Terms of Reference

The Audit Committee has been given the powers to deal with matters specified under Clause 49 of the Listing Agreement as well as under section 292A of the Companies Act, 1956.

In brief, the terms of reference include:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee includes the matters specified in the clause 49 of the Listing Agreement with the Stock Exchanges as well as reviewing the applicability of various Accounting Standards issued by the Institute of Chartered Accountants of India.

## (b) Composition, Name of Members and Chairperson

The Audit Committee presently comprises three members and all members of the Audit Committee including the Chairman are Non-Executive and Independent Directors:

1. Mr. Pradip Dubhashi – Chairman, Independent & Non-Executive Director
2. Mr. S. R. Sharma – Member, Independent & Non-Executive Director
3. Mr. Anil Dharker – Member Independent & Non-Executive Director

All members possess knowledge of corporate finance, accounts and corporate laws.

## (c) Meeting and Attendance during the year

During the year under review, the members met four times on May 28, 2011, August 6, 2011, November 15, 2011 and February 14, 2012. The attendance of each member at the meeting is given below:

Name of the Member	Designation	No of Meetings Attended	% of total Meetings attended during the year
Mr. Pradip Dubhashi	Chairman	4	100%
Mr. S. R. Sharma	Member	4	100%
Mr. Anil Dharker *	Member	4	100%
Mr. R. Ramachandran**	Member	1	100%

\* Appointed as a Member w.e.f. May 28, 2011

\*\* Ceased to be a Member w.e.f. May 28, 2011

The Committee invites the Head of the Finance Department, the President of the Company, the Internal & Statutory Auditors to participate in the meeting. The Company Secretary acts as the Secretary to the meeting. The Chairman of the Committee was present at the last Annual General Meeting held on September 29, 2011.

## (d) Internal Auditors

The Company has appointed M/s. K. V. S. & Company, Chartered Accountants, as Internal Auditors of the Company to review the Internal Control Systems. The Report of the Internal Auditor along with their suggestions is submitted on a periodic basis before the Audit Committee for its consideration.

## 4. Remuneration Committee

### (a) Terms of Reference

The Board has constituted a Remuneration Committee with effect from March 21, 2002 to determine the Company's policy on remuneration packages of Executive & Non-Executive Directors and for considering any revision in their remuneration packages.

### (b) Composition, Name of Members and Chairperson

The Remuneration Committee presently comprises three members and two members of the Remuneration Committee including the Chairman are Non-Executive and Independent Directors:

1. Mr. Pradip Dubhashi – Chairman, Independent & Non-Executive Director
2. Mr. S. R. Sharma – Member, Independent & Non-Executive Director
3. Mr. R. Ramachandran – Member, Executive Director



**(c) Meeting and Attendance during the year**

During the year under review, the members met once on February 14, 2012. The attendance of each member at the meeting is given below:

Name of the Member	Designation	No of Meetings Attended	% of total Meetings attended during the year
Mr. Pradip Dubhashi	Chairman	1	100%
Mr. S. R. Sharma	Member	1	100%
Mr. R. Ramachandran	Member	1	100%

**(d) Remuneration Policy**

1. The Managing Director / Whole-Time Director of the Company is paid remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) as approved by the shareholders in Annual General Meeting and payment in excess of the limits envisaged under Schedule XIII of the Companies Act, 1956 is subject to the approval of the Central Government.
2. Non-Executive & Independent Directors are paid sitting fees for attending Board and Audit Committee Meetings. The Company also pays Commission to the Non-Executive & Independent Directors within the ceiling of 1% per annum of the profits of the Company.

**(e) Details of Remuneration paid to all the Directors**

Name of Director	Fixed Salary	Commission	Sitting Fees	Total	Service Contract / Notice Period
Mr. Pradip Dubhashi	Nil	Nil	1,70,000	1,70,000	Retirement by rotation
Mr. N. Jayakumar	1,34,34,797	Nil	Nil	1,34,34,797	Contractual *
Mr. R. Ramachandran	56,97,088	Nil	Nil	56,97,088	Contractual *
Mr. S. R. Sharma	Nil	Nil	1,70,000	1,70,000	Retirement by rotation
Mr. Anil Dharker	Nil	Nil	1,70,000	1,70,000	Retirement by rotation

\* The Contract with the Managing Director and Whole-time Directors are for a period of 5 years or the normal retirement date, whichever is earlier. The appointment of Whole-time Director is terminable by giving three month's notice of either party.

Presently, Mr. N. Jayakumar, along with persons acting in concert with him, is holding 53,72,149 shares of the Company representing 20.29% of the total shareholding of the Company. Mr. R. Ramachandran, is holding 16,031 shares of the Company representing 0.06% of the total shareholding of the Company. None of the other Director of the Company is holding any equity shares in the Company.

**Employee Stock Options 2007**

Pursuant to the authority granted by special resolution passed by the shareholders of the Company at their extraordinary general meeting held on January 25, 2008, the Board of Directors has granted 75,000 and 200,000 employee stock options ("ESOPs") to Mr. Pradip Dubhashi and Mr. R. Ramachandran respectively. Each option carries an entitlement to apply for one equity shares of the Company at Rs. 38/- per share (including a premium of Rs. 33/- per share).

**Employee Stock Options 2008**

Pursuant to the authority granted by special resolution passed by the shareholders of the Company at their annual general meeting held on September 30, 2008, the Board of Directors has granted 65,000 and 2,30,000 employee stock options ("ESOPs") to Mr. Pradip Dubhashi and Mr. R. Ramachandran respectively. Each option carries an entitlement to apply for one equity shares of the Company at Rs. 15/- per share (including a premium of Rs. 10/- per share).

**Employee Stock Options 2009**

Pursuant to the authority granted by special resolution passed by the shareholders of the Company at their annual general meeting held on September 29, 2009, the Board of Directors has granted 75,000 and 2,25,000 employee stock options ("ESOPs") to Mr. Pradip Dubhashi and Mr. R. Ramachandran respectively. Each option carries an entitlement to apply for one equity shares of the Company at Rs. 38/- per share (including a premium of Rs. 33/- per share).

**5. Shareholders' / Investors' Grievances Committee**

The Board of Directors had constituted a Share Transfer Committee to approve transfer of shares and related matters. In line with the recommendations of the Code of Corporate Governance, the Board has re-designated the Committee as "Shareholders' / Investors' Grievances Committee" and vested the Committee with further powers. The Committee, apart from approving share transfers, transmissions, etc and other related matters, also looks into the redressal of shareholder complaints like non-transfer of shares, non-receipt of annual reports etc.

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The powers to approve transfer of shares and redress shareholder complaints have been designated to the Whole-Time Director or the Company Secretary. Such transfer of shares and shareholder complaints which cannot be settled by the Whole-Time Director and the Company Secretary are placed before the Shareholders / Investors Grievances Committee for their decision. The approval of share transfers is normally done on a weekly basis so that the Company is able to return share certificates, duly transferred, within fifteen days.

Details of share transfer / transmission and summary of shareholder queries / complaints are placed at the Meeting of members from time to time.

## Composition

The Shareholders' / Investors' Grievances Committee presently comprises three members and two members of the Shareholders' / Investors' Grievances Committee including the Chairman are Non-Executive and Independent Directors:

1. Mr. Pradip Dubhashi – Chairman, Independent & Non-Executive Director
2. Mr. S. R. Sharma – Member, Independent & Non-Executive Director
3. Mr. Anil Dharker – Member Independent & Non-Executive Director

## Compliance Officer

The Board has designated Mr. Ajay Shah, Vice President – Legal and Company Secretary as the Compliance Officer.

## Summary of Shareholders queries received and replied during the year:

Particulars	Queries / Complaints received	Queries / Complaints Replied to
Transfer Related	62	62
Dividend Related	30	30
Change of Address	35	35
Change of Name	1	1
Stop Transfer	6	6
Stop Transfer Cancellation	6	6
Power of Attorney	1	1
Issue of Duplicate / Loss of Shares	8	8
Deletion Cases	13	13
Name Correction	4	4
Mandate	5	5
Transmission	11	11
Non-receipt of Annual Report	8	8
SEBI Complaints	0	0
Miscellaneous	2	2
<b>Total</b>	<b>192</b>	<b>192</b>

## 6. Compensation Committee

The Compensation Committee was originally constituted in October 7, 1999 for administration and superintendence of the Employee Stock Option Schemes / Employee Stock Purchase Scheme. The Compensation Committee was re-constituted in October 25, 2004.

### Composition

The Compensation Committee presently comprises three members and all members including the Chairman are Non-Executive and Independent Directors:

1. Mr. Pradip Dubhashi – Chairman, Independent & Non-Executive Director
2. Mr. S. R. Sharma – Member, Independent & Non-Executive Director
3. Mr. Anil Dharker – Member, Independent & Non-Executive Director

## 7. General Body Meetings

### (a) Location and time, where the last three Annual General meetings were held:\

Financial Year	Date	Location of the Meeting	Time
2010-2011	September 29, 2011	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2009-2010	September 30, 2010	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2008-2009	September 29, 2009	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.

### (b) Whether any special resolutions passed in the pervious three Annual General Meetings:

All the resolutions, including special resolutions, set out in the respective notices were passed by the shareholders.

**(c) Whether any special resolution passed last year through postal ballot and the person who conducted the postal ballot exercise:**

During the year under review, no special resolutions were passed through the postal ballot.

**(d) Whether any special resolution is proposed to be conducted through postal ballot and procedure for postal ballot**

No special resolutions are proposed to be passed through the Postal Ballot and any Special Resolutions proposed to be passed through Postal Ballot in the current year will be done in accordance with the provisions of the prescribed law.

**8. Disclosures**

1. There are no materially significant related party transactions entered into by the Company with its directors or management, their subsidiaries or relatives that may have a potential conflict with the interests of the Company at large.
2. Transactions with the related parties are disclosed in Note No. 37 to the Accounts in the Annual Report.
3. During the last three years, there were no penalties, strictures imposed on the Company, by either the Stock Exchanges or SEBI or any other statutory authorities for non-compliance of any matter related to the Capital Markets.
4. Presently, the Company does not have any Whistle Blower Policy. No personnel of the Company have been denied access to the Audit Committee.
5. The Company has complied with all the mandatory requirements of this clause. The extent of adoption of non-mandatory requirements has been stated separately in this Report.

**9. Code of Conduct**

The Board of Directors has adopted the Code of Conduct for all Board Members and Senior Management of the Company. The said Code of Conduct has been communicated to all Board Members and Senior Management and they have confirmed the compliance with the Code of Conduct. A declaration to that extent signed by CEO has been annexed to the Annual Report of the Company. The Code of Conduct has also been displayed on the website of the Company.

**10. Means of Communication**

1. The Board of Directors of the Company approves and takes on record the quarterly, half-yearly and yearly financial results in accordance with the provisions of clause 41 of the listing agreements.
2. The quarterly, half-yearly and yearly financial results of the Company, as approved by the Board of Directors of the Company, are communicated to all the Stock Exchanges, where the shares of the Company are listed and published in the Mumbai edition of Free Press Journal & Navsakti within the stipulated time. The same are not sent individually to each shareholder.

The Company's financial results and other official news release are displayed on the Company's website [www.primesec.com](http://www.primesec.com)

3. At present, no formal presentations are made to analysts.

**11. General Shareholder information**

- \* AGM: Date, Time and Venue : Tuesday, September 25, 2012 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp Film Centre, Mumbai 400034
- \* Financial Calendar : Financial Year: April 2012 to March 2013
  - ii) First Quarter results: on or before August 14, 2012
  - iii) Second Quarter & Half-yearly results: on or before November 14, 2012
  - iv) Third Quarter & Nine Months results: on or before February 14, 2013
  - v) Results for the year ending March 31, 2013: during April 2013 to May 2013
- \* Date of Book Closure : Thursday, September 20, 2012 to Tuesday, September 25, 2012 (both days inclusive)
- \* Dividend Payment Date : N.A.
- \* Listing on Stock Exchanges : The Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India (NSE). The Company has paid the listing fees for the year 2012-2013
- \* Stock Code – Physical : BSE: 500337  
NSE: PRIMESECU
- \* Demat ISIN Number for NSDL and CDSL : INE032B01021
- \* Market price data: High, Low during each month in last financial year : As per Annexure "1"

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- \* Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index, etc : As per Annexure “2”
- \* Registrar and Transfer Agent : Sharepro Services (India) Private Limited  
Samhita Warehousing Complex, 13 AB, Gala No. 52, 2<sup>nd</sup> Floor,  
Nr. Sakinaka Telephone Exchange, Off. Kurla Andheri Road, Sakinaka, Mumbai 400072.  
Tel: 022 67720300, Fax: 022 28591568, Email: sharepro@shareproservices.com
- \* Share Transfer System : The Company Secretary or the Whole-time Director of the Company are authorised to approve the transfer of share and the same are generally registered / confirmed within 15 days of receipt, provided the documents are clear in all aspects. The said transfers are then noted at the subsequent Shareholders’ / Investors’ Grievances Committee Meeting.
- \* Distribution of Shareholding : As per Annexure “3”
- \* Shareholding Pattern : As per Annexure “4”
- \* Dematerialisation of shares and liquidity : 94.39% of the total shareholding has been dematerialised as on March 31, 2012
- \* Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact of equity : None
- \* Plant Location : Not Applicable
- \* Address for Correspondence : Shareholders correspondence should be addressed to the Registrar and Share Transfer Agents of the Company, M/s Sharepro Services (India) Private Limited, Samhita Warehousing Complex, 13 AB, Gala No. 52, 2<sup>nd</sup> Floor, Nr. Sakinaka Telephone Exchange, Off. Kurla Andheri Road, Sakinaka, Mumbai 400072. Tel: 022 67720300 Fax: 022 28591568. The Company has designated an exclusive e-mail id prime@primesec.com for redressal of investor complaints / grievances. Shareholders holding shares in the electronic form should address all their correspondence to their respective Depository Participants.

## **NON-MANDATORY REQUIREMENTS**

### **1. The Board**

- (a) The Company has a Non-Executive Chairman. The Chairman is not entitled to maintain an office at the Company’s expenses. However, the Company reimburses expenses, if any, incurred by him in the performance of his duties.
- (b) As on date, there is no Independent Director having a term of office exceeding nine years on the Board of the Company.

### **2. Remuneration Committee**

Please refer Sr. No. 4 under the heading “Mandatory Requirements” in this Report.

### **3. Shareholders Rights**

The Company is not sending the half-yearly results to individual shareholder, but the same are published in Free Press Journal & Navsakti.

### **4. Audit Qualification**

Observations made in the Auditors’ Report are self-explanatory and therefore do not call for any further explanation.

### **5. Training of Board Members**

The Company does not have any training programme for its Board Members.

### **6. Mechanism for evaluating non-executive Board Members**

The Company does not have any mechanism for evaluating the performance of the non-executive Board Members.

### **7. Whistle Blower Policy**

The Company does not have a Whistle Blower Policy for employees.

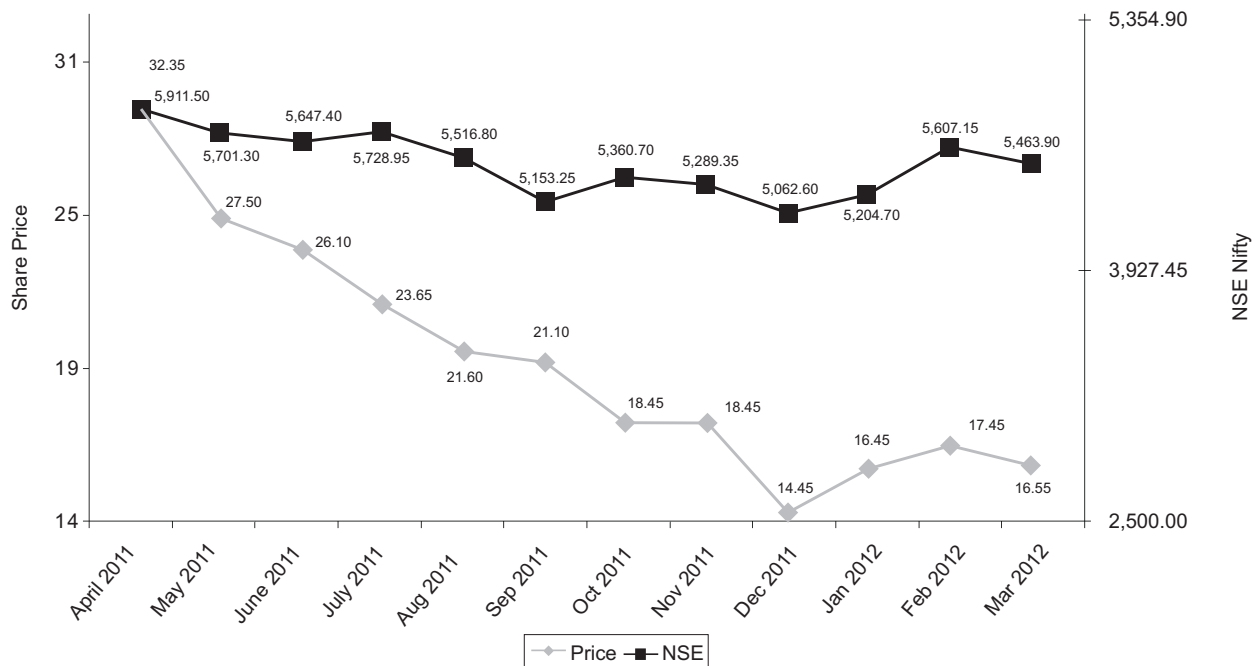
### Annexure 1

#### Market Price Data: High / Low from April 2011 to March 2012

Month	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Nos.)	High (Rs)	Low (Rs)	Volume (Nos.)
April 2011	32.70	27.20	496,244	32.35	27.25	375,449
May 2011	27.65	23.40	238,830	27.50	23.65	227,512
June 2011	26.20	21.85	404,874	26.10	22.05	309,534
July 2011	23.50	22.00	166,097	23.65	21.85	161,707
August 2011	21.60	16.00	283,796	21.60	16.05	178,604
September 2011	21.20	16.05	235,621	21.10	16.25	310,938
October 2011	18.45	16.05	156,147	18.45	16.00	172,145
November 2011	18.10	13.60	95,145	18.45	13.85	114,140
December 2011	14.39	11.16	102,891	14.45	11.35	159,347
January 2012	16.42	11.68	151,506	16.45	11.60	315,725
February 2012	17.65	15.25	137,403	17.45	15.30	86,576
March 2012	15.80	12.50	140,615	16.55	12.35	931,816

### Annexure 2

#### Comparison of Share Price & NSE Nifty - (Monthly High)



# PRIME SECURITIES LIMITED

## Annexure 3

### Distribution of Shareholding (As on March 31, 2012)

No of Equity Shares held	Number of Shareholders	Percentage of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 1000	24,794	94.41	4,371,481	16.51
1001 – 2000	644	2.45	996,770	3.77
2001 – 3000	264	1.01	678,066	2.56
3001 – 4000	129	0.49	460,838	1.74
4001 – 5000	108	0.41	503,324	1.90
5001 – 6000	51	0.19	283,167	1.07
6001 – 7000	40	0.15	262,357	0.99
7001 – 8000	40	0.15	304,405	1.15
8001 – 9000	12	0.05	101,989	0.39
9001 – 10000	22	0.08	214,221	0.81
Above 10000	159	0.61	18,296,907	69.11
<b>Total</b>	<b>26,263</b>	<b>100.00</b>	<b>26,473,525</b>	<b>100.00</b>

## Annexure 4

### Shareholding Pattern of the Company (As on March 31, 2012)

Category	Number of Shares	% of Share Capital
<b>A Shareholding of Promoter and Promoter Group</b>		
1) Indian	Nil	Nil
2) Foreign	Nil	Nil
<b>Sub-Total</b>	<b>Nil</b>	<b>Nil</b>
<b>B Public Shareholding</b>		
1) Institutions		
a) Mutual Funds & UTI	23,100	0.09
b) Financial Institutions / Banks	16,700	0.06
c) Foreign Institutional Investors	491,300	1.86
<b>Sub-Total</b>	<b>531,100</b>	<b>2.01</b>
2) Non-Institutions		
a) Bodies Corporate	10,001,861	37.77
b) i) Individual Shareholders holding nominal share capital upto Rs 1 lac	9,154,296	34.58
ii) Individual Shareholders holding nominal share capital in excess of Rs 1 lac	4,957,668	18.73
c) Any Other (Foreign Companies)	1,828,600	6.91
<b>Sub-Total</b>	<b>25,942,425</b>	<b>97.99</b>
<b>Grand Total</b>	<b>26,473,525</b>	<b>100.00</b>

**DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT  
BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and all Senior Management Personnel. The Code of Conduct is posted on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2012, received a declaration of Compliance with the Code of Conduct from all the Members of the Board and Senior Management Personnel.

For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Board of Directors as on March 31, 2012.

Mumbai  
August 14, 2012

**N. Jayakumar**  
**Managing Director**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To,

**The Members of**

**Prime Securities Limited**

We have examined the compliance of conditions of Corporate Governance by Prime Securities Limited for the Year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement except that since 25th January 2011 no independent director of the Company was a director in the Company's subsidiary as required by clause 49(III)(i) of the Listing Agreement.

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 Gandhi & Associates**  
**Chartered Accountants**  
[Registration No. 102965W]

**Milind Gandhi**  
Partner  
Membership No. 043194

Mumbai, August 14, 2012

# ***PRIME SECURITIES LIMITED***

## **AUDITOR'S REPORT**

### **The Members, Prime Securities Limited**

We have audited the attached Balance Sheet of **PRIME SECURITIES LIMITED** as at March 31, 2012, the Profit & Loss Account and also the Cash Flow Statement 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 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.

1. Further to our comments in the annexure referred to in paragraph (1) above:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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;
  - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Profit and Loss Account and 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) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
2. *We draw attention to:*
  - *Note No. 24 relating to managerial remuneration which is subject to the approval of the Central Government; and,*
  - *Note No. 25 relating to non-provision of Company's investment in, and loans to, its subsidiary Primesec Investments Limited whose net worth has been eroded in view of the circumstances specified in the said note, in respect of which we are unable to express our opinion.*
3. *Subject to para 2 above, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement 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 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, 2012;
  - b. in the case of Profit and Loss Account, of the loss for the year ended on that date; and
  - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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**For Gandhi & Associates**  
Chartered Accountants  
Registration No. 102965W

**Milind Gandhi**  
Partner  
Membership No. 043194

Mumbai, May 25, 2012



## ANNEXURE TO THE AUDITOR'S REPORT

### Referred to in Paragraph 3 of our report of even date

- i)
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As explained to us, the fixed assets were physically verified by the management as at the year end and that discrepancies noticed have been properly dealt with in the books of account. In our opinion, such discrepancies were not material in nature and that the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c. During the year the Company has not disposed off any substantial part of its fixed assets.
- ii) According to the information and explanations given to us, the Company has neither granted nor taken any loan, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iii) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets and sale of services. During the course of our audit, no major weakness has been noticed in the internal control.
- iv) According to the information and explanations given to us, there are no contracts or arrangements that need to be entered into a register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, paragraph 4(v)(a) and (b) of the Order is not applicable.
- v) The Company has not accepted any deposits within the meaning of the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.
- vi) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- vii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
- viii)
  - a. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, service tax and other statutory dues applicable to it.
  - b. According to the information and explanations given to us no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March, 2012 for a period more than six months from the date they became payable.
  - c. According to the information and explanations given to us, there are no statutory dues outstanding on account of any dispute as of 31st March, 2012
- ix) The Company does not have any accumulated loss as at the year end. However, the Company has incurred cash loss during the current financial year but there was no cash loss in the immediately preceding financial year.
- x) The Company has not defaulted in repayment of dues to a financial institution or a bank during the year.
- xi) The Company has not granted any loans or advances against security by way of pledge of shares, debentures and other securities.
- xii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- xiii) The Company has maintained proper records of the transactions and contracts in respect of the investments and timely entries have been made therein. Further, such investments have been held by the Company in its own name except in case of (a) shares given as margin for derivative transactions; (b) shares pledged as security for loan taken by the Company and its subsidiary; and (c) given to a party pending completion of a contract.
- xiv) The Company has given corporate guarantee to banks on behalf of its subsidiary company against the credit facilities availed by the subsidiary company. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- xv) Based on the overall examination of Balance sheet of the Company, as at 31<sup>st</sup> March 2012, we are of the opinion that there are no funds raised on short term basis that has been used for long term application.
- xvi) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xvii) The Company has not raised any money by public issues during the year.
- xviii) According to the information and explanations given to us, no fraud on, or, by the Company has been noticed or reported during the year.

Looking to the nature of activities being carried on by the Company and also considering the nature of the matters referred to in the said Order, clauses no. (ii), (xvi) and (xix) of Paragraph 4 of the said Order are, in our opinion, not applicable to the Company.

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**For Gandhi & Associates**  
Chartered Accountants  
Registration No. 102965W

**Milind Gandhi**  
Partner  
Membership No. 043194

Mumbai, May 25, 2012

# PRIME SECURITIES LIMITED

## BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	Year ended 31-Mar-12 (Rs. in lacs)		Year ended 31-Mar-11 (Rs. in lacs)	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	1,327.85		1,327.85	
Reserves and Surplus	2	9,538.95	10,866.80	9,958.03	11,285.88
<b>Non-current Liabilities</b>					
Long-term Provisions	3		110.82		110.94
<b>Current Liabilities</b>					
Short-term Borrowings	4	5,781.96		6,251.82	
Trade Payables	5	7.88		15.56	
Other Current Liabilities	6	513.25		603.90	
Short-term Provisions	7	12.24	6,315.33	11.50	6,882.78
<b>Total</b>			<b>17,292.95</b>		<b>18,279.60</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets	8				
- Tangible Assets		467.65		398.73	
- Intangible Assets		0.81		0.07	
Non-current Investments	9	7,655.96		8,395.88	
Long Term Loans and Advances	10	583.02		255.80	
Other Non-current Assets	11	345.00	9,052.44	15.00	9,065.48
<b>Current Assets</b>					
Current Investments	12	71.50		76.39	
Trade Receivables	13	373.44		658.54	
Cash and Bank Balances	14	360.66		923.16	
Short-term Loans and Advances	15	7,371.84		7,547.55	
Other Current Assets	16	63.07	8,240.51	8.48	9,214.12
<b>Total</b>			<b>17,292.95</b>		<b>18,279.60</b>
<b>Notes on Accounts</b>	1 to 40				

As per our Report attached

For and on behalf of  
**GANDHI & ASSOCIATES**  
*Chartered Accountants*  
 Registration No. 102965W

**Milind Gandhi**  
*Partner*  
 Membership No. 043194  
 Mumbai, May 25, 2012

**N. JAYAKUMAR**  
*Managing Director*

**R. RAMACHANDRAN**  
*Executive Director*

**AJAY SHAH**  
*Company Secretary*

For and on behalf of the Board

**PRADIP DUBHASHI** *Chairman*

**S. R. SHARMA** *Director*

**ANIL DHARKER** *Director*

Mumbai, May 25, 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012**

	Note No.	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
<b>I REVENUE FROM OPERATIONS</b>	17	<b>1,349.86</b>	1,674.82
<b>II OTHER INCOME</b>	18	<b>(393.97)</b>	282.53
<b>III TOTAL REVENUE (I + II)</b>		<b>955.89</b>	1,957.35
<b>IV EXPENSES</b>			
Employee Benefit Expenses	19	<b>274.03</b>	278.91
Finance Costs	20	<b>669.58</b>	863.05
Depreciation and Amortisation Expense	8	<b>22.15</b>	21.97
Other Expenses	21	<b>293.21</b>	269.67
<b>TOTAL EXPENSES</b>		<b>1,258.97</b>	1,433.60
<b>V PROFIT / (LOSS) BEFORE TAX (III - IV)</b>		<b>(303.08)</b>	523.75
<b>VI Tax Expense</b>			
- Current Tax		<b>116.00</b>	100.00
- Deferred Tax		-	-
- Short / (Excess) Provision of Tax		-	2.68
<b>VII PROFIT / (LOSS) FOR THE YEAR (V - VI)</b>		<b>(419.08)</b>	421.07
<b>Earning per Equity Share (Face Value per Share Rs. 5/-)</b>			
- Basic		<b>(1.58)</b>	1.59
- Diluted		<b>(1.58)</b>	1.57
<b>Notes on Accounts</b>	1 to 40		

As per our Report attached

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Milind Gandhi**  
Partner  
Membership No. 043194  
Mumbai, May 25, 2012

**N. JAYAKUMAR**  
Managing Director

**R. RAMACHANDRAN**  
Executive Director

**AJAY SHAH**  
Company Secretary

For and on behalf of the Board

**PRADIP DUBHASHI** *Chairman*

**S. R. SHARMA** *Director*

**ANIL DHARKER** *Director*

Mumbai, May 25, 2012

# PRIME SECURITIES LIMITED

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 1 - SHARE CAPITAL	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
<b>AUTHORISED</b>		
3,00,00,000 Equity Shares of Rs. 5/- each	1,500.00	1,500.00
2,00,000 13% Cumulative Redeemable Preference Shares of Rs. 100/- each	200.00	200.00
18,00,000 Unclassified Shares of Rs. 100/- each	1,800.00	1,800.00
<b>Total</b>	<b>3,500.00</b>	<b>3,500.00</b>
<b>ISSUED</b>		
2,72,22,725 (Previous Year 2,72,22,725) Equity Shares of Rs. 5/- each	1,361.14	1,353.73
<b>Total</b>	<b>1,361.14</b>	<b>1,353.73</b>
<b>SUBSCRIBED &amp; FULLY PAID</b>		
2,64,73,525 (Previous Year 2,64,73,525) Equity Shares of Rs. 5/- each	1,323.68	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	4.17	4.17
<b>Total</b>	<b>1,327.85</b>	<b>1,327.85</b>

- a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

Particulars	Year ended 31-Mar-12 No. of Shares	Year ended 31-Mar-11 No. of Shares
Opening Balance	26,473,525	26,325,425
Add: Shares Issued on exercise of Employee Stock Options	-	148,100
Closing Balance	26,473,525	26,473,525

- b) Details of equity shareholders holding more than 5% of equity shares:

Name of Shareholder	Year ended 31-March-2012		Year ended 31-March-2011	
	%	No. of Shares	%	No. of Shares
Judith Investments Private Limited	10.14	2,683,497	10.14	2,683,497
N. Jayakumar	7.78	2,058,652	7.28	1,927,128
Religare Finvest Limited	7.62	2,018,566	7.47	1,978,739
Videocon Industries Limited	7.00	1,853,158	7.00	1,853,158
New Vernon Private Equity Limited	6.80	1,800,000	6.80	1,800,000

- c) **Employees Stock Option Schemes (ESOS)**

The Company's stock based compensation plan for employees comprises of three schemes viz. the ESOS 2007 Scheme, ESOS 2008 Scheme and the ESOS 2009 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries. The Company has reserved issuance of 27,81,950 (Previous year 28,11,950) Equity Shares of Rs. 5/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS) approved by Members. During the year, the Company has granted NIL (Previous year 1,300,000) Options to the eligible employees.

### ESOS 2007 Scheme

The Scheme permits allocation of an aggregate of 1,000,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee as determined by the Compensation Committee.

### ESOS 2008 Scheme

The Scheme permits allocation of an aggregate of 1,200,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee as determined by the Compensation Committee.

### ESOS 2009 Scheme

The Scheme permits allocation of an aggregate of 2,000,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee as determined by the Compensation Committee.

The number of options granted, exercised and lapsed under the above schemes is set out below:

Particulars (Exercise Price)	ESOS 2007 (Rs. 38/-)		ESOS 2008 (Rs. 15/-)		ESOS 2009 (Rs. 38/-)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options outstanding, beginning of the year	822,000	989,000	839,950	1,103,050	1,150,000	-
Add: Granted during the year	-	-	-	-	-	1,300,000
Less: Exercised during the year	-	-	-	148,100	-	-
Less: Lapsed during the year	10,000	167,000	-	115,000	20,000	150,000
Options outstanding, end of the year	812,000	822,000	839,950	839,950	1,130,000	1,150,000

NOTE 2 - RESERVES AND SURPLUS	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
<b>Capital Reserve</b>		
As per last Balance Sheet	165.00	165.00
	165.00	165.00
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	217.27	217.27
	217.27	217.27
<b>Securities Premium Reserve</b>		
As per last Balance Sheet	5,312.64	5,297.83
Add: Receipts on exercise of Employee Stock Options	-	14.81
	5,312.64	5,312.64
<b>General Reserve</b>		
As per last Balance Sheet	2,400.00	2,400.00
	2,400.00	2,400.00
<b>Surplus</b>		
Balance at the beginning of the year	1,863.12	1,442.05
Add: Net Profit / (Loss) for the year	(419.08)	421.07
	1,444.04	1,863.12
<b>Total</b>	<b>9,538.95</b>	<b>9,958.03</b>

NOTE 3 - LONG-TERM PROVISIONS	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
Provision for Employee Benefits		
- Leave Encashment	110.82	110.94
<b>Total</b>	<b>110.82</b>	<b>110.94</b>

NOTE 4 - SHORT-TERM BORROWINGS	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
<b>Loans and Advances other than Banks</b>		
Secured [Against pledge of specified investments owned by the Company (Refer note 9 & 11)]	3,345.85	3,763.32
Unsecured [Refer note 26]	2,360.13	2,475.00
<b>Loans and Advances from Related Parties</b>		
From Subsidiary Companies (Unsecured)	75.98	13.50
<b>Total</b>	<b>5,781.96</b>	<b>6,251.82</b>

# PRIME SECURITIES LIMITED

NOTE 5 - TRADE PAYABLES	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
Trade Payables [As per the information available with the Company, there are no dues outstanding as on March 31, 2012 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006]	7.88	15.56
<b>Total</b>	<b>7.88</b>	<b>15.56</b>

NOTE 6 - OTHER CURRENT LIABILITIES	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
Interest Accrued and Due on Borrowings	376.78	419.38
Unpaid Dividends	54.11	54.23
Other Payables		
Statutory Dues	64.99	124.04
Outstanding Expenses	17.37	6.25
<b>Total</b>	<b>513.25</b>	<b>603.90</b>

NOTE 7 - SHORT-TERM PROVISIONS	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
Provision for Employee Benefits - Leave Encashment	12.24	11.50
<b>Total</b>	<b>12.24</b>	<b>11.50</b>

NOTE 8 - FIXED ASSETS										
Description	Gross Block at Cost				Depreciation				Net Block	
	As on 1-Apr-11	Additions	Deletions & Adjustments	As on 31-Mar-12	As on 1-Apr-11	For the period		As on 31-Mar-12	As on 31-Mar-12	As on 31-Mar-11
						Provided	Adjustments			
<b>Tangible Assets</b>										
Building	392.80	44.99	-	437.79	100.46	6.77	-	107.23	330.56	292.34
Furniture & Fixtures	39.55	33.07	35.46	37.16	26.81	2.24	26.91	2.14	35.02	12.74
Vehicles	135.76	-	14.20	121.56	51.31	11.74	7.57	55.48	66.08	84.45
Office Equipments	10.62	33.85	9.04	35.43	1.42	1.12	1.30	1.24	34.19	9.20
Computers	-	1.97	-	1.97	-	0.17	-	0.17	1.80	-
<b>Intangible Assets</b>										
Computer Software	0.26	0.85	-	1.11	0.19	0.11	-	0.30	0.81	0.07
<b>Total</b>	<b>578.99</b>	<b>114.73</b>	<b>58.70</b>	<b>635.02</b>	<b>180.19</b>	<b>22.15</b>	<b>35.78</b>	<b>166.56</b>	<b>468.46</b>	<b>398.80</b>
<b>Previous Year</b>	578.45	0.54	-	578.99	158.22	21.97	0.35	180.19	398.80	420.24

## Note:

Net block of the Building include a residential flat of Rs. 285.94 Lacs in a co-operative society, acquired from a debtor in satisfaction of a claim. In view of the restraining orders, the society has kept in abeyance the admission of membership of the Company. In the earlier year, pursuant to the order of the Hon'ble High Court, the possession of the flat was handed over to the Official Assignee. An appeal was filed by the Company against the said order whereby the said order was set aside. Pursuant to the fresh chamber summons filed by the Company for removing attachment, the Official Assignee has been directed not to sell or dispose-off the flat. The Company has been legally advised that the said developments will not have a bearing on the Company's title to the flat and consequently there is no impairment in the value of the asset and the Company is not likely to have any further claim or liability against the said flat.

<b>NOTE 9 - NON-CURRENT INVESTMENTS (NON-TRADE)</b>	<b>Face Value</b>	<b>Quantity (Nos.) Year ended 31-Mar-12</b>	<b>Quantity (Nos.) Year ended 31-Mar-11</b>	<b>(Rs. in Lacs) Year ended 31-Mar-12</b>	<b>(Rs. in Lacs) Year ended 31-Mar-11</b>
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>A) In Wholly-owned Subsidiary Companies</b>					
<b>Unquoted, Fully Paid-up</b>					
Prime Broking Company (India) Limited	Rs. 10	5,341,000	5,341,000	1,719.70	1,719.70
Prime Commodities Broking (India) Limited	Rs. 10	500,000	500,000	50.00	50.00
Prime Research & Advisory Limited	Rs. 10	350,000	350,000	33.02	33.02
Primesec Investments Limited	Rs. 10	1,636,000	1,636,000	798.00	798.00
<b>Total A</b>				<b>2,600.72</b>	<b>2,600.72</b>
<b>B) In Other Companies</b>					
<b>I) Quoted, Fully Paid-up</b>					
* ABG Shipyard Limited	Rs. 10	336,500	105,000	1,315.07	374.99
* Aanjaneya Lifecare Limited	Rs. 10	65,000	-	272.07	-
El forge Limited	Rs. 10	97,316	97,316	14.57	14.57
@ Gitanjali Gems Limited	Rs. 10	225,000	-	768.45	-
* Great Offshore Limited	Rs. 10	290,000	105,000	645.36	373.17
# Greycells Entertainment Limited	Rs. 10	512,029	512,029	581.14	581.14
! Intense Technologies Limited	Rs. 10	421,000	421,000	46.09	46.09
\$ IOL Netcom Limited	Rs. 10	1,079,930	1,079,930	401.01	401.01
Jaiprakash Associates Limited	Rs. 2	150	150	0.08	0.08
Jindal Saw Limited	Rs. 2	-	1,250,000	-	2,591.01
Logix Microsystems Limited	Rs. 10	213,421	213,421	100.22	100.22
* Lumax Industries Limited	Rs. 10	50,000	-	175.81	-
Pipavav Shipyard Limited	Rs. 10	-	735,000	-	593.56
<b>Total B (I)</b>				<b>4,319.87</b>	<b>5,075.84</b>
<b>II) Unquoted, Fully Paid-up</b>					
^ Baron International Limited	Rs. 10	1,828,300	1,828,300	882.36	882.36
Blue Chip Technologies Limited	Rs. 10	100,000	100,000	-	-
Bussiness India Publication Limited	Rs. 10	134,589	134,589	138.73	138.73
Gateway Entertainment Limited	Rs. 10	28,500	28,500	-	-
^ Sarju International Limited	Rs. 10	535,000	535,000	240.75	240.75
Trinity Fuels Limited	Rs. 10	320,000	320,000	-	-
Tunip Agro Limited	Rs. 10	858,929	818,791	596.64	580.59
				<b>1,858.48</b>	<b>1,842.43</b>
Less : Provision for Diminution in the value of Investments				<b>1,123.11</b>	<b>1,123.11</b>
<b>Total B (II)</b>				<b>735.37</b>	<b>719.32</b>
<b>Total B [B (I)+B (II)]</b>				<b>5,055.24</b>	<b>5,795.16</b>
<b>Total Non-Current Investments (A+B)</b>				<b>7,655.96</b>	<b>8,395.88</b>
<b>Aggregate amount of Quoted Investments (A)</b>				<b>4,319.87</b>	<b>5,075.84</b>
<b>Market Value of Quoted Investments</b>				<b>3,074.96</b>	<b>4,158.25</b>
<b>Aggregate Amount of Unquoted Investments (B)</b>				<b>3,336.09</b>	<b>3,320.04</b>

**NOTES:**

- \* Shares under lien/pledge towards short-term borrowings by the Company.
  - @ Out of the shares held 180,000 shares are under lien/pledge towards short-term borrowings by the Company.
  - # Out of the shares held 400,000 shares are under lien/pledge towards short-term borrowings by the Company.
  - ! Out of the shares held 400,000 shares are under lien/pledge towards short-term borrowings by the Company's Subsidiary.
  - \$ Out of the shares held 1,075,000 shares are under lien/pledge towards short-term borrowings by the Company and its Subsidiary.
  - ^ Cost written-off on account of permanent diminution.
- Refer Note 30 for diminution in value considered temporary in nature.

# PRIME SECURITIES LIMITED

NOTE 10 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
Capital Advances	327.50	-
Security Deposits	121.10	187.08
Other Loans and Advances		
Advance Income Tax (Net of Provisions)	132.66	68.07
Prepaid Expenses	1.76	0.65
<b>Total</b>	<b>583.02</b>	<b>255.80</b>

NOTE 11 - OTHER NON-CURRENT ASSETS	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
Deposit with Banks	345.00	15.00
<b>Total</b>	<b>345.00</b>	<b>15.00</b>

NOTE 12 - CURRENT INVESTMENTS (NON-TRADE)	Face Value	Quantity (Nos.) Year ended 31-Mar-12	Quantity (Nos.) Year ended 31-Mar-11	(Rs. in Lacs) Year ended 31-Mar-12	(Rs. in Lacs) Year ended 31-Mar-11
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>A) Quoted Fully Paid up</b>					
* Hitech Plast Limited	Rs. 10	107,022	108,981	37.08	37.76
International Hometex Limited	Rs. 10	400,000	400,000	0.00	0.00
Premier Limited	Rs. 10	21,500	21,500	14.24	18.45
Solid Stone Company Limited	Rs. 10	42,139	42,139	20.18	20.18
<b>Total Current Investments</b>				<b>71.50</b>	<b>76.39</b>
<b>Aggregate amount of Quoted Investments</b>				<b>71.50</b>	<b>76.39</b>
<b>Market Value of Quoted Investments</b>				<b>94.59</b>	<b>129.09</b>

#### NOTES:

\* Out of the shares held 107,000 shares are under lien/pledge towards short-term borrowings by the Company and its Subsidiary.

NOTE 13 - TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
Outstanding for a period exceeding six months	363.96	162.19
Others	9.48	496.35
<b>Total</b>	<b>373.44</b>	<b>658.54</b>

NOTE 14 - CASH AND BANK BALANCES	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
<b>Cash and Cash Equivalents</b>		
Balances with Banks	102.73	264.58
(Includes earmarked balances for payment of Unclaimed Dividend of Rs. 54.10 Lacs) (Previous Year Rs. 54.23 Lacs))		
Cash on Hand	2.93	7.05
<b>Other Bank Balances</b>		
- In Deposit Accounts	255.00	651.53
<b>Total</b>	<b>360.66</b>	<b>923.16</b>



<b>NOTE 15 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-12 (Rs. in lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in lacs)</b>
Loans and Advances to Related Parties		
- Subsidiary Companies	<b>6,605.86</b>	6,594.67
Others		
Intercompany Deposits [Refer Note 27]	<b>694.35</b>	903.35
Prepaid Expenses	<b>70.74</b>	48.95
Service Tax Credit	<b>0.89</b>	0.58
<b>Total</b>	<b>7,371.84</b>	7,547.55

<b>NOTE 16 - OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-12 (Rs. in lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in lacs)</b>
Receivable on Sale of Investments	<b>55.35</b>	-
Income Receivable	<b>7.72</b>	8.48
<b>Total</b>	<b>63.07</b>	8.48

<b>NOTE 17 - REVENUE FROM OPERATIONS</b>	<b>Year ended 31-Mar-12 (Rs. in lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in lacs)</b>
Merchant Banking and Advisory Fees	<b>1,352.43</b>	1,674.82
Net Gain / (Loss) in Derivatives and Other Transactions	<b>(2.57)</b>	-
<b>Total</b>	<b>1,349.86</b>	1,674.82

<b>NOTE 18 - OTHER INCOME</b>	<b>Year ended 31-Mar-12 (Rs. in lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in lacs)</b>
Interest Income	<b>63.86</b>	98.97
Dividend Income	<b>8.05</b>	45.16
Net Gain / (Loss) on Sale of Investments	<b>(595.93)</b>	(88.25)
Recovery of Shared Services	<b>130.00</b>	136.00
Other Non-Operating Income		
Provisions no longer required, Written back	<b>0.05</b>	-
Debts Written-off Now Recovered	-	86.06
Miscellaneous Income	-	4.59
<b>Total</b>	<b>(393.97)</b>	282.53

<b>NOTE 19 - EMPLOYEE BENEFIT EXPENSES</b>	<b>Year ended 31-Mar-12 (Rs. in lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in lacs)</b>
Salaries	<b>263.77</b>	269.56
Contribution to Provident and Other Funds	<b>6.74</b>	4.09
Staff Welfare Expenses	<b>3.52</b>	5.26
<b>Total</b>	<b>274.03</b>	278.91

<b>NOTE 20 - FINANCE COSTS</b>	<b>Year ended 31-Mar-12 (Rs. in lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in lacs)</b>
Interest Expense	<b>669.58</b>	863.05
<b>Total</b>	<b>669.58</b>	863.05

# PRIME SECURITIES LIMITED

NOTE 21 - OTHER EXPENSES	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
Power and Fuel	8.41	7.09
Rent	71.39	91.34
Repairs to Building	0.45	0.45
Repairs to Machinery	0.66	9.96
Insurance Premium	1.57	1.83
Rates & Taxes	5.58	0.32
Travelling & Conveyance	33.67	22.54
Consultancy & Professional Charges	56.75	46.02
Director's Sitting Fees	5.10	1.80
Auditor's Remuneration		
- For Audit Fees	4.00	4.00
- For Taxation	1.00	1.30
- For Other Services	-	0.60
Loss on Foreign Currency Transaction	5.91	-
Balances Written-off	12.22	27.67
Loss on Asset Sold/Discarded	18.23	-
Diminution in Value of Current-Investments	4.21	19.01
Prior Period Items	17.44	-
Miscellaneous Expenses	46.62	35.74
<b>Total</b>	<b>293.21</b>	<b>269.67</b>

## 22. Significant Accounting Policies

### a) Basis of Presentation of Financial Statements

The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with the accounting practices generally accepted in India.

### b) Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation and impairment loss, if any.

### c) Depreciation

Depreciation on assets is provided on straight-line method on pro-rata basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Capitalised software is depreciated on a straight line basis over a period of their useful life which is estimated at six years.

### d) Investments

Investments intended, at the time of acquisition, to be held for a period exceeding twelve months are classified as "Non-Current Investments". All other Investments are classified as "Current Investments".

Investments are accounted on trade date at cost of acquisition which includes brokerage and other charges.

Current Investments are valued at cost or market value, whichever is lower, whereby the cost of each scrip is compared with its market value and the resultant shortfall, if any, is charged to revenue.

Non-Current Investments are stated at cost less provision, if any, for diminution which is considered other than temporary in nature.

### e) Revenue Recognition

Merchant Banking and Advisory Fees are accrued as per the terms of contract except where there is uncertainty as to their realisation.

Interest is accounted on accrual basis.

Dividend is accounted when the right to receive is established.

Gains or losses on sale of Investments are recognised on trade dates by comparing the sales realisation with the weighted average cost of such investment.

f) **Employee Benefits**

i) **Defined Contribution Plan**

Contribution to defined contribution plan (being Provident Fund) is charged to the Profit and Loss Account.

ii) **Defined Benefit Plan**

The present value of the obligation under defined benefit plan (being Gratuity and Leave Encashment) is determined based on actuarial valuation using the projected unit credit method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In case of funded benefit plans the fair value of the plan assets is compared with the gross obligation under the benefit plan to recognize the obligation on net basis.

iii) **Other Benefits**

Short term and long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

g) **Taxation**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognised only if there is a reasonable certainty of their realization.

h) **Earnings Per Share**

In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

i) **Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

j) **Operating Leases**

Leases of Assets under which all the risk and benefits of the ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss account.

k) **Derivative Transactions**

Gains are recognized only on settlement/expiry of derivative instruments.

All open positions are marked to market and unrealized losses are provided for. Unrealized gains, if any, on marked to market are not recognized.

Debit/Credit balance on open interest as on the balance sheet dates are shown as current assets/liabilities, as the case may be.

l) **Foreign Currency Transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the profit and loss account.

There are no monetary assets or liabilities outstanding as at the year end.

m) **Provisions and contingencies**

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

# PRIME SECURITIES LIMITED

## 23. Contingent Liabilities

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	20.11	20.11
Corporate guarantee given for financial facilities for a subsidiary (Amount outstanding at the close of the year)	2,300.00	1,650.00
Claim made against the Company not acknowledged as debt (Interest liability on the same cannot be ascertained)	545.80	545.80
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advance)	1,360.00	-

24. In view of the inadequacy of profits, the managerial remuneration provided for in the accounts exceeds the maximum amount payable in accordance with provisions of Section 198 read with Schedule XIII of the Companies Act, 1956. The Company has made an application to the Central Government for approval of excess remuneration which is pending for disposal.

25. The Company has an investment of Rs. 798.00 Lacs in equity shares of Primesec Investments Limited ('PIL'), a wholly owned subsidiary and has also given an unsecured loan of Rs. 6,601.29 Lacs.

As on March 31, 2012, PIL has a negative net worth of 2,250.91 Lacs. Further, sale consideration of Rs. 1,008.89 Lacs for shares sold in the earlier financial year is yet to be received by PIL. In the event of default by the purchasers in making the payment, PIL would be required to make suitable adjustments in its profit and loss account to the extent of such default which would further erode its net worth. However, having regard to the sustained efforts undertaken by the Board of PIL, among other things to infuse capital, re-coup losses and realize the sale proceeds, the financial statements of PIL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities.

Considering that the Company's investment in PIL is of strategic and long term nature and having regard to the efforts undertaken by the Board of PIL no provision is considered necessary by the management for diminution in the value of the Company's financial exposure in PIL.

26. In Note 4 the unsecured loans accepted by the Company and aggregating to Rs. 2,375.00 Lacs have been categorized as short-term borrowings on the basis of the management's representation in that regard. The accounts of certain unsecured loans are subject to confirmation of the respective parties. Adjustments, if any, will be made on receipt of such confirmations.

27. In Note 15 the inter-corporate deposits given by the Company and aggregating to Rs. 694.35 Lacs have been categorized as short-term loans and advances on the basis of the management's representation in that regard. These deposits are subject to confirmation of the respective parties. Adjustments, if any, will be made on receipt of such confirmations.

28. During the year, the Company sold some of its investment in equity instruments on the recognized stock exchanges through a broker (being one of its wholly-owned subsidiary) and accounted a gain of Rs. 256.89 Lacs. On the same day, one of the Company's subsidiary purchased the same shares on the stock exchanges through the same broker. There was no requirement on the broker to deliver the shares to the exchanges since the net delivery obligation was squared-off at broker-level. The Company's obligation to deliver the shares to the broker was not immediately fulfilled since the shares were under lien/pledge. However, Company has after the balance sheet date, but before the date of signing of this report, fulfilled its obligation by delivering the shares to the broker.

29. During the year Company had pledged shares belonging to third parties to obtain credit facilities. Confirmations from such parties are yet to be received. However, as at the year-end, shares have been returned to the respective parties.

30. There has been a decline of Rs. 1,336.88 Lacs as on March 31, 2012 in the carrying value of Non-current Investments. No provision for diminution in the value of such investments has been considered necessary since, in the opinion of the management, such diminution is only temporary in nature considering depressed market conditions prevailing at the year-end due to global financial crisis.

31. The Company's main business is to provide corporate advisory services. All other activities are incidental to the main business. As such, there are no separate reportable segments, as per Accounting Standard on 'Segment Reporting' (AS 17) issued by the Institute of Chartered Accountants of India.

## 32. Retirement Benefits

(Disclosure as required by AS 15 (Revised), "Accounting for Retirement Benefits" issued by Institute of Chartered Accountants of India)

Contribution to gratuity for India based employees are accrued on the basis of actuarial valuation and are also accordingly funded. The balance of Projects Benefit Obligation (PBO) on gratuity over the funded amount is accrued as liability.

(A) Disclosure in terms of revised AS 15 on Retirement Benefits in respect of Defined Benefits Plans (Gratuity - funded scheme) (Rs. in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
<b>Change in Projected Benefits Obligation (PBO)</b>		
PBO at beginning of the year	106.69	87.92
Service cost	7.75	14.53
Interest cost	8.80	7.03
Actuarial (gain)/loss	(9.55)	(2.79)
Benefits paid	-	-
PBO at the end of the period	113.69	106.69
<b>Change in Plan Assets</b>		
Plan assets at the beginning of the year at fair value	111.48	95.55
Expected return on plan assets	8.92	7.64
Employer Contribution	15.47	6.83
Actuarial gain/ (loss)	2.28	1.46
Benefits paid	-	-
Fair value of plan assets at the end of the year	138.15	111.48
<b>Reconciliation of PBO and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	138.15	111.48
Present value of the defined benefit obligations at the end of the year	113.69	106.69
Funded Status of the Plan	24.46	4.79
<b>Gratuity costs for the year</b>		
Service cost	7.75	14.53
Interest cost	8.80	7.03
Expected return on plan assets	(8.92)	(7.64)
Actuarial (gain)/loss	(11.84)	(4.25)
Net Gratuity	(4.21)	9.67
<b>Assumption</b>		
Discount Factor	8.75%	8.25%
Estimated rate of return on plan assets	8.80%	8.00%

(B) During the year, a provision of Rs. 0.62 lacs (Previous year Rs. 26.89 lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is Rs. 123.06 lacs (Previous Year Rs. 122.44 lacs). The actuarial liability is computed assuming the discount factor of 8.75%.

33. As at the year-end, the open interest in derivatives transactions is as under:

Description	No. of Units / Quantity	
	Long Position	Short Position
Futures – Alok Industries Limited 26-April-2012	616,000	-
Futures – Videocon Industries Limited 26-April-2012	250,000	-
Futures – Welspun Corp Limited 26-April-2012	300,000	-

34. **Earnings per Share**

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Basic</b>		
Opening Number of Shares	26,473,525	26,325,425
Closing Number of Shares	26,473,525	26,473,525
Weighted Average Number of Shares for Basic EPS	26,473,525	26,437,784
Profit / (Loss) after Tax (Rs. in Lacs)	(419.08)	421.07
Basic EPS (Rs.)	(1.58)	1.59
<b>Diluted</b>		
Dilutive Component of Stock Options / Warrants Outstanding	7,789	453,555
Weighted Average Number of Shares for Diluted EPS	26,481,314	26,891,339
Diluted EPS (Rs.)	(1.58)	1.57

# PRIME SECURITIES LIMITED

The Guidance Note on Accounting of Employee Share Based Compensation issued by Institute of Chartered Accountant of India applies to employee share based payment plans, the grant date of which falls on or after April 1, 2005 and allows accounting for employee share based payment plans based on either the Intrinsic value method or the fair value method. The Company follows the intrinsic value method. Under the fair value method, the net loss for the year ended March 31, 2012 would have been higher by Rs. 22.81 Lacs and the Basic EPS and Diluted EPS would have been Rs. (1.58) and (Rs. 1.58) respectively.

The fair value of each option is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Particulars	Year ended March 31, 2012
Dividend Yield (%)	-
Expected Volatility (%)	21.29
Risk Free Interest Rate (%)	8.80
Expected Term (Number of Years)	3

## 35. Earnings in Foreign Exchange (Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Merchant Banking & Advisory Fees	225.70	4.93

## 36. Operating Lease for asset taken on lease (Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
i) Total of future minimum lease payments.		
a) Not later than one year	8.88	6.40
b) Later than one year and not later than five years	6.60	6.00
c) Later than five years	-	-
ii) Lease payments recognised in the Profit and Loss account	71.39	91.34

## 37. Related Party Disclosures

1. Related party disclosures in respect of related parties with whom transactions have taken place during the year are given below:

### Relationships

#### i) Subsidiary Companies

- Prime Broking Company (India) Limited
- Prime Research & Advisory Limited
- Prime Commodities Broking (India) Limited
- Primesec Investments Limited

#### ii) Associate Company

- Gateway Entertainment Limited

#### iii) Directors

- Mr. N. Jayakumar
- Mr. R Ramachandran
- Mr. Pradip Dubhashi
- Mr. S. R. Sharma
- Mr. Anil Dharker

#### iv) Key Management Personnel

- Mr. Ajay Shah

#### v) Relative of Key Management Personnel

- Mrs. Madhu Jayakumar

- vi) The following transactions were carried out with the related parties in the ordinary course of business during the financial year 2011-2012



(Rs. In Lacs)

Sr. No	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2012	March 31, 2011
1.	Sums paid / received from Prime Broking Company (India) Limited on current account Sums Received Sums Paid	7,892.20 7,184.34	8,716.49 5,176.26	4.57 (Debit)	712.43 (Debit)
2.	Recovery of Shared Services - From Prime Broking Company (India) Limited	130.00	136.00	-	-
3.	Brokerage paid to Prime Broking Company (India) Limited	2.06	2.97	-	-
4.	Interest free Inter corporate deposit received from Prime Commodities Broking (India) Limited	47.50	-	47.50 (Credit)	-
5.	Interest free Inter corporate deposit received from Prime Research & Advisory Limited Sums Received Sums Paid	33.50 5.03	- -	28.47 (Credit)	-
6.	Interest free Inter corporate deposit given to Primesec Investment Limited (Net)	684.82	2,068.97	6,601.29 (Debit)	5,916.47 (Debit)
7.	Investment in Shares of Primesec Investments Limited	-	100.00	-	-
8.	Sale of Shares to Primesec Investments Limited	-	96.50	-	-
9.	Loan to Mr. N. Jayakumar - Repaid during the year	-	3.42	-	-
10.	Interest on loan received from Mr. N Jayakumar	-	0.06	-	-
11.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.	3.00	3.00	2.70 (Credit)	2.70 (Credit)
12.	Remuneration paid to Directors / Key Managerial Personnel	202.23	179.88	-	-
13.	Advance salary paid to Whole-time Director	-	2.50	40.00 (Debit)	40.00 (Debit)
14.	Sitting fees paid to the Directors of the Company for attending meetings of the Board of Directors	5.10	1.80	-	-
15.	Refund of Office Deposit to Prime Broking Company (India) Limited	35.00	-	-	35.00 (Credit)
16.	Refund of Office Deposit to Prime Research & Advisory Limited	13.50	-	-	13.50 (Credit)
17.	Deposit given to Mrs. Madhu Jayakumar for Residential accommodation	-	-	100.00 (Debit)	100.00 (Debit)
18.	Advance written-off of Gateway Entertainment Limited	0.77	-	-	0.77 (Debit)

38. The Company provides for the use of its subsidiary certain facilities like use of human resources, premises, infrastructure and other facilities and services and the same are termed as 'Recovery of Shared Services'. Such shared services consisting of administrative and other expenses paid for by the Company are recovered on the basis of fair estimates of such usage.

39. The net effect of taxation timing differences results in a deferred tax asset. As a measure of prudence such deferred tax asset is, for the time being, not recognized in the accounts in absence of certainty about its realization.

40. The financial statements for the current year are prepared under revised Schedule VI to the Companies Act 1956 and accordingly, previous year figures have been re-classified to conform to the current year's classification.

As per our Report attached

For and on behalf of the Board

For and on behalf of

**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**N. JAYAKUMAR**  
Managing Director

**PRADIP DUBHASHI** Chairman

**R. RAMACHANDRAN**  
Executive Director

**S. R. SHARMA** Director

**Milind Gandhi**  
Partner  
Membership No. 043194  
Mumbai, May 25, 2012

**AJAY SHAH**  
Company Secretary

**ANIL DHARKER** Director

Mumbai, May 25, 2012



# PRIME SECURITIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2012

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
<b>A Cash flow from Operating Activities</b>		
Net Profit / (Loss) before tax	(303.08)	523.75
Adjustments for :		
Dividend Received	(8.05)	(45.16)
Interest Received	(63.86)	(98.97)
Depreciation	22.15	21.97
Interest & Finance Charges	669.58	863.05
Diminution in Value of Investments (Net)	4.21	19.01
Loss on Asset Sold / Discarded	18.23	–
Loss / (Gain) on Sale of Investments (Net)	595.93	88.25
Balances Written-off	12.22	–
Bad Debts Written-off / back (Net)	–	(86.06)
	<b>1,250.41</b>	<b>762.11</b>
Operating Profit / (Loss) before Working Capital changes	<b>947.33</b>	<b>1,285.84</b>
Adjustments for Changes in the Working Capital		
Debtors	285.10	(571.70)
Current Assets	(55.35)	4.32
Loans & Advances	(99.13)	2,933.97
Current Liabilities & Provisions	(55.13)	(203.50)
	<b>75.49</b>	<b>2,163.09</b>
<b>Cash generated from Operations</b>	<b>1,022.82</b>	<b>3,448.93</b>
Direct Taxes (Paid) / Refund (net)	(180.58)	12.50
<b>Net Cash from Operating Activities (A)</b>	<b>842.24</b>	<b>3,461.43</b>
<b>B Cashflow from Investment Activities</b>		
Purchase of Investments	(7,029.24)	(7,939.35)
Purchase of Fixed Assets	(114.73)	(0.54)
Sale of Investments	7,173.90	7,387.43
Sale of Fixed Assets	4.70	–
Dividend Received	8.05	45.16
Interest Received	64.61	99.86
<b>Net Cash from Investment Activities (B)</b>	<b>107.29</b>	<b>(407.44)</b>
<b>C Cashflow from Financing Activities</b>		
Proceeds from Issue of Share Capital	–	22.22
Interest & Finance Charges	(712.18)	(863.05)
Funds Borrowed / (Repaid)(net)	(469.85)	(2,268.36)
<b>Net Cash from Financing Activities (C)</b>	<b>(1,182.03)</b>	<b>(3,109.19)</b>
<b>Net Cashflow (A + B + C)</b>	<b>(232.50)</b>	<b>(55.20)</b>
<b>Changes in the Cash &amp; Bank Balances</b>	<b>(232.50)</b>	<b>(55.20)</b>
Cash and Cash Equivalents at the beginning of the year	938.16	993.36
Cash and Cash Equivalents at the end of the year	705.66	938.16

As per our Report attached

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Milind Gandhi**  
Partner  
Membership No. 043194  
Mumbai, May 25, 2012

**N. JAYAKUMAR**  
Managing Director

**R. RAMACHANDRAN**  
Executive Director

**AJAY SHAH**  
Company Secretary

For and on behalf of the Board

**PRADIP DUBHASHI** Chairman

**S. R. SHARMA** Director

**ANIL DHARKER** Director

Mumbai, May 25, 2012





**CONSOLIDATED ACCOUNTS - AUDITOR'S REPORT**

**To the Board of Directors of PRIME SECURITIES LIMITED on the CONSOLIDATED FINANCIAL STATEMENTS of PRIME SECURITIES LIMITED**

- 1) We have audited the attached Consolidated Balance Sheet of **PRIME SECURITIES LIMITED** (the 'Company') and its subsidiary companies (collectively referred to as 'the Group') as at 31st March, 2012 and the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed hereto.
- 2) These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 3) We have not audited the financial statements of certain subsidiaries. These financial statements have been audited / reviewed by other auditors, whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors. The details of assets and revenues in respect of these subsidiaries to the extent to which they are reflected in the consolidated financial statements are given below:

**Audited by other auditor** (Rs. In Lacs)

	Total Assets	Total Revenues
Indian Subsidiaries	7,690.10	872.20

- 4) We have not audited the financial statements of a subsidiary and an associate. These financial statements have been certified by the management and have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the subsidiary and associate are based solely on these certified financial statements. Since the financial statements for the financial year ended March 31, 2012 which were compiled by the management of these companies were not audited, any adjustments to their balances could have consequential effects on the attached consolidated financial statements. However, the size of the subsidiary and the associate, in the consolidated position is not significant in relative terms. The details of assets and revenues in respect of the subsidiary and the net carrying cost of investment and current year share of profit or loss in respect of the associate, to the extent to which they are reflected in the consolidated financial statements are given below:

**Certified by the Management** (Rs. In Lacs)

	Total Assets	Total Revenues
Foreign Subsidiary	52.58	21.53
	Net Carrying Cost of Investment	Share of Profit/(Loss) in Current Year
Associate	Nil	(6.13)

- 5) The consolidated financial statements include the Company's investment in an associate accounted under equity method based on the unaudited financial statements of the associate.
- 6) We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 –'Consolidated Financial Statements' and (AS) 23 –'Accounting for Investment in Associates in Consolidated Financial Statements' as notified under the Companies (Accounting Standards) Rules, 2006.
- 7) *Without qualifying our opinion we draw attention to Note No. 34 relating to a deposit aggregating to Rs. 1,612.48 Lacs in respect of which we are unable to express our opinion for the matters stated therein.*
- 8) *We further draw attention to:*
  - *Note No. 26 relating to managerial remuneration which is subject to the approval of the Central Government; and,*
  - *Note No. 27 relating to realization of balance proceeds of Rs. 1,008.89 Lacs receivable on sale of shares under the circumstances specified therein. In view of the uncertainty we are unable to express an opinion as regards the gain on sale of securities recognized in the earlier financial year.*
- 9) Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that, *subject to para 8 above and the consequential effect, if any, arising out of the audit of subsidiary/associate referred in Para 4 above*, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In case of the Consolidated Balance, of the state of affairs of the Group as at 31<sup>st</sup> March 2012;
  - (b) In case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and,
  - (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Gandhi & Associates**  
Chartered Accountants  
Registration No. 102965W

**Milind Gandhi**  
Partner  
Membership No. 043194

Mumbai, May 25, 2012

# PRIME SECURITIES LIMITED

## CONSOLIDATED BALANCE SHEET OF PRIME SECURITIES LIMITED AND ITS SUBSIDIARIES AS AT MARCH 31, 2012

	Note No.	Year ended 31-Mar-12 (Rs. in Lacs)		Year ended 31-Mar-11 (Rs. in Lacs)	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	1,327.85		1,327.85	
Reserves and Surplus	2	7,395.17	8,723.02	10,153.61	11,481.46
<b>Minority Interest</b>			2.78		2.33
<b>Non-current Liabilities</b>					
Long-term Borrowings	3	24.90		30.28	
Long-term Provisions	4	162.74	187.64	162.95	193.23
<b>Current Liabilities</b>					
Short-term Borrowings	5	10,757.63		9,918.11	
Trade Payables	6	17.90		11.89	
Other Current Liabilities	7	4,222.51		2,790.64	
Short-term Provisions	8	30.68	15,028.72	25.71	12,746.35
<b>Total</b>			<b>23,942.16</b>		<b>24,423.37</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets	9				
- Tangible Assets		570.41		513.40	
- Intangible Assets		23.95		23.78	
Non-current Investments	10	11,008.27		10,683.43	
Deferred Tax Assets (Net)		12.16		5.39	
Long Term Loans and Advances	11	1,008.11		768.28	
Other Non-current Assets	12	375.00	12,997.90	-	11,994.28
<b>Current Assets</b>					
Current Investments	13	1,094.28		329.37	
Trade Receivables	14	3,165.43		2,510.48	
Cash and Bank Balances	15	2,173.47		2,405.85	
Short-term Loans and Advances	16	2,512.13		2,936.48	
Other Current Assets	17	1,998.95	10,944.26	4,246.91	12,429.09
<b>Total</b>			<b>23,942.16</b>		<b>24,423.37</b>
<b>Notes on Accounts</b>	1 to 40				

As per our Report attached

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Milind Gandhi**  
Partner  
Membership No. 043194  
Mumbai, May 25, 2012

**N. JAYAKUMAR**  
Managing Director

**R. RAMACHANDRAN**  
Executive Director

**AJAY SHAH**  
Company Secretary

For and on behalf of the Board

**PRADIP DUBHASHI** *Chairman*

**S. R. SHARMA** *Director*

**ANIL DHARKER** *Director*

Mumbai, May 25, 2012



**CONSOLIDATED PROFIT AND LOSS OF PRIME SECURITIES LIMITED AND ITS  
SUBSIDIARIES FOR THE YEAR ENDED MARCH 31, 2012**

	Note No.	Year ended 31-Mar-12 (Rs. in Lacs)	Year ended 31-Mar-11 (Rs. in Lacs)
<b>I REVENUE FROM OPERATIONS</b>	18	2,167.63	2,271.53
<b>II OTHER INCOME</b>	19	(2,110.21)	836.32
<b>III TOTAL REVENUE (I + II)</b>		57.42	3,107.85
<b>IV EXPENSES</b>			
Employee Benefit Expenses	20	565.31	535.73
Finance Costs	21	1,400.26	1,448.32
Depreciation and Amortisation Expense	9	49.37	44.71
Other Expenses	22	590.89	672.50
<b>TOTAL EXPENSES</b>		2,605.82	2,701.26
<b>V PROFIT / (LOSS) BEFORE TAX (III - IV)</b>		(2,548.40)	406.59
<b>VI Tax Expense</b>			
- Current Tax		156.15	102.33
- Deferred Tax		(6.78)	3.35
- Short / (Excess) Provision of Tax		60.19	2.60
<b>VII PROFIT / (LOSS) AFTER TAX (V - VI)</b>		(2,757.96)	298.31
Minority Interest in Income		(0.45)	(0.42)
Share of Loss in Associate Company		(6.13)	(23.39)
<b>VIII PROFIT / (LOSS) FOR THE YEAR (VI - VII)</b>		(2,764.54)	274.50
<b>Earning per Equity Share (Face Value per Share Rs. 5/-)</b>			
- Basic		(10.42)	1.59
- Diluted		(10.42)	1.57
<b>Notes on Accounts</b>	1 to 40		

As per our Report attached

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Milind Gandhi**  
Partner  
Membership No. 043194  
Mumbai, May 25, 2012

**N. JAYAKUMAR**  
Managing Director

**R. RAMACHANDRAN**  
Executive Director

**AJAY SHAH**  
Company Secretary

For and on behalf of the Board

**PRADIP DUBHASHI** *Chairman*

**S. R. SHARMA** *Director*

**ANIL DHARKER** *Director*

Mumbai, May 25, 2012

# PRIME SECURITIES LIMITED

## NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 1 - SHARE CAPITAL	Year ended 31-Mar-12 (Rs. in Lacs)	Year ended 31-Mar-11 (Rs. in Lacs)
<b>AUTHORISED</b>		
3,00,00,000 Equity Shares of Rs. 5/- each	1,500.00	1,500.00
2,00,000 13% Cumulative Redeemable Preference Shares of Rs. 100/- each	200.00	200.00
18,00,000 Unclassified Shares of Rs. 100/- each	1,800.00	1,800.00
<b>Total</b>	<b>3,500.00</b>	<b>3,500.00</b>
<b>ISSUED</b>		
2,72,22,725 (Previous Year 2,72,22,725) Equity Shares of Rs. 5/- each	1,361.14	1,353.73
<b>Total</b>	<b>1,361.14</b>	<b>1,353.73</b>
<b>SUBSCRIBED &amp; FULLY PAID</b>		
2,64,73,525 (Previous Year 2,64,73,525) Equity Shares of Rs. 5/- each	1,323.68	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	4.17	4.17
<b>Total</b>	<b>1,327.85</b>	<b>1,327.85</b>

- a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

Particulars	Year ended 31-Mar-12 No. of Shares	Year ended 31-Mar-11 No. of Shares
Opening Balance	264.74	263.25
Add: Shares Issued on exercise of Employee Stock Options	-	1.48
Closing Balance	264.74	264.74

- b) Details of equity shareholders holding more than 5% of equity shares:

Name of Shareholder	Year ended March 31, 2012		Year ended March 31, 2011	
	%	No. of Shares	%	No. of Shares
Judith Investments Private Limited	10.14	2,683,497	10.14	2,683,497
N. Jayakumar	7.78	2,058,652	7.28	1,927,128
Religare Finvest Limited	7.62	2,018,566	7.47	1,978,739
Videcon Industries Limited	7.00	1,853,158	7.00	1,853,158
New Vernon Private Equity Limited	6.80	1,800,000	6.80	1,800,000

- c) **Employees Stock Option Schemes (ESOS)**

The Company's stock based compensation plan for employees comprises of three schemes viz. the ESOS 2007 Scheme, ESOS 2008 and the ESOS 2009 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries. The Company has reserved issuance of 2,781,950 (Previous year 2,811,950) Equity Shares of Rs. 5/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS) approved by Members. During the year, the Company has granted NIL (Previous year 1,300,000) Options to the eligible employees.

### ESOS 2007 Scheme

The Scheme permits allocation of an aggregate of 1,000,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee as decided by the Compensation Committee.

### ESOS 2008 Scheme

The Scheme permits allocation of an aggregate of 1,200,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee as decided by the Compensation Committee.

### ESOS 2009 Scheme

The Scheme permits allocation of an aggregate of 2,000,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee as decided by the Compensation Committee.

The number of options granted, exercised and lapsed under the above schemes is set out below:

Particulars (Exercise Price)	ESOS 2007 (Rs. 38/-)		ESOS 2008 (Rs. 15/-)		ESOS 2009 (Rs. 38/-)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options outstanding, beginning of the Year	822,000	989,000	839,950	1,103,050	1,150,000	-
Add: Granted during the Year	-	-	-	-	-	1,300,000
Less: Exercised during the Year	-	-	-	148,100	-	-
Less: Lapsed during the Year	10,000	167,000	-	115,000	20,000	150,000
Options outstanding, end of the Year	812,000	822,000	839,950	839,950	1,130,000	1,150,000

NOTE 2 - RESERVES AND SURPLUS	Year ended 31-Mar-12 (Rs. in Lacs)	Year ended 31-Mar-11 (Rs. in Lacs)
<b>Capital Reserve</b>		
As per last Balance Sheet	165.00	165.00
	165.00	165.00
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	217.27	217.27
	217.27	217.27
<b>Securities Premium Reserve</b>		
As per last Balance Sheet	5,312.64	5,297.83
Add: Receipts on exercise of Employee Stock Options	-	14.81
	5,312.64	5,312.64
<b>General Reserve</b>		
As per last Balance Sheet	2,400.00	2,400.00
	2,400.00	2,400.00
<b>Foreign Currency Translation Reserve</b>		
Foreign Currency Translation Reserve	6.10	-
	6.10	-
<b>Surplus</b>		
Balance at the beginning of the Year	2,058.70	1,784.20
Add: Net Profit / (Loss) for the Year	(2,764.54)	274.50
	(705.84)	2,058.70
<b>Total</b>	<b>7,395.17</b>	<b>10,153.61</b>

NOTE 3 - LONG-TERM BORROWINGS	Year ended 31-Mar-12 (Rs. in Lacs)	Year ended 31-Mar-11 (Rs. in Lacs)
<b>Term Loans</b>		
Secured		
- From Banks	13.64	30.28
- From Others	11.26	-
<b>Total</b>	<b>24.90</b>	<b>30.28</b>



<b>NOTE 4 - LONG-TERM PROVISIONS</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Provision for Employee Benefits - Leave Encashment	162.74	162.95
<b>Total</b>	<b>162.74</b>	<b>162.95</b>
<b>NOTE 5 - SHORT-TERM BORROWINGS</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
<b>Other Loans &amp; Advances</b>	<b>3,345.86</b>	<b>7,193.11</b>
Secured [Against pledge of specified investments owned by the Company (Refer note 9 & 11)]		
- From Other Parties	4,631.08	-
Unsecured		
- From Banks	170.56	-
- From Other Parties	2,610.13	2,725.00
<b>Total</b>	<b>10,757.63</b>	<b>9,918.11</b>
<b>NOTE 6 - TRADE PAYABLES</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Trade Payables [As per the information available with the Company, there are no dues outstanding as on 31st March 2012 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006]	17.90	11.89
<b>Total</b>	<b>17.90</b>	<b>11.89</b>
<b>NOTE 7 - OTHER CURRENT LIABILITIES</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Current Maturities of Long Term Debt		
Secured		
- From Banks	4.18	-
- From Others	4.70	-
Interest Accrued and Due on Borrowings	432.01	419.38
Unpaid Dividends	54.11	54.23
Other Payables		
Statutory Dues	94.94	147.71
Outstanding Expenses	41.28	14.67
Advances / Margins from Clients	3,382.72	2,136.04
Other Liabilities	208.57	18.61
<b>Total</b>	<b>4,222.51</b>	<b>2,790.64</b>
<b>NOTE 8 - SHORT-TERM PROVISIONS</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Unrealised gain on Derivatives Transactions	11.99	10.78
Provision for Employee Benefits - Leave Encashment.	18.69	14.93
<b>Total</b>	<b>30.68</b>	<b>25.71</b>

<b>NOTE 10 - NON-CURRENT INVESTMENTS (NON-TRADE)</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>		
Quoted	10,134.22	9,915.77
Unquoted (In Associate Company)	-	6.13
Unquoted (Others)	874.05	761.53
<b>Total</b>	<b>11,008.27</b>	<b>10,683.43</b>
<b>NOTE 11 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Capital Advances	327.50	2.50
Security Deposits	453.06	566.97
Other Loans and Advances	-	-
Advance Income Tax (Net of Provisions)	145.04	112.31
Loans to Employees	76.08	73.58
Prepaid Expenses	6.43	12.92
<b>Total</b>	<b>1,008.11</b>	<b>768.28</b>
<b>NOTE 12 - LONG-TERM LOANS AND ADVANCES</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Deposit with Banks	375.00	-
<b>Total</b>	<b>375.00</b>	<b>-</b>
<b>NOTE 13 - CURRENT INVESTMENTS</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>		
Quoted	1,094.28	329.37
<b>Total</b>	<b>1,094.28</b>	<b>329.37</b>
<b>NOTE 14 - TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Outstanding for a period exceeding six months	871.64	264.66
Others	2,293.79	2,245.82
<b>Total</b>	<b>3,165.43</b>	<b>2,510.48</b>
<b>NOTE 15 - CASH AND BANK BALANCES</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
<b>Cash and Cash Equivalents</b>		
Balances with Banks [Includes earmarked balances for payment of Unclaimed Dividend of Rs. 54.10 Lacs (Previous Year Rs. 54.23 Lacs)]	256.11	660.03
Cash on Hand	7.36	15.01
<b>Other Bank Balances</b>		
- In Deposit Accounts	1,910.00	1,730.81
<b>Total</b>	<b>2,173.47</b>	<b>2,405.85</b>

#### NOTE 9 - FIXED ASSETS

Description	Gross Block at Cost				Depreciation				Net Block	
	As On 1-Apr-11	Additions	Deletions & Adjustments	As on 31-Mar-12	As on 1-Apr-11	For the period Provided	Adjustments	As on 31-Mar-12	As on 31-Mar-12	As on 31-Mar-11
<b>Tangible Assets</b>										
Building	392.80	44.99	-	437.79	100.46	6.77	-	107.23	330.56	292.34
Furniture & Fixture	75.44	36.73	60.48	51.69	36.86	3.93	35.31	5.48	46.21	38.59
Vehicles	207.77	14.35	14.20	207.92	62.80	19.93	7.57	75.16	132.76	144.96
Office Equipments	28.89	35.24	15.45	48.68	5.37	1.89	3.14	4.12	44.56	23.52
Computers	39.52	9.48	23.12	25.88	25.53	4.72	20.68	9.56	16.32	13.99
<b>Intangible Assets</b>										
Computer Software	67.02	13.06	5.01	75.07	43.24	12.13	4.25	51.12	23.94	23.78
<b>Total</b>	<b>811.43</b>	<b>153.86</b>	<b>118.26</b>	<b>847.03</b>	<b>274.25</b>	<b>49.37</b>	<b>70.95</b>	<b>252.67</b>	<b>594.36</b>	<b>537.18</b>
<b>Previous Year</b>	<b>749.25</b>	<b>65.66</b>	<b>3.48</b>	<b>811.43</b>	<b>230.39</b>	<b>44.71</b>	<b>0.85</b>	<b>274.25</b>	<b>537.18</b>	

**Note:** Net block of the Building include a residential flat of Rs. 285.94 Lacs in a co-operative society, acquired from a debtor in satisfaction of a claim. In view of the restraining orders, the society has kept in abeyance the admission of membership of the Company. In the earlier year, pursuant to the order of the Hon'ble High Court, the possession of the flat was handed over to the Official Assignee. An appeal was filed by the Company against the said order whereby the said order was set aside. Pursuant to the fresh chamber summons filed by the Company for removing attachment, the Official Assignee has been directed not to sell or dispose-off the flat. The Company has been legally advised that the said developments will not have a bearing on the Company's title to the flat and consequently there is no impairment in the value of the asset and the Company is not likely to have any further claim or liability against the said flat.

# PRIME SECURITIES LIMITED

<b>NOTE 16 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Loans and Advances to Related Parties		
To an Associate as Intercompany Deposit	50.32	33.07
Others		
Advance Salary	2.54	4.59
Intercompany Deposits	694.35	903.35
Prepaid Expenses.	115.74	74.46
Service Tax Credit	1.95	1.37
Deposit	1,612.48	1,887.48
Advance Recoverable in Cash or Kind	20.45	17.04
Advance Gratuity Premium	14.30	15.12
<b>Total</b>	<b>2,512.13</b>	<b>2,936.48</b>
<b>NOTE 17 - OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Receivable on Sale of Investments	1,119.53	4,086.05
Dues from Stock Exchange	845.38	134.92
Income Receivable	34.04	25.94
<b>Total</b>	<b>1,998.95</b>	<b>4,246.91</b>
<b>NOTE 18 - REVENUE FROM OPERATIONS</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Merchant Banking and Advisory Fees	1,352.43	1,674.82
Income from Broking Operations	742.65	754.17
Income from Wealth Management Services	42.32	28.51
Gain / (Loss) in Derivatives and Other Transactions (Net)	30.23	(185.98)
<b>Total</b>	<b>2,167.63</b>	<b>2,271.53</b>
<b>NOTE 19 - OTHER INCOME</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Interest Income	187.85	161.43
Dividend Income	82.42	76.38
Net Gain / (Loss) on Sale of Investments	(2,381.51)	499.64
Other Non-Operating Income	-	-
Provisions no longer required, Written back	0.05	7.96
Debts Written-off Now Recovered	-	86.06
Miscellaneous Income	0.98	4.85
<b>Total</b>	<b>(2,110.21)</b>	<b>836.32</b>
<b>NOTE 20 - EMPLOYEE BENEFIT EXPENSES</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Salaries	530.64	500.68
Contribution to Provident and Other Funds	18.42	13.85
Staff Welfare Expenses	16.25	21.20
	565.31	535.73
<b>NOTE 21 - FINANCE COSTS</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Interest Expense	1,374.33	1,416.76
Bank Charges	25.93	31.56
<b>Total</b>	<b>1,400.26</b>	<b>1,448.32</b>

<b>NOTE 22 - OTHER EXPENSES</b>	<b>Year ended 31-Mar-12 (Rs. in Lacs)</b>	<b>Year ended 31-Mar-11 (Rs. in Lacs)</b>
Power and Fuel	8.41	7.27
Rent	76.19	92.94
Repairs to Building	2.46	4.12
Repairs to Machinery	8.88	23.32
Insurance Premium	10.56	7.58
Entertainment Expenses	10.03	-
Rates & Taxes	5.70	0.42
Travelling & Conveyance	74.64	62.22
Consultancy & Professional Charges	114.60	94.57
Telephone, Postage & Courier Charges	14.09	19.77
Printing & Stationery	3.72	5.03
Membership & Subscription	20.10	22.40
Director's Sitting Fees	5.82	2.43
SEBI Renewal Fees	2.40	-
Auditor's Remuneration		
- For Audit Fees	9.15	8.77
- For Taxation	1.65	1.40
- For Other Services	0.60	0.61
Loss on Foreign Currency Transaction	5.91	0.22
Loss on Assignment of Receivables	-	180.00
Balances Written-off	12.22	27.82
Donations	12.43	-
Loss on Asset Sold/Discarded	41.62	2.59
Diminution in Value of Investments	40.43	29.74
Miscellaneous Expenses	64.87	45.07
Transaction Fees	25.52	34.13
Filing Fees	0.08	0.08
Deputation Charges	-	-
Prior Period Items	17.44	-
Registration Charges	1.37	-
<b>Total</b>	<b>590.89</b>	<b>672.50</b>

## 23. Significant Accounting Policies

### a) Accounting Convention

The consolidated financial statements have been prepared under the historical cost convention and on accrual basis of accounting. The accounts of the Parent Company, Indian subsidiaries and step-down foreign subsidiaries have been prepared in accordance with Generally Accepted Accounting Principles in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

The financial statements of the domestic subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company i.e. year ended 31<sup>st</sup> March 2012. The foreign step-down subsidiary follows January to December as its financial year. In such cases, the Company has drawn their financial statements upto 31<sup>st</sup> March 2012.

### b) Principles of Consolidation

The Consolidated Financial Statements comprises of the individual financial statement of Prime Securities Limited ("the Parent Company"), its Subsidiaries, its step-down subsidiaries and associates as on March 31, 2012 and for the period ended on that date. The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the Parent Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified under the Companies (Accounting Standards) Rules, 2006.
- The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies.
- The excess of cost to the Parent Company of its investment in the Subsidiary Companies over the Parent Company's portion of equity (net assets) of the Subsidiary Companies on the date



on which investment in Subsidiaries is made is recognised as goodwill, which is amortised over a period of five years.

- iv) In case of foreign step-down subsidiary, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- v) Minority Interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company. Minority Interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- vi) The investment in associate is accounted under the equity method and its share of pre-acquisition loss is reflected as goodwill in accordance with Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006. The goodwill is written-off in the year of acquisition.
- vii) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Profit and Loss account to the extent such change is attributable to the associates' Profit and Loss account and through its reserves for the balance, based on available information.

**c) Companies included in Consolidation**

Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at 31 <sup>st</sup> March 2012
Prime Broking Company (India) Limited	India	100.00%
Prime Research & Advisory Limited	India	100.00%
Prime Commodities Broking (India) Limited	India	100.00%
Primesec Investments Limited	India	100.00%
Prime Asset Management *	Mauritius	91.79%

\* Subsidiary of Prime Broking Company (India) Limited

Associate Company considered in the consolidated financial statements is:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at 31 <sup>st</sup> March 2012
Primary Cuisine Private Limited	India	24%

**d) Other Significant Accounting Policies**

**i) Fixed Assets**

Fixed Assets are stated at historical cost less accumulated depreciation and impairment loss, if any.

**ii) Depreciation**

Depreciation on assets is provided on straight-line method on pro-rata basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Capitalised software is depreciated on a straight line basis over a period of their useful life which is estimated at six years.

**iii) Investments**

Investments intended, at the time of acquisition, to be held for a period exceeding twelve months are classified as "Non-Current Investments". All other Investments are classified as "Current Investments".

Investments are accounted on trade date at cost of acquisition which includes brokerage and other charges.

Current Investments are valued at cost or market value, whichever is lower, whereby the cost of each scrip is compared with its market value and the resultant shortfall, if any, is charged to revenue.

Non-Current Investments are stated at cost less provision, if any, for diminution which is considered other than temporary in nature.

**iv) Revenue Recognition**

Merchant Banking and Advisory Fees are accrued as per the terms of contract except where there is uncertainty as to their realisation.

Brokerage income from capital market, futures and options and wholesale debt market segments is accounted on trade dates.

Interest is accounted on accrual basis.

Dividend is accounted when the right to receive is established.

Gains or losses on sale of Investments are recognised on trade dates by comparing the sales realisation with the weighted average cost of such investment.

Income from Wealth Management services is accounted as per the terms of the respective schemes / agreements entered with the clients.

**v) Employee Benefits**

**- Defined Contribution Plan**

Contribution to defined contribution plan (being Provident Fund) is charged to the Profit and Loss Account.

**- Defined Benefit Plan:**

The present value of the obligation under defined benefit plan (being Gratuity and Leave Encashment) is determined based on actuarial valuation using the projected unit credit method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In case of funded benefit plans the fair value of the plan assets is compared with the gross obligation under the benefit plan to recognize the obligation on net basis.

**- Other Benefits:**

Short term and long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

**vi) Taxation**

- Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

- Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

- Deferred tax assets are recognised only if there is a reasonable certainty of their realization.

**vii) Foreign Currency Transactions**

- Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the profit and loss account.

- Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognized in the profit and loss account and the related assets and liabilities are accordingly restated in the balance sheet

**viii) Earnings Per Share**

In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity



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shares which could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

ix) **Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

x) **Operating Leases**

Leases of Assets under which all the risk and benefits of the ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss account.

xi) **Derivative Transactions**

Gains are recognized only on settlement/expiry of derivative instruments.

All open positions are marked to market and unrealized losses are provided for. Unrealized gains, if any, on marked to market are not recognized.

Debit/Credit balance on open interest as on the balance sheet dates are shown as current assets/liabilities, as the case may be.

xii) **Provisions and contingencies**

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

xiii) **Miscellaneous Expenditure**

Preliminary Expenses are amortised over a period of five years.

24. **Contingent Liabilities**

(Rs. In Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	33.33	83.17
Guarantees given by banks	2,300.00	1,650.00
Claim made against the Company not acknowledged as debt (Interest liability on the above cannot be ascertained)	573.43	573.43
Repurchase of receivables, assigned during the year by the Company, in case of non-recovery of the deposit amount by the assignee within stipulated time as per the terms of the agreement	2.75	7.70
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advance)	1,360.00	6.25

25. In view of the inadequacy of profits, the managerial remuneration provided for in the accounts exceeds the maximum amount payable in accordance with provisions of Section 198 read with Schedule XIII of the Companies Act, 1956. The Company has made an application to the Central Government for approval of excess remuneration which is pending for disposal.

26. During the earlier financial year Company had entered-into a binding agreement for sale of 1,004,185 equity shares of Roop Automotives Limited for a consideration of Rs. 3,112.97 Lacs. In terms of the agreement the Company has delivered the shares along with duly executed transfer instrument to the purchaser. The Company has till date received Rs. 2,104.08 Lacs and the balance amount of Rs. 1,008.89 Lacs is receivable on or before March 31, 2013 as per revised terms agreed with the purchaser. The Company having completed its part of the agreement had recognized gain of Rs. 3044.08 Lacs in the earlier financial year. Failure on part of the purchaser to make the payment of the balance sale consideration will to such extent require suitable adjustment in the financial statements. The Management, however, does not foresee any failure on part of the purchaser in adhering to the payment schedule and therefore, no provision is considered necessary.

27. In Note 5, unsecured loans accepted by the Company and aggregating to Rs. 2,375.00 Lacs have been categorized as short-term borrowings on the basis of the management's representation in that regard. The accounts of certain unsecured loans are subject to confirmation of the respective parties. Adjustments, if any, will be made on receipt of such confirmations.

28. There has been a decline of Rs. 1,679.53 Lacs as on 31<sup>st</sup> March, 2012 in the carrying value of Non-current Investments. No provision for diminution in the value of such investments has been considered necessary since, in the opinion of the management, such diminution is only temporary in nature considering depressed market conditions prevailing at the year-end due to global financial crisis.

29. In Note 15, certain debts amounting to Rs. 180.20 Lacs (Previous year Rs. 70.96 Lacs) which are due and outstanding for over a year. Despite the Company's several initiatives to recover the debts the process of recovery is slow, however, the management is certain about its recovery and therefore have considered the same as good and recoverable.

30. In Note 17, inter-corporate deposits given by the Company and aggregating to Rs. 694.35 Lacs have been categorized as short-term loans and advances on the basis of the management's representation in that regard. These deposits are subject to confirmation of the respective parties. Adjustments, if any, will be made on receipt of such confirmations.

31. During the year Company has pledged shares belonging to third parties to obtain credit facilities. Confirmation from such parties are yet to be received.

32. The Company has advanced an unsecured loan of Rs. 50.32 Lacs to Primary Cuisine Private Limited, an associate company. Based on provisional and unaudited accounts for the year ended 31<sup>st</sup> March 2012 PCPL has a negative net worth of Rs. 63.08 Lacs. However, having regard to the expected capital infusion and improved business conditions, the financial statements of PCPL have been prepared on the basis that it is a going-concern. Considering that the Company's investment in PCPL is of strategic and long term nature no provision is considered necessary by the management for diminution in the value of the Company's financial exposure in PCPL.

33. In January, 2008 Company had advanced a deposit of Rs. 6,100.00 Lacs to secure an option, exercisable within a specified period, to acquire development rights in respect of an immovable property in Mumbai. In December 2009, the Company had rescinded its right to exercise the option and had renegotiated with the concerned parties for recovery of the deposit. During the year, out of the balance deposit of Rs. 1,887.48 Lacs, the Company has received an amount of Rs. 275.00 Lacs on assignment. The balance deposit amounting to Rs. 1,612.48 Lacs is due within the agreed time frame. The Management does not foresee any failure on part of the party in adhering to the payment schedule and therefore, the deposit is considered good and recoverable.

34. **Retirement Benefits**

(Disclosure as required by AS 15 (Revised), "Accounting for Retirement Benefits" issued by Institute of Chartered Accountants of India)

Contribution to gratuity for India based employees are accrued on the basis of actuarial valuation and are also accordingly funded. The balance of Projects Benefit Obligation (PBO) on gratuity over the funded amount is accrued as liability.

(A) Disclosure in terms of revised AS 15 on Retirement Benefits in respect of Defined Benefits Plans (Gratuity - funded scheme)

(Rs. in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
<b>Change in Projected Benefits Obligation (PBO)</b>		
PBO at beginning of the year	137.23	111.63
Service cost	13.08	18.27
Interest cost	11.32	8.93
Actuarial (gain)/loss	(14.32)	4.11
Benefits paid	-	(5.71)
PBO at the end of the period	147.31	137.23
<b>Change in Plan Assets</b>		
Plan assets at the beginning of the year at fair value	152.35	126.99
Expected return on plan assets	12.19	10.16
Employer Contribution	18.74	19.11
Actuarial gain/ (loss)	2.79	1.80
Benefits paid	-	(5.71)
Fair value of plan assets at the end of the year	186.07	152.35
<b>Reconciliation of PBO and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	186.07	152.35
Present value of the defined benefit obligations at the end of the year	147.31	137.23
Funded Status of the Plan	38.76	15.12
<b>Gratuity costs for the year</b>		
Service cost	13.08	18.27
Interest cost	11.32	8.93
Expected return on plan assets	(12.19)	(10.16)
Actuarial (gain)/loss	(17.12)	2.31
Net Gratuity	(4.91)	19.35
<b>Assumption</b>		
Discount Factor	8.75%	8.25%
Estimated rate of return on plan assets	8.00%	8.00%

(B) During the year, a provision of Rs. 6.99 Lacs (Previous year Rs. 41.46 Lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is Rs. 181.42 Lacs (Previous Year Rs. 177.87 Lacs). The actuarial liability is computed assuming the discount factor of 8.75%.

35. Earnings per Share

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Basic</b>		
Opening Number of Shares	26,473,525	26,325,425
Closing Number of Shares	26,473,525	26,473,525
Weighted Average Number of Shares for Basic EPS	26,473,525	26,437,784
Profit / (Loss) after Tax (Rs. in Lacs)	(2,764.54)	274.50
Basic EPS (Rs.)	(10.44)	1.04
<b>Diluted</b>		
Dilutive Component of Stock Options / Warrants Outstanding	7,789	453,555
Weighted Average Number of Shares for Diluted EPS	26,481,314	26,891,339
Diluted EPS (Rs.)	(10.44)	1.02

The Guidance Note on Accounting of Employee Share Based Compensation issued by Institute of Chartered Accountant of India applies to employee share based payment plans, the grant date of which falls on or after April 1, 2005 and allows accounting for employee share based payment plans based on either the Intrinsic value method or the fair value method. The Company follows the intrinsic value method. Under the fair value method, the net loss for the year ended March 31, 2012 would have been higher by Rs. 88.76 lacs and the Basic EPS and Diluted EPS would have been Rs. (10.44) and Rs. (10.44) respectively.

The fair value of each option is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Particulars	Year ended March 31, 2012
Dividend Yield (%)	-
Expected Volatility (%)	21.29
Risk Free Interest Rate (%)	8.80
Expected Term (Number of Years)	3

36. As at the year-end, the open interest in derivatives transactions is as under

Description	No. of Units / Quantity	
	Long Position	Short Position
Futures – Alok Industries Limited 26-April-2012	5,907,000	-
Futures - ABG Shipyard Limited 26-April-2012	1,05,000	-
Futures – Core Education & Technologies Limited 26-April-2012	54,000	-
Futures – Jindal Saw Limited 26-April-2012	1,00,000	-
Futures – Videocon Industries Limited 26-April-2012	250,000	-
Futures – Welspun Corp Limited 26-April-2012	8,20,000	-

37. Related Party Disclosures

1) Related party disclosures in respect of related parties with whom transactions have taken place during the year are given below:

**Relationships**

i) Directors & Key Management Personnel (of Parent and Subsidiary Companies)

- Mr. Pradip Dubhashi
- Mr. R. Ramachandran
- Mr. N. Jayakumar
- Mr. S. R. Sharma
- Mr. Anil Dharker
- Mr. Vinay Motwani
- Mr. Ajay Shah

ii) Relative of Director / Key Management Personnel

- Ms. Madhu Jayakumar
- Ms. Srishti Jayakumar

iii) Associate Company

- Judith Investments Private Limited
- Pranamghar (India) Private Limited
- Primary Cuisine Private Limited
- Gateway Enterprise Limited

# PRIME SECURITIES LIMITED

- 2) The following transactions were carried out with the related parties in the ordinary course of business:

(Rs. in lacs)

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2012	March 31, 2011
1.	Loan to Mr. N. Jayakumar - Repaid during the year	-	3.42	-	-
2.	Interest on loan received from Mr. N Jayakumar	-	0.06	-	-
3.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.	3.00	3.00	2.70 (Credit)	2.70 (Credit)
4.	Remuneration paid to key managerial personnel	248.75	220.12	-	-
5.	Advance / (Recovery) salary paid to a Director	(1.00)	5.50	42.00 (Debit)	43.00 (Debit)
6.	Sitting fees paid to the Directors of the Company for attending meetings of the Board of Directors	5.10	1.80	-	-
7.	Deposit given to Mrs. Madhu Jayakumar for Residential accommodation	-	-	100.00 (Debit)	100.00 (Debit)
8.	Brokerage Income - from Directors - from Relative of Directors - from Associate Company	1.24 1.69 3.86	5.50 0.46 14.76	- - -	- - -
9.	Recovery of Advance given earlier - Pranamghar (India) Private Limited	-	40.00	-	-
10.	Advance written-off of Gateway Entertainment Limited	0.77	-	-	0.77 (Debit)
11.	Loan given to / received back from Primary Cuisine Private Limited - Loan given - Loan received back	27.02 9.00	53.78 21.48	48.03 (Debit)	30.01 (Debit)
12.	Interest on loan to Primary Cuisine Private Limited	4.47	2.54	2.29 (Debit)	2.28 (Debit)

## 38. Transactions in Foreign Currency

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Income in foreign currency</b>		
Merchant Banking & Advisory Fees	225.70	4.93
<b>Expenditure in foreign currency</b>		
Travelling Expenses	0.49	5.79

As per our Report attached

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Milind Gandhi**  
Partner  
Membership No. 043194

Mumbai, May 25, 2012

**N. JAYAKUMAR**  
Managing Director

**R. RAMACHANDRAN**  
Executive Director

**AJAY SHAH**  
Company Secretary

For and on behalf of the Board

**PRADIP DUBHASHI**

Chairman

**S. R. SHARMA**

Director

**ANIL DHARKER**

Director

Mumbai, May 25, 2012

## 39. Operating Lease for asset taken on lease

(Rs in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
i) Total of future minimum lease payments.		
a) Not later than one year	13.68	11.20
b) Later than one year and not later than five years	14.6	14.00
c) Later than five years	-	-
ii) Lease payments recognised in the Profit and Loss account	76.19	92.94

## 40. Segmental Reporting

Business Segments

(Rs. in lacs)

Particulars	Merchant Banking		Broking		Total	
	31-03-12	31-03-11	31-03-12	31-03-11	31-03-12	31-03-11
Segment Revenue	1,352.43	1,674.82	784.97	782.68	2,137.40	2,457.50
Add: Unallocated Revenue					(2,079.98)	836.32
Total Revenue					57.42	3,293.82
Segment Result before Interest and Tax	765.36	1,123.05	208.48	157.24	973.84	1,280.29
Add: Unallocated Income/ (Expenses) (net of income/ expense)					(2,121.98)	938.25
Profit before Interest and Tax					(1,148.14)	2,218.54
Interest and Finance Charges					(1,400.26)	(1,448.31)
Provision for Tax					(149.37)	(108.35)
Prior Period Adjustments					(60.19)	0.07
<b>Net Profit</b>					<b>(2,757.96)</b>	661.95
Segment Assets	2,967.20	3,223.29	7,574.65	3,905.16	10,541.85	7,128.45
Add: Unallocated Assets					13,400.31	17,294.92
Total Assets					23,942.16	24,423.37
Segment Liabilities	644.58	268.47	4,214.51	2,224.28	4,859.09	2,492.75
Add: Unallocated Liabilities					10,357.28	10,446.84
Total Liabilities					15,216.37	12,939.59
Capital Expenditure	114.73	0.54	39.13	65.12	153.86	65.66
Depreciation & Amortisation	22.15	21.97	27.22	22.74	49.37	44.71

Notes:

- Segments have been identified in line with the Accounting Standard on Segment Reporting (AS – 17) taking into account the organization structure as well as the differential risks and returns of these segments.
  - The Company has disclosed business segment as the primary segment.
  - Since the Company provides services in same economic environment, there are no geographical segments.
41. The financial statements for the current year are prepared under revised Schedule VI to the Companies Act 1956 and accordingly, previous year figures have been re-classified to conform to the current year's classification.



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2012**

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-12 (Rs. in lacs)	Year ended 31-Mar-11 (Rs. in lacs)
<b>A Cash flow from Operating Activities</b>		
<b>Net Profit Before tax</b>	<b>(2,548.40)</b>	406.59
Adjustment for:		
Depreciation	49.37	44.71
Interest & Finance Charges	1,400.26	1,448.31
Diminution in Value of Investments (Net)	40.43	29.74
Loss on Write-off of Investments	-	-
Loss on sale of asset	41.62	2.59
(Gain) / Loss on sale of Investments (Net)	2,387.63	(499.64)
Loss on Assignment of Receivables	-	180.00
Income from Sale of Intangible Rights	-	-
Dividend Received	(82.42)	(76.38)
Interest Received	(187.85)	(161.43)
Balance Written-off (Net)	12.22	27.82
Transfer from Foreign Currency Reserve	-	(0.39)
Provision no longer required written back	(0.05)	-
Preliminary Expenses Written off	-	0.52
Bad Debts written off / back (Net)	-	(7.96)
Debts written-off now Recovered	-	(86.06)
	<b>3,661.21</b>	901.83
Operating Profit before Working Capital changes	<b>1,112.81</b>	1,308.42
Adjustments for Changes in the Working Capital		
Debtors	(654.95)	(405.59)
Current Assets	2,256.06	(3,957.43)
Loans & Advances	205.03	4,985.71
Current Liabilities & Provisions	1,430.00	644.48
	<b>3,236.19</b>	1,267.17
<b>Cash generated from Operations</b>	<b>4,349.00</b>	2,575.59
Direct Taxes Paid (net)	<b>(249.07)</b>	(360.94)
<b>Net Cash from Operating Activities (A)</b>	<b>4,099.92</b>	2,214.65
<b>B Cashflow from Investment Activities</b>		
Purchase of Investments	(34,172.94)	(28,402.65)
Purchase of Fixed Assets	(153.86)	(65.66)
Sale of Investments	30,655.12	29,750.47
Sale of Fixed Assets	5.70	0.04
Purchase of Intangible Rights	-	-
Sale of Intangible Rights	-	-
Dividend Received	82.42	76.38
Interest Received	179.75	183.39
<b>Net Cash from Investment activities (B)</b>	<b>(3,403.82)</b>	1,541.97
<b>C Cashflow from Financing activities</b>		
Interest & Finance Charges	(1,387.63)	(1,448.31)
Fresh Issue of Capital	-	22.22
Funds Borrowed/(Repaid) (net)	834.14	(2,111.44)
<b>Net Cash from Finance Activities (C)</b>	<b>(553.49)</b>	(3,537.53)
<b>Net Cashflow (A + B + C)</b>	<b>142.62</b>	219.09
<b>Changes in the Cash &amp; Bank Balance</b>	<b>142.62</b>	219.09
Cash and Cash Equivalents at the beginning of the year	2,405.85	2,186.76
Cash and Cash Equivalents at the end of the year	2,548.47	2,405.85

As per our Report attached

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Milind Gandhi**  
Partner  
Membership No. 043194  
Mumbai, May 25, 2012

**N. JAYAKUMAR**  
Managing Director

**R. RAMACHANDRAN**  
Executive Director

**AJAY SHAH**  
Company Secretary

For and on behalf of the Board

**PRADIP DUBHASHI** *Chairman*

**S. R. SHARMA** *Director*

**ANIL DHARKER** *Director*

Mumbai, May 25, 2012

# PRIME SECURITIES LIMITED

<b>STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956 RELATING TO THE SUBSIDIARY COMPANIES</b>
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A. Name of Subsidiary	Prime Broking Company (India) Limited	Prime Commodities Broking (India) Limited	Prime Research & Advisory Limited	Primesec Investments Limited
B. Financial year ended	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
<b>C. Holding Company's Interest</b>				
I. No. of Equity Shares	53,41,000	5,00,000	3,50,000	1,436,000
Face value per Share	Rs. 10	Rs. 10	Rs. 10	Rs. 10
II. Percentage of Holding	100%	100%	100%	100%
<b>D. The net aggregate amount of Subsidiary's Profits/(Losses) so far as it concerns the Members of Holding Company not dealt with in the Holding Company's Accounts</b>				
a) For the current financial Year (Rs. in lacs)	(8.88)	2.28	0.33	(2,338.94)
b) For the previous financial years since it became a Subsidiary (Rs. in lacs)	1,546.38	(0.53)	0.32	(709.97)
<b>E. The net aggregate amount of Profits / (Losses) of the Subsidiary which has been dealt with in the Holding Company's Accounts</b>				
a) For the current Financial year	Nil	Nil	Nil	Nil
b) For the previous financial years since it became a Subsidiary	Nil	Nil	Nil	Nil

For and on behalf of the Board

**N. JAYAKUMAR**  
*Managing Director*

**PRADIP DUBHASHI**      *Chairman*

**R. RAMACHANDRAN**  
*Executive Director*

**S. R. SHARMA**      *Director*

**AJAY SHAH**  
*Company Secretary*

**ANIL DHARKER**      *Director*

Mumbai, May 25, 2012

### SUBSIDIARY COMPANIES' PARTICULARS

Particulars of Subsidiary Companies in terms of general circular no. 2/2011 dated February 8, 2011 of Ministry of Corporate Affairs, Government of India, issued u/s 212 (8) of the Companies Act, 1956 are as follows:

(Rs in lacs)

Name of the Subsidiary Company	Prime Broking Company (India) Ltd.	Primesec Investments Ltd.	Prime Commodities Broking (India) Ltd.	Prime Research & Advisory Ltd.
(a) Equity Share Capital	534.10	163.60	50.00	35.00
(b) Reserves & Surplus (Net of Debit Balance of Profit & Loss Account)	2,130.30	(2,414.51)	1.54	0.65
(c) Total Assets (Fixed Assets + Current Assets + Misc. Expenditure + Deferred Tax Asset)	7,638.35	9,000.00	52.26	36.04
(d) Total Liabilities (Debts + Current Liabilities & Provisions)	4,973.95	11,250.92	0.72	0.39
(e) Details of Investments Equity Shares / Equity Share Warrants (excluding Investments in the Subsidiary Companies)	11.87	6,983.33	-	-
(f) Total Revenues	868.96	(1,664.36)	3.25	2.38
(g) Profit / (Loss) Before Tax	84.55	(2,338.86)	3.19	0.48
(h) Provision for Tax	92.43	0.09	0.90	0.15
(i) Profit / (Loss) After Tax	(7.88)	(2,338.94)	2.28	0.33
(j) Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-







# PRIME SECURITIES LIMITED

Regd. Office : Ashford Centre, 7th Floor, Shankarrao Naram Marg, Opp. Peninsula Corporate Park, Lower Parel, Mumbai 400 013.

PRIME



## ATTENDANCE SLIP

I hereby record my presence at the Thirtieth Annual General Meeting of the Members of Prime Securities Limited will be held on Tuesday, September 25, 2012 at 10.00 a.m.

Folio No \_\_\_\_\_

DP ID / Client ID \_\_\_\_\_

Full Name of the Shareholder \_\_\_\_\_ Signature \_\_\_\_\_  
(in block letters)

Full Name of the Proxy \_\_\_\_\_ Signature \_\_\_\_\_

# PRIME SECURITIES LIMITED

Regd. Office : Ashford Centre, 7th Floor, Shankarrao Naram Marg, Opp. Peninsula Corporate Park, Lower Parel, Mumbai 400 013.

PRIME



## PROXY

I \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
Member(s) of Prime Securities Limited hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ or  
failing him \_\_\_\_\_ of \_\_\_\_\_ in the district  
of \_\_\_\_\_ as my / our Proxy to attend  
and vote for me/us and my/our behalf at the Thirtieth Annual General Meeting of the Members of Prime Securities Limited will be  
held on Tuesday, September 25, 2012 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp Film Centre,  
Mumbai 400034 on and at any adjournment thereof.



Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Folio No \_\_\_\_\_

DP ID / Client ID \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Affix  
Re 1/-  
Revenue  
Stamp

**Note :** The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting

## BOOK - POST

*if undelivered, please return to :*

**PRIME SECURITIES LIMITED**

Ashford Centre, 7th Floor,  
Shankarrao Naram Marg,

Opp. Peninsula Corporate Park,  
Lower Parel, Mumbai 400 013.

Tel : +91-22-61842525 / +91-22-24981515

Fax : +91-22-24970777

Email : prime@primesec.com

