



PRIME SECURITIES LIMITED
ANNUAL REPORT
2009 - 2010

**BOARD OF DIRECTORS**

Arun Shah	<i>Chairman</i>
R. Ramachandran	<i>Whole-time Director</i>
Pradip Dubhashi	<i>Director</i>

REGISTERED OFFICE

Phoenix House, A Wing, 4th Floor,
462, Senapati Bapat Marg,
Lower Parel, Mumbai 400013
Tel: (022) 24981515
Fax: (022) 24970777
Email: prime@primesec.com

MANAGEMENT TEAM

N. Jayakumar	<i>President</i>
Vinay Motwani	<i>Director - Equity Sales Distribution (Prime Broking Company (India) Limited)</i>
T.S. Anantkrishnan	<i>Director - Private Client Group (Prime Broking Company (India) Limited)</i>
Ajay Shah	<i>Vice President - Legal & Company Secretary</i>

REGISTRAR & SHARE TRANSFER AGENTS

Sharepro Services (India) Private Limited
Samhita Warehousing Complex,
13 AB, Gala No. 52, 2nd Floor,
Nr. Sakinaka Telephone Exchange,
Off. Kurla Andheri Road, Sakinaka,
Mumbai 400072.
Tel: (022) 67720300
Fax: (022) 28591568
Email: sharepro@vsnl.com

AUDITORS

Gandhi & Associates
Chartered Accountants

INTERNAL AUDITORS

Rajan P. Raut
Chartered Accountants

BANKERS

IndusInd Bank Limited
HDFC Bank Limited
Corporation Bank
Bank of India

CONTENTS**Page Nos.**

Notice	2-8
Director's Report	9-12
Management Discussion & Analysis	13
Corporate Governance Report	14-21
Auditor's Report	22-23
Balance Sheet	24
Profit & Loss Account	25
Schedules forming part of Balance Sheet & Profit & Loss Account	26-29
Notes to Accounts	29-36
Cash Flow Statement	37
General Business Profile	38
Statement regarding Subsidiary Companies pursuant to Section 212	38
Consolidated Accounts	39-47
Subsidiary Companies' Particulars	48

PRIME SECURITIES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of the Members of Prime Securities Limited will be held on Thursday, September 30, 2010 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, 2010 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 Pradip Dubhashi, 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 an **ORDINARY 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 January 1, 2010, 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 and in such manner so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto.
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.
RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper”.
5. To consider, and if thought fit, to pass, with or without modification(s), as a **SPECIAL RESOLUTION**, the following:
“**RESOLVED THAT** pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Act, a sum not exceeding in the aggregate one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198, 349 and 350 of the Act, for each of the five financial years of the Company commencing from April 1, 2010, be paid to and distributed by way of Commission amongst the Directors of the Company or some or any of them (other than the Whole-time Director) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors.
RESOLVED FURTHER THAT the Commission aforesaid shall be exclusive of fees payable to a Director for each of the Meeting of the Board or Committee of the Board attended by him.”
6. To consider, and if thought fit, to pass, with or without modification(s), as a **SPECIAL RESOLUTION**, the following:
“**RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the listing agreements with the stock exchanges and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as “SEBI ESOS/ESPS Guidelines”) and other rules and regulations, prescribed by SEBI or any other relevant authority, from time to time, to the extent applicable and subject to any other approvals, consents, permissions and sanctions of any such authorities as may be necessary and subject to any such conditions or modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and sanctions, which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted or to be constituted by the Board to exercise its powers including the powers conferred by this resolution), the consent of the Company be and is hereby accorded to the Board to introduce and implement the Employee Stock Option Scheme 2010 (hereinafter referred to as “ESOS 2010” or “Scheme”) as detailed in the explanatory statement to this notice and to create, grant, offer, issue and allot, to or for the benefit of such person(s) who are in permanent employment of the Company, including directors of the Company and its subsidiary companies (except an employee or director who is a promoter or belongs to the promoter



group or a director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity Shares of the Company at any time), whether working in India or at overseas location (hereinafter collectively referred to as "Employees"), Options giving right to purchase or subscribe not more than 20,00,000 Equity Shares of the Company (hereinafter collectively referred to as "Options"), at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide.

RESOLVED FURTHER THAT the maximum number of Options issued / granted in terms of this resolution, to any single employee during any one financial year shall not exceed 1% of the issued and paid-up equity share capital of the Company as on the date of Grant of Options.

RESOLVED FURTHER THAT the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the ESOS 2010 on such terms and conditions as contained in the explanatory statement to this resolution in the notice and to make any modifications, changes, variations, alterations or revisions in the terms and conditions of the ESOS 2010 from time to time including but not limited to amendments with respect to vesting period and schedule, number of options, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the ESOS 2010.

RESOLVED FURTHER THAT the Options may be allotted in accordance with ESOS 2010 either directly and/or through a Trust which may be setup and/or in any other permissible manner and that ESOS 2010 may also envisage for providing any financial assistance to the Trust to enable to acquire, purchase or subscribe the Equity Shares of the Company as per ESOS 2010.

RESOLVED FURTHER THAT subject to the terms stated herein, the Equity Shares allotted pursuant to this resolution shall rank pari-passu, in all respects, with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the Options and the Equity Shares allotted pursuant to the Options allotted under the ESOS 2010 on the stock exchanges where the shares of the Company are listed, as per the provisions of the listing agreements executed with the concerned stock exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, things and matters as it may, in its absolute discretion, deem necessary, expedient or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of Equity Shares, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers conferred herein, to any Committee of the Board or the Chairman or Whole-time Director of the Company, with a power to further delegate to any executive /officers of the Company to do all such acts, deeds, things and matters as also execute such documents, papers, writings, etc. as may be deemed necessary in this regard."

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the listing agreements with the stock exchanges and SEBI ESOS/ESPS Guidelines and other rules and regulations, prescribed by SEBI or any other relevant authority, from time to time, to the extent applicable and subject to any other approvals, consents, permissions and sanctions of any such authorities as may be necessary and subject to any such conditions or modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and sanctions, which may be agreed to and accepted by the Board, the consent of the Company be and is hereby accorded to the Board to extend the benefits of the ESOS 2010 referred to in the resolution no 6 of this notice and duly passed by the Members, subject to the overall limit specified under the said ESOS 2010, to such permanent Employees of the subsidiary companies of the Company, whether working in India or at overseas location and directors of the subsidiary companies, as may from time to time, be allowed to enjoy the benefits of the ESOS 2010 under the prevailing laws, rules and regulations, and on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, things and matters as it may, in its absolute discretion, deem necessary, expedient or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of Equity Shares, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers conferred herein, to any Committee of the Board or the Chairman or Whole-time Director of the Company, with a power to further delegate to any executive /officers of the Company to do all such acts, deeds, things and matters as also execute such documents, papers, writings, etc. as may be deemed necessary in this regard."

Registered Office:
Phoenix House, A Wing, 4th Floor,
462, Senapati Bapat Marg,
Lower Parel, Mumbai 400013
July 29, 2010

By Order of the Board of Directors

Ajay Shah
Vice President - Legal
& Company Secretary

PRIME SECURITIES LIMITED

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 THE 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 Friday, September 24, 2010 to Thursday, September 30, 2010 (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

8. The Company has designated an exclusive e-mail id 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.
9. 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.
10. The details required under clause 49 of the Listing Agreement in respect of the Directors seeking appointment / re-appointment in this Annual General Meeting:

Name of Director	Mr Pradip Dubhashi
Date of Birth	August 25, 1948
Date of Appointment	January 29, 2004
Expertise in Specific Functional Area	He has vast experience in business management, project and investment analysis and is an advisor in the areas of strategy, business planning, investment analysis, competitive intelligence and finance. He is on the board of a few Indian companies as an Independent Director and is owner of Innoven Business Consultancy. The Board considers his appointment to be immensely beneficial to the company.
Qualifications	B.E., P.G.D.B.M. (XLRI)
Directorship held in other Companies	Onward Technologies Limited Microline (India) Private Limited PTP Technologies Private Limited Indiaco Ventures Limited Atco Limited.
Membership / Chairmanship of Committees of the Board of other Companies in which he is a Director	Chairman of Audit Committee and Member of Remuneration Committee of Onward Technologies 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. January 1, 2010 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. 6,00,000/- 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.

PRIME SECURITIES LIMITED

- 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, 2010:**

Particulars	Rs in Lacs
Turnover and Other Income	1,780.17
Net Profit after Tax (as per Profit & Loss a/c)	704.85
Profit as computed under Section 309 (5) read with Section 198	895.67

- e) **Export performance and net foreign exchange collaborations:**

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

- f) **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, 2010, the Company has paid Rs. 26.78 lacs as remuneration to Mr. R. Ramachandran.

- c) **Recognition or awards:**

Nil.

- 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 do 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.

Item No 5

In view of the improvement in the performance of the Company in the year under review, it is considered desirable and appropriate that in accordance with the provisions of Section 309 of the Companies Act, 1956, a Commission not exceeding in the aggregate 1% per annum of the net profits of the Company computed in accordance with the provisions of Section 198, 349 and 350 of the Companies Act, 1956, for each of the five financial years commencing on and from April 1, 2010, may be paid to and distributed amongst the Directors of the Company other than Whole-time Director, the proportion and manner of payment to be determined by the Board of Directors from time to time.

The Special Resolution is necessary having regard to the provisions of Section 309 (4) of the Companies Act, 1956. The Directors recommend the resolution for the approval of the shareholders and all the Non-Executive Directors are deemed to be concerned or interested in the above resolution.

Item No 6 & 7

The Company operates in the financial services industry and the major services provided by the Company i.e. Investment Banking and Corporate Advisory, Broking and Wealth Management services are people driven. The Company believes that the growth witnessed by the Company is the result of the efforts put in by the employees. The Board has identified the need to reward the employees and to enable them to participate in the future growth and financial success of the Company, it has proposed to offer the employees an option to acquire the equity shares of the Company under ESOS 2010.

The Compensation Committee will administer ESOS 2010 and will formulate its detailed terms and conditions.

The disclosure as required to be made in terms of clause 6.2 of the SEBI ESOS/ESPS Guidelines are as under:

Total number of Options to be granted

A total of 20,00,000 (Twenty Lacs only) Options would be available for being granted to the eligible permanent employees including directors of the Company and its subsidiary companies under the Scheme, detailed terms of which are to be formulated by the Board but subject to the broad parameters of the Scheme to be approved by the shareholders. Each such Option when exercised would be converted into one new Equity Share of Rs 5/-each fully paid-up of the Company. The Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

Vested Options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employee or otherwise, would be available for being re-granted at a future date.

SEBI ESOS/ESPS Guidelines require that in case of any corporate actions such as rights, bonus, merger, de-merger, amalgamation, sale of division or any other form of corporate restructuring, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option Grantees for making such fair and reasonable adjustment, the ceiling of 20,00,000 Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

Identification of classes of employees entitled to participate in the ESOS

All permanent employees of the company working in India or out of India and directors of the Company, and all permanent employees of the subsidiary companies working in India or out of India, including directors but excluding an employee or a director who is a promoter or belongs to the promoter group or a director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company at the time of granting Options, would be entitled to the grant of Options under the Scheme.

Requirements of Vesting and period of Vesting and maximum period within which the Options shall be Vested

Options granted under ESOS 2010 would vest not less than one year and not more than three years from the date of grant of such Options. The exact proportion in which and the exact period over which the Options would vest would be determined by the Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options.

The Options may vest in one or more tranches, subject to the terms and conditions as may be stipulated by the Compensation Committee, which may include the satisfactory performance of the eligible employees and their continued employment / association with the Company / subsidiary companies, as the case may be, unless such employment / association is discontinued on account of death, permanent disablement or on retirement. In the event of death of an employee while in employment, all the Options

PRIME SECURITIES LIMITED

granted to him till such date shall vest in the legal heirs or nominees of the deceased employee. In case the employee suffers a permanent incapacity while in employment, all the Options granted to him as on the date of permanent incapacity shall vest in him on that date.

If the eligible employee voluntarily terminates employment / association with the Company / subsidiary companies, as the case may be, the Options to the extent not vested shall lapse / expire and be forfeited forthwith. However, this shall not be applicable to eligible employees who have resigned or who may resign from time to time to join companies, approved by the Compensation Committee, that have been established or promoted or set up (whether solely or jointly with any other entity) by the Company.

Exercise price or pricing formula

The Equity Shares would be issued at an Exercise Price which would be determined by the Compensation Committee on the date(s) of Grant of Options in accordance with the applicable guidelines, subject to conditions for payment of Exercise Price in the manner prescribed by the Compensation Committee.

Exercise period and process of exercise

The exercise period would commence from the date of vesting and will expire at the end of five years from the date of vesting or such period as may be decided by the Compensation Committee. The Options would be exercisable by the employees by submitting a written application along with the payment of Exercise Price, to the Company or to such other person as the Company may prescribe, and on execution of such other documents, as may be prescribed by the Compensation Committee.

Appraisal process for determining the eligibility of the employees to the ESOS

The appraisal process for determining the eligibility of the employees will be specified by the Compensation Committee and will be based on criteria such as seniority of the employees, length of service, performance record, merit, contribution and conduct of the employees, future potential and / or any such other criteria that may be determined by the Compensation Committee at its sole discretion.

Maximum number of options to be issued per employee and in the aggregate

The maximum number of Options granted to any single eligible employee during any one year shall not exceed 1% of the issued and paid-up equity share of the Company at the time of grant of the option. The aggregate of all such Options shall not exceed 20,00,000 equity shares.

Disclosure and accounting policies

The Company shall comply with the disclosure and accounting policies specified in Clause 13.1 of the SEBI ESOS/ ESOS Guidelines and any other applicable law and regulations from time to time.

Method of valuation

The Company shall use the intrinsic value method for computing the compensation cost for the Options granted. The difference between the employee compensation cost so computed and the compensation cost that shall have been recognised if the Company had used the fair value of the Options and also the impact of this difference on the profits and on EPS of the Company shall be disclosed in the Directors' Report.

The benefits of the Scheme shall also be extended to the permanent employees and directors of the subsidiary companies of the Company, in the same manner and subject to the terms and conditions as mentioned herein. The aggregate Options issued in terms of ESOS 2010 shall not exceed the overall limit as mentioned in the ESOS 2010. SEBI ESOS/ESOS Guidelines provide for separate approval of members to be obtained for extending the benefits of the Scheme to employees and directors of subsidiary companies of the Company. In terms of the provisions of section 81(1A) and all other applicable provisions, if any, of the Act, and the SEBI ESOS/ESOS Guidelines, approval of the members is sought to issue Equity Shares pursuant to the Options granted under the ESOS 2010 to the employees and directors of the subsidiary companies of the Company.

As the Scheme provides for issue of Equity Shares to be offered to persons other than existing shareholders of the Company, the consent of the shareholders is being sought pursuant to section 81(1A) of the Act and as per Clause 6 of SEBI ESOS/ESOS Guidelines.

The Board of Directors accordingly recommends the resolution set out at item nos. 6 & 7 of the accompanying notice for the approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Registered Office:

Phoenix House, A Wing, 4th Floor,
462, Senapati Bapat Marg,
Lower Parel, Mumbai 400013
July 29, 2010

By Order of the Board of Directors

Ajay Shah
Vice President - Legal
& Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-Eighth Annual Report, together with the Audited Accounts for the Year ended March 31, 2010.

(Rs. in lacs)

FINANCIAL RESULTS	Year ended March 31, 2010	Year ended March 31, 2009
Total Income	1,780.17	178.14
Administrative and Other Expenditure	290.90	638.44
Loss in Derivatives and Other Transactions (Net)	41.47	-
Loss on Sale of Investments (Net)	-	503.58
Diminution in Value of Investments (Net of written-back)	51.95	1,215.42
Depreciation	22.02	22.97
Interest	511.53	16.27
Profit before Tax	862.31	(2,218.55)
Current Tax	144.00	-
Fringe Benefit Tax	-	3.37
Profit after Tax	718.31	(2,221.91)
Prior Period Adjustments – Tax	13.46	-
Net Profit after Adjustment	704.85	(2,221.91)
Profit Brought Forward from Previous Year	737.20	2,959.11
Balance Carried to Balance Sheet	1,442.05	737.20

PERFORMANCE REVIEW

During the year under review, world financial markets started stabilizing due to pumping in of huge liquidity by central banks of various countries, thereby arresting recessionary trends. Fears are being expressed if high level of liquidity at low interest rates would lead to higher inflation. Indian markets have improved significantly during the year under review and Companies have shown strong financial performance during the period. Earnings growth has been significant for most of Companies.

Total revenues of your Company for the year under review were Rs. 1,780.17 lacs as compared to Rs. 178.14 lacs in the previous year and net profit after tax and adjustments amounted to Rs. 704.85 lacs as against net loss after tax and adjustments of Rs. 2,221.91 lacs in the previous year.

For the year ended March 31, 2010, the consolidated revenues for the Group as a whole was Rs. 3,010.09 lacs as compared to Rs. 834.69 lacs in the previous financial year and consolidated net profit after tax and other adjustments was Rs. 377.62 lacs against net loss after tax and adjustments of Rs. 2,521.89 lacs for the previous financial 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 two employee stock option schemes viz. Employee Stock Option Scheme 2007 (ESOS 2007) and Employee Stock Option Scheme 2008 (ESOS 2008). The compensation committee of the board of directors has granted, to the eligible employees / directors of the Company and subsidiary companies, 9,99,000 and 11,97,750 Options pursuant to ESOS 2007 and ESOS 2008 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.

PRIME SECURITIES LIMITED

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENT

Prime Broking Company (India) Limited (PBCIL) has during the year under review earned revenues of Rs. 1,168.21 lacs as compared to Rs. 685.35 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 earned a net profit after tax and other adjustments of Rs. 289.84 lacs vis-à-vis a net loss after tax and other adjustments of Rs. 285.26 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 2009-2010. During the year under review, PCBIL earned revenues of Rs. 4.38 lacs as compared to Rs. 2.52 lacs in the previous financial year. The net profit after tax and adjustments for the year ended March 31, 2010 amounted to Rs. 3.01 lacs as against net loss after tax and adjustments of Rs. 0.68 lacs in the previous financial year.

Primesec Investments Limited (PIL) was incorporated in November 2007 to carry on Non-Banking Financial Companies (NBFC) activities. During the year under review, PCBIL earned revenues of Rs. 54.38 lacs as compared to Rs. 14.46 lacs in the previous financial year. This includes Income from Trading, Profit on Sale of Investments and Interest & Dividend Income. The net loss after tax and adjustments for the year ended March 31, 2010 amounted to Rs. 611.54 lacs as against net profit after tax and adjustments of Rs. 8.85 lacs in the previous financial year.

Prime Research & Advisory Limited (PRAL) did not undertake any activities during 2009-2010.

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

In terms of the approval granted by the Government of India, Ministry of Corporate Affairs, New Delhi u/s 212 (8) of the Companies Act, 1956 vide its letter no. 47/629/2010-CL-III dated July 1, 2010, 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, 2010. 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 Pramod Shah & Associate, Practising Company Secretaries, 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, 2010 is annexed to this Report.

DIRECTORS

Mr. Pradip Dubhashi is retiring at the ensuing Annual General Meeting and is eligible for re-appointment. Appropriate resolution for his reappointment 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. 250,000/- to EXNORA International Foundation, an organisation based in Chennai, which is a voluntary, not for profit organization, committed to environmental protection through people's participation.

The Company has further donated an amount of Rs. 486,000/- to "Save the Children", an organisation based in New Delhi, for support to children education, protection, survival and many more things to benefit them. It is 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 2010-11 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
Dated: July 29, 2010

R. Ramachandran
Whole-time 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
a)	Options granted	999,000	1,197,750
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)
c)	Options vested	289,000	288,100
d)	Options exercised	Nil	Nil
e)	The total number of shares arising as a result of exercise of option	Nil	Nil
f)	Options lapsed	30,000	94,700
g)	Variation of terms of options	Nil	Nil
h)	Money raised by exercise of options	Nil	Nil
i)	Total number of options in force	969,000	1,103,050
j)	Employee wise details of options granted		
	i) Senior managerial personnel	Total 632,500 options granted to 6 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 680,000 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
	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
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 2.61 per share of face value of Rs 5/- each	Rs 2.61 per share of face value of Rs 5/- each
l)	i) Method of calculation of employee compensation cost	Intrinsic value method	Intrinsic value method
	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	Rs 0.02 lacs	Rs 77.78 lacs
	iii) The impact of this difference on profits and on EPS of the Company	The net profit would have been lower by Rs 0.02 lacs and basic & diluted EPS would have been lower by Re Nil	The net profit would have been lower by Rs 77.78 lacs and basic & diluted EPS would have been lower by Re 0.30
m)	Weighted average exercise price and weighted average fair value	Weighted average exercise price – Rs 38/- Weighted average fair value – Rs 38.01	Weighted average exercise price – Rs 15/- Weighted average fair value – Rs 34.48
n)	Fair value of options based on Black Scholes methodology - assumptions		
	Risk free rate	8%	8%
	Expected life of options	3 years	3 years
	Expected volatility	29.38%	29.38%
	Expected dividends	2.25%	2.25%
	Closing market price of share on date of option grant	Rs 196.40	Rs 13.60

MANAGEMENT DISCUSSION & ANALYSIS

A. Industry Structure & Developments

Macro

The financial year 2009-2010 has been marked by a dramatic turnaround in the stock markets. It began with Inventory restocking post 2008 fall in demand. Fears have been expressed on deflation and Inflation simultaneously as central banks have pumped huge liquidity at the same time employment in the west has not showed marked improvement.

Central Banks and government across the world moved in swiftly and expanded their balance sheets by providing fiscal and monetary stimulus to stabilize global demand and to prevent a 1930 like depression. Their efforts so far seem to have stabilized the world economy and since the low in March 2009, most stock indices in the world have rallied substantially.

RBI in India also acted prudently by cutting rates and providing various stimulus measures by reducing the risk weights for real estate companies, expanding the ECB limits for borrowing, allowing FCCB buybacks etc and by managing foreign exchange reserves well. Now that the prospects of a recovery improve, RBI has started to scale back some of the fiscal measures as well as started to raise the short term interest rates.

Growth prospects in India look good, as India is largely dependent on domestic consumption rather than exports. Domestic consumption constitutes about 65% of our economy and exports only about 15%. Also, our banking system has emerged unscathed from the subprime crisis as such products were not part of the banking system. A stable government at the center also helped push much needed reforms in the banking and infrastructure sector. GDP growth is expected to be about 9% for the FY11 which is huge compared to the western world economies.

Stock Market

The BSE Sensex rose about 77% in FY10. It was a steady rise as capital flows returned. FII inflow in FY10 was close to US Dollar 18 billion. The pullback in the markets was steady as investors worldwide started to find bargains and great valuations and prospects in the Indian markets.

The brokerage business improved substantially from the previous year as many FII and domestic institutions returned to investment and trading mode. 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 2009-2010 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 emerges from this downturn.

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.

C. Segment-wise or Product-wise Performance

The Company operates only in advisory business. Its subsidiary is in the business of brokerage 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 Company had a shown increase in revenue at Rs. 1,780.17 lacs (Previous year Rs. 178.14 lacs) for the financial year under review. The Profit after Tax stood at Rs. 704.85 lacs (Loss after Tax in Previous year Rs. 2,221.91 lacs). The Company continues 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 29 employees (including employees of subsidiary companies) as on March 31, 2010.

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.

PRIME SECURITIES LIMITED

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 Three Directors. The Board comprises of Two Non-Executive and Independent Directors and One Executive Director. 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, 8 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 Arun Shah	Independent, Non-Executive	8	100
Mr Pradip Dubhashi	Independent, Non-Executive	8	100
Mr R. Ramachandran	Executive	8	100

Note: None of the Director is related to each other.

All Directors of the Company attended the last Annual General Meeting held on September 29, 2009.

(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 (*)	Number of Committees in which Memberships is held (**)	Number of Chairmanship(s) in other Board Committees
Mr Arun Shah	10	8	2
Mr Pradip Dubhashi	3	2	1
Mr R. Ramachandran	2	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, 8 Board Meetings were held. The dates on which the said meeting were held are April 15, 2009, June 30, 2009, July 17, 2009, September 4, 2009, October 29, 2009, December 1, 2009, January 22, 2010 and March 16, 2010.

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.

(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 two members of the Audit Committee including the Chairman are Non-Executive and Independent Directors:

1. Mr Arun Shah - Chairman, Independent & Non-Executive Director
2. Mr Pradip Dubhashi - Member, Independent & Non-Executive Director
3. Mr R. Ramachandran – Member & 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 June 30, 2009, July 17, 2009, October 29, 2009, and January 22, 2010. 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 Arun Shah	Chairman	4	100
Mr Pradip Dubhashi	Member	4	100
Mr R. Ramachandran	Member	4	100

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, 2009.

(d) Internal Auditors

The Company has appointed M/s Rajan P. Raut, 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 Arun Shah - Chairman, Independent & Non-Executive Director
2. Mr Pradip Dubhashi - 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 January 22, 2010. 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 Arun Shah	Chairman	1	100
Mr Pradip Dubhashi	Member	1	100
Mr R. Ramachandran	Member	1	100

(d) Remuneration Policy

1. The Whole-Time Director of the Company is paid remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) within the limits envisaged under Schedule XIII of the Companies Act, 1956.
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.

PRIME SECURITIES LIMITED

(e) Details of Remuneration paid to all the Directors

Name of Director	Fixed Salary	Commission	Sitting Fees	Total	Service Contract / Notice Period
Mr Arun Shah	Nil	Nil	120,000	120,000	Retirement by rotation
Mr Pradip Dubhashi	Nil	Nil	120,000	120,000	Retirement by rotation
Mr R. Ramachandran	2,678,460	Nil	Nil	2,678,460	Contractual *

* The Contract with the Whole-time Directors is 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, none of the 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 annual general meeting held on January 25, 2008, the Board of Directors has allotted 75,000, 75,000 and 200,000 employee stock options ("ESOPs") to Mr Arun Shah, 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 5/- 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 allotted 35,000, 65,000 and 2,30,000 employee stock options ("ESOPs") to Mr Arun Shah, 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. 5/- 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.

The powers to approve transfer of shares and redress shareholder complaints have been designated to the Whole-Time Director and the Company Secretary jointly. 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 Arun Shah - Chairman, Independent & Non-Executive Director
2. Mr Pradip Dubhashi - Member, Independent & Non-Executive Director
3. Mr R. Ramachandran - Member & 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	58	58
Dividend Related	129	129
Change of Address	74	74
Change of Signature	2	2
Demat / Remat Queries	8	8
Issue of Duplicate / Loss of Shares	8	8
Deletion Cases	22	22
Name Correction	4	4
Mandate	17	17
Transmission	16	16
Non-receipt of Annual Report	1	1
SEBI Complaints	30	30
Miscellaneous	4	4
Total	373	373

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 Arun Shah - Chairman, Independent & Non-Executive Director
2. Mr Pradip Dubhashi - Member, Independent & Non-Executive Director
3. Mr R. Ramachandran - Member & 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
2008-2009	September 29, 2009	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2007-2008	September 30, 2008	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2006-2007	August 30, 2007	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. 17 of Schedule P 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.
3. Pursuant to Clause 51 of the listing agreement, the financial results, shareholding pattern and other specified data are uploaded on SEBI Electronic Data Information Filing and Retrieval (EDIFAR) website in terms of the provisions of Clause 51 of the listing agreement.
4. The Company's financial results and other official news release are displayed on the Company's website www.primesec.com
5. At present, no formal presentations are made to analysts.

PRIME SECURITIES LIMITED

11. General Shareholder information

- * AGM: Date, Time and Venue : Thursday, September 30, 2010 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp Film Centre, Mumbai 400034
- * Financial Calendar : Financial Year → April 2010 to March 2011
 - ii) First Quarter results → on or before August 15, 2010
 - iii) Second Quarter & Half-yearly results → on or before November 15, 2010
 - iv) Third Quarter & Nine Months results → on or before February 15, 2011
 - v) Results for the year ending March 31, 2010 → during April 2011 to May 2011
- * Date of Book Closure : Friday, September 24, 2010 to Thursday, September 30, 2010 (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 2010-2011
- * 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”
- * 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, 2nd 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 and 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 : 94.09% of the total shareholding has been dematerialised as on March 31, 2010
- * 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, 2nd 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.

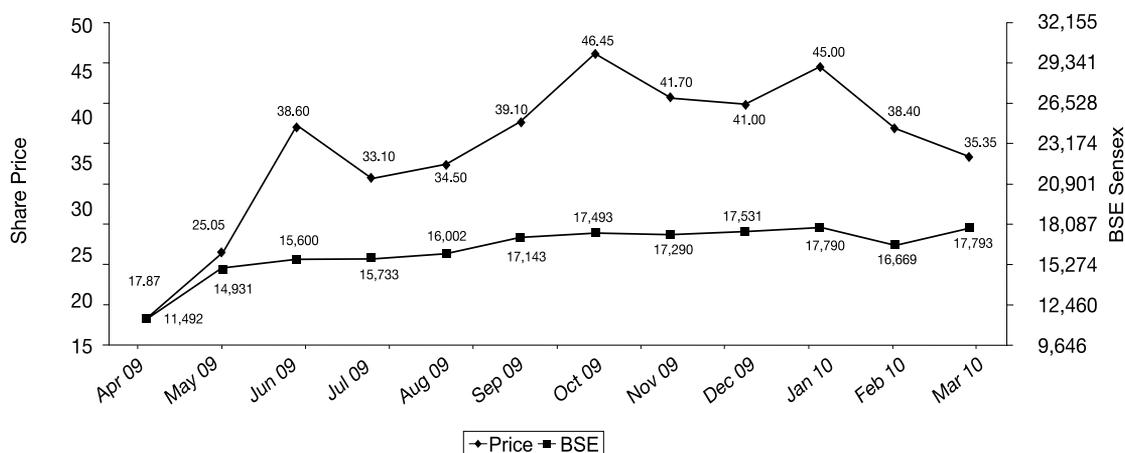
Annexure 1

Market Price Data: High / Low from April 2009 to March 2010

Month	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Nos.)	High (Rs)	Low (Rs)	Volume (Nos.)
April 2009	17.87	12.45	466,282	17.95	12.20	297,265
May 2009	25.05	15.60	261,734	24.80	15.80	214,994
June 2009	38.60	26.30	905,580	38.65	26.05	581,777
July 2009	33.10	23.80	245,300	32.85	24.05	179,281
Aug 2009	34.50	29.20	235,411	34.70	29.40	188,517
Sep 2009	39.10	32.30	813,208	38.85	32.25	615,358
Oct 2009	46.45	36.20	1,458,796	46.35	36.20	1,112,863
Nov 2009	41.70	33.45	1,560,561	41.55	33.50	1,580,825
Dec 2009	41.00	34.00	6,088,277	41.05	34.00	2,481,348
Jan 2010	45.00	36.80	6,435,289	44.75	36.85	4,847,093
Feb 2010	38.40	31.35	1,119,393	38.55	31.35	819,532
Mar 2010	35.35	30.65	1,383,933	35.50	30.35	1,137,683

Annexure 2

Comparison of Share Price & BSE Sensex - (Monthly High)



PRIME SECURITIES LIMITED

Annexure 3 Distribution of Shareholding (As on March 31, 2010)

No of Equity Shares held	Number of Shareholders	Percentage of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 1000	26,915	94.79	4,747,485	18.03
1001 – 2000	668	2.35	1,035,368	3.93
2001 – 3000	257	0.91	665,707	2.53
3001 – 4000	113	0.40	407,419	1.54
4001 – 5000	112	0.39	525,447	2.00
5001 – 6000	41	0.14	228,013	0.87
6001 – 7000	37	0.13	241,623	0.92
7001 – 8000	29	0.10	220,829	0.84
8001 – 9000	18	0.06	151,988	0.58
9001 – 10000	27	0.10	264,398	1.00
Above 10000	179	0.63	17,837,148	67.76
Total	28,396	100.00	26,325,425	100.00

Annexure 4 Shareholding Pattern of the Company (As on March 31, 2010)

Category	Number of Shares	% of Share Capital
A Shareholding of Promoter and Promoter Group		
1) Indian	Nil	Nil
2) Foreign	Nil	Nil
Sub-Total	Nil	Nil
B Public Shareholding		
1) Institutions		
a) Mutual Funds & UTI	23,600	0.09
b) Financial Institutions / Banks	16,700	0.06
c) Foreign Institutional Investors	511,300	1.94
Sub-Total	551,600	2.10
2) Non-Institutions		
a) Bodies Corporate	9,688,212	36.80
b) i) Individual Shareholders holding nominal share capital upto Rs 1 lac	9,109,998	34.61
ii) Individual Shareholders holding nominal share capital in excess of Rs 1 lac	5,147,015	19.54
c) Any Other (Foreign Companies)	1,828,600	6.95
Sub-Total	25,773,825	97.90
Grand Total	26,325,425	100.00



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, 2010, 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, 2010.

Mumbai
Dated: July 29, 2010

R. Ramachandran
Whole-time 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 on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the 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 statements of the company.

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

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

Gandhi & Associates
Chartered Accountants

K. V. Sahasrabudhe
Partner
Membership No.: 106172

Mumbai, July 29, 2010

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, 2010, 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, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
2. *Without qualifying our opinion, we draw attention to:*

Note no. 10 in Schedule P relating to the Company's investment in, and loans to, its subsidiary Prime Broking Company (India) Limited in respect of which we are unable to express our opinion as to whether they are good and recoverable in view of the circumstances specified in the said note.
3. 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, 2010;
 - b. in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

K. V. Sahasrabudhe
Partner
Membership No.: 106172

Mumbai, May 29, 2010

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.
According to the information and explanations given to us, income-tax dues amounting to Rs. 13.46 lacs have remained outstanding as at 31st March, 2010 for a period more than six months from the date they became payable.
- b. According to the records of the Company, the particulars of statutory dues as at 31st March, 2010 which have not been deposited on account of a dispute are as follows:

Statue	Form before whom pending	Total (Rs In lacs)
Income tax Act, 1961	Commissioner of Income-tax (Appeals), Mumbai.	8.45

- ix) The Company does not have any accumulated loss as at the year end. The Company has not incurred any cash loss during the current financial year but had incurred 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. All investments are held in the name of the Company except shares of Tunip Agro Limited amounting to Rs. 381.50 lacs are yet to be transferred in the name of the Company.
- xiv) The Company has given corporate guarantee of Rs. 1,624.64 lacs to banks on behalf of its subsidiary company against the credit facilities availed by the subsidiary Company. Read with clause 2 of the audit report, in our opinion, the terms and conditions thereof are not prejudicial to the interests of the Company. According to the information and explanations given to us, the Company has not given any other guarantee for loans taken by others from banks or financial institutions.
- xv) According to the information and explanations given to us and the records of the Company examined by us, term loans, prima facie, have been applied for the purpose for which the loans were obtained.
- xvi) Based on the overall examination of Balance Sheet of the Company, as at 31st March 2010, short term funds of Rs. 38.48 crores have been utilized for long term application. The Company has explained that steps are being taken to augment long term funds.
- xvii) 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.
- xviii) The Company has not raised any money by public issues during the year.
- xix) 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) and (xix) of Paragraph 4 of the said Order are, in our opinion, not applicable to the Company.

For Gandhi & Associates
Chartered Accountants
Registration No. 102965W

K. V. Sahasrabudhe
Partner
Membership No.: 106172

Mumbai, May 29, 2010

PRIME SECURITIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31-Mar-10		As at 31-Mar-09	
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	1,320.44		1,320.44	
Reserves and Surplus	B	9,522.15		8,652.30	
			10,842.59		9,972.74
Advance towards Equity Share Warrants			-		165.00
Loan Funds					
Secured Loans	C	3,576.05		1,182.24	
Unsecured Loans	D	5,350.00		750.00	
			8,926.05		1,932.24
TOTAL			19,768.64		12,069.98
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	E	578.45		579.29	
Less : Depreciation		158.21		136.53	
Net Block			420.24		442.76
Investments	F		8,027.61		4,270.66
Current Assets, Loans and Advances					
Debtors	G	-		0.62	
Cash and Bank Balances	H	993.36		254.48	
Other Current Assets	I	17.25		13.79	
Loans and Advances	J	10,884.71		7,367.01	
			11,895.32		7,635.91
Less : Current Liabilities and Provisions					
Current Liabilities	K	478.95		215.86	
Provisions	L	95.57		63.49	
			574.53		279.35
Net Current Assets			11,320.79		7,356.56
TOTAL			19,768.64		12,069.98
Notes on Accounts	P				

The schedules A to P are annexed to & forming part of the Accounts

As per our Report attached

For and on behalf of
GANDHI & ASSOCIATES
 Chartered Accountants

N. JAYAKUMAR
 President

For and on behalf of the Board

ARUN SHAH Director

R. RAMACHANDRAN Director

K. V. Sahasrabudhe
 Partner
 M. No. 106172

AJAY SHAH
 Company Secretary

PRADIP DUBHASHI Director

Mumbai, Dated : May 29, 2010

Mumbai, Dated : May 29, 2010



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended 31-Mar-10 Rs. in lacs	Year ended 31-Mar-09 Rs. in lacs
INCOME			
Merchant Banking and Advisory Fees		58.23	13.82
Gain on Sale of Investments (Net)		1,623.70	-
Interest, Dividend and Other Income	M	98.24	164.32
	TOTAL	1,780.17	178.14
EXPENDITURE			
Administrative and Other Expenses	N	290.90	638.44
Loss in Derivatives and Other Transactions (Net)		41.47	-
Loss on Sale of Investments (Net)		-	503.58
Diminution in Value of Investments		51.95	1,215.42
Depreciation		22.02	22.97
Interest and Finance Charges	O	511.53	16.27
	TOTAL	917.86	2,396.68
Profit / (Loss) before Tax		862.31	(2,218.55)
Provision for Tax			
- Current Tax		144.00	-
- Fringe Benefit Tax		-	3.37
Profit / (Loss) after Tax but before Adjustments		718.31	(2,221.91)
Prior Period Adjustments - Tax		13.46	-
Profit / (Loss) after Tax & Adjustments		704.85	(2,221.91)
Profit brought forward from Previous Year		737.20	2,959.11
Balance Carried to the Balance Sheet		1,442.05	737.20
Earning Per Share (Face Value per share Rs. 5/-)			
- Basic		2.68	(8.44)
- Diluted		2.61	(8.44)
Notes on Accounts	P		

The schedules A to P are annexed to & forming part of the Accounts

As per our Report attached

For and on behalf of
GANDHI & ASSOCIATES
Chartered Accountants

N. JAYAKUMAR
President

K. V. Sahasrabudhe
Partner
M. No. 106172

AJAY SHAH
Company Secretary

Mumbai, Dated : May 29, 2010

For and on behalf of the Board

ARUN SHAH Director

R. RAMACHANDRAN Director

PRADIP DUBHASHI Director

Mumbai, Dated : May 29, 2010

PRIME SECURITIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 'A' - SHARE CAPITAL	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
AUTHORISED		
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
TOTAL	3,500.00	3,500.00
ISSUED		
2,70,74,625 Equity Shares of Rs. 5/- each	1,353.73	1,353.73
TOTAL	1,353.73	1,353.73
SUBSCRIBED		
2,70,74,025 Equity Shares of Rs. 5/- each	1,353.70	1,353.70
TOTAL	1,353.70	1,353.70
PAID-UP		
2,63,25,425 Equity Shares of Rs. 5/- each	1,316.27	1,316.27
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited] Of the above	4.17	4.17
i) 1,35,476 Equity Shares of Rs. 5/- each issued as fully paid up pursuant to a contract without payment being received in cash.		
ii) 28,62,550 Equity Shares of Rs. 5/- each have been allotted as Bonus shares by capitalisation of Share Premium and balance in Profit & Loss Account.		
TOTAL	1,320.44	1,320.44
SCHEDULE 'B' - RESERVES & SURPLUS	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
Capital Redemption Reserve		
As per last Balance Sheet	217.27	217.27
Share Premium		
As per last Balance Sheet	5,297.83	5,297.83
General Reserve		
As per last Balance Sheet	2,400.00	2,400.00
Capital Reserve		
As per last Balance Sheet	-	-
Add: Forfeiture of Advance towards Equity Share Warrants	165.00	-
	165.00	-
Balance in Profit & Loss Account	1,442.05	737.20
TOTAL	9,522.15	8,652.30
SCHEDULE 'C' - SECURED LOANS	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
From a Banks	18.62	50.66
[Secured by hypothecation of assets of the Company acquired out of said loan] [Repayable within one year Rs. 18.62 lacs (Previous Year Rs. 32.04 lacs)]		
From Others	3,557.42	1,131.57
[Secured by lien marked / pledge by the lender on the specified investments owned by the Company]		
TOTAL	3,576.05	1,182.24



SCHEDULE 'D' - UNSECURED LOANS	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
Inter Corporate Deposit	5,350.00	750.00
TOTAL	5,350.00	750.00

SCHEDULE 'E' - FIXED ASSETS										
DISCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As On 1-Apr-09	Additions	Deletions & Adjustments	As on 31-Mar-10	As on 1-Apr-09	For the year		As on 31-Mar-10	As on 31-Mar-10	As on 31-Mar-09
						Provided	Adjustments			
Tangible Assets										
Residential Premises	392.80	-	-	392.80	87.62	6.44	-	94.06	298.74	305.18
Data Processing Equipment	0.29	-	0.29	-	0.19	0.02	0.20	-	-	0.11
Furniture & Fixture	41.60	0.30	1.52	40.37	21.80	2.59	0.14	24.24	16.13	19.80
Office Equipments	8.58	0.67	-	9.26	0.55	0.42	-	0.97	8.29	8.03
Vehicles	135.76	-	-	135.76	26.28	12.52	-	38.79	96.97	109.48
Intangible Assets										
Computer Software	0.26	-	-	0.26	0.11	0.04	-	0.15	0.11	0.15
Total	579.29	0.97	1.82	578.45	136.53	22.02	0.35	158.21	420.24	442.76
Previous Year	620.56	8.91	50.19	579.29	136.45	22.97	22.89	136.53	442.76	

SCHEDULE 'F' - INVESTMENTS (Non-trade)	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
(As per Annexure 'A')	8,027.61	4,270.66
TOTAL	8,027.61	4,270.66

SCHEDULE 'G' - SUNDRY DEBTORS (Unsecured, Considered Good unless stated otherwise)	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
Debts outstanding for a period exceeding six months	-	0.62
TOTAL	-	0.62

SCHEDULE 'H' - CASH AND BANK BALANCES	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
Cash on hand	2.08	7.83
Bank Balances		
With Scheduled Banks:		
- In Current Accounts	588.09	77.91
- In Deposit Accounts (Rs. 48.00 lacs (Previous Year Rs. 48.00 lacs) pledged with bank against guarantees issued by them)	403.19	168.74
TOTAL	993.36	254.48

SCHEDULE 'I' - OTHER CURRENT ASSETS (Unsecured, Considered Good)	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
Receivable on Sale of Investments	1.42	-
Prepaid Expenses	6.46	8.63
Accrued Income	9.37	5.17
TOTAL	17.25	13.79

PRIME SECURITIES LIMITED

SCHEDULE 'J' - LOANS AND ADVANCES (Unsecured, Considered Good)	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
Loans	493.42	6.73
Advances recoverable in cash or in kind or for value to be received	1,933.58	3,306.81
Inter Corporate Deposit to Subsidiary Company	3,847.50	-
Advances to Subsidiary Companies	4,252.66	3,645.86
Advance Tax (Net of Provisions)	183.24	233.02
Security Deposits	174.31	174.58
TOTAL	10,884.71	7,367.01

SCHEDULE 'K' - CURRENT LIABILITIES	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
Sundry Creditors	9.49	9.98
Deposit from Subsidiary Companies	48.50	48.50
Unclaimed Dividend	54.74	54.93
Other Liabilities	366.23	102.45
TOTAL	478.95	215.86

SCHEDULE 'L' - PROVISIONS	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
Provision for Leave Encashment	95.57	63.49
TOTAL	95.57	63.49

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 'M' - INTEREST AND OTHER INCOME	Period ended 31-Mar-10 Rs. in lacs	Period ended 31-Mar-09 Rs. in lacs
Interest Received (Gross) [Tax deducted at source Rs. 7.90 lacs (Previous year Rs. 2.26 lacs)]	23.12	9.58
Dividend on Investments	69.06	18.99
Provisions no longer required, Written back	6.05	85.63
Debts written-off now Recovered	-	50.13
TOTAL	98.24	164.32

SCHEDULE 'N' - ADMINISTRATIVE AND OTHER EXPENSES	Period ended 31-Mar-10 Rs. in lacs	Period ended 31-Mar-09 Rs. in lacs
Salaries & Allowances	159.07	139.17
Contribution to Provident and Other Funds	3.98	4.85
Staff Welfare Expenses	3.86	5.78
Travelling & Conveyance	20.17	17.26
Rent	29.86	34.13
Consultancy & Professional Charges	30.15	16.70
Rates & Taxes	0.09	1.99
Telephone, Postage and Courier Charges	7.21	9.88
Electricity Charges	1.87	2.15
Printing & Stationery	3.71	4.25
Advertisement	1.31	1.40
Insurance	2.67	1.99
Repairs & Maintenance		
- Building	0.32	0.27
- Others	5.62	5.36
Membership & Subscription	6.50	6.78
Director's Sitting Fees	2.40	3.00
Auditor's Remuneration	4.55	4.10
Balances Written-off	-	347.48
Loss on Asset Sold/Discarded	0.26	24.85
Miscellaneous Expenses	7.29	7.05
TOTAL	290.90	638.44

SCHEDULE 'O' - INTEREST AND FINANCE CHARGES	Period ended 31-Mar-10 Rs. in lacs	Period ended 31-Mar-09 Rs. in lacs
Interest		
- On Fixed Loans	5.63	15.46
- On Others	505.84	0.68
Bank Charges	0.06	0.12
TOTAL	511.53	16.27

SCHEDULE 'P'

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1. 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 "Long term 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.

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

PRIME SECURITIES LIMITED

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) 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.

2. Contingent Liabilities

(Rs. in Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	20.11	11.66
Corporate guarantee and security given for financial facilities for a subsidiary (Amount outstanding at the close of the year)	1,626.64	492.90
Claim made against the Company not acknowledged as debt (Interest liability on the above cannot be ascertained)	545.80	545.80

3. In January 2008, the Company had allotted on a preferential basis, to specified investors, 6,00,000 equity share warrants, carrying an option to apply for equivalent number of equity share of the Company of Rs. 5/- each at a premium Rs. 270/- per share within a period of 18 months from the date of allotment. The Company had received Rs. 165.00 Lacs being 10% of the exercise price of the resultant equity shares. Since, none of the investors exercised their option to convert the warrants into equity shares within the prescribed time, the option under the warrants lapsed and the amount so received stands forfeited by the Company and is credited to Capital Reserve.

4. Loans and Advances includes:

- Rs. 37.50 Lacs (Previous year Rs. 2.50 Lacs) paid to whole time director as an advance against salary [Maximum balance outstanding during the year - Rs. 37.50 Lacs (Previous year Rs. 2.50 Lacs)].
- Rs. 3.42 Lacs (Previous year Rs. 6.73 Lacs) due from the Principal Officer of the Company [Maximum balance outstanding during the year - Rs. 6.73 Lacs (Previous year Rs. 7.55 Lacs)]

5. **Auditor's Remuneration**

(Rs. in Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Audit Fees	3.00	1.95
Tax Audit Fees	0.25	0.25
In Other Capacity:		
- Taxation	0.75	0.65
- Certification	0.30	0.40
- Other Matters	0.25	0.85
Total	4.55	4.10

6. **Remuneration to Directors**

a) Remuneration to Whole-time Director (Included in Salaries & Allowances)

(Rs. In Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
i) Salary & Allowances to Whole time Director #	30.70	12.19
ii) Contribution to Provident & Other Funds	-	0.25
Total	30.70	12.44

Excludes contribution to LIC under LIC's Group Gratuity Scheme, being unascertainable.

b) Sitting Fees paid to non-executive directors Rs. 2.40 Lacs (Previous Year Rs. 3.00 Lacs).

7. **Computation of Net Profits in accordance with Section 349 of the Companies Act, 1956 and the Commission payable to Directors**

(Rs. in Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Profit before Tax as per Profit and Loss Account	862.31	(2,218.55)
Add: Director's Remuneration	30.70	12.44
Directors Sitting Fees	2.40	3.00
Loss on Sale of Fixed Assets	0.26	24.85
Net Profit as per Section 349 of the Companies Act, 1956	895.67	(2,178.26)
1% of above	8.96	-
Commission to Non-Whole time Directors	-	-

8. Fixed Assets include a residential flat of Rs. 298.74 Lacs (Net) 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 the Company is not likely to have any further claim or liability against the said flat.

9. During the previous year, under an agreement, the Company had agreed to acquire for a consideration of Rs. 2,400.00 Lacs an equity stake of 66.67% in a proposed joint venture company to be formed by one of the party to the said agreement. The party in question was obliged to form a joint venture company and sell and transfer the equity stake in favour of the Company. As per the terms of the agreement, the Company had made an advance payment to the party for its equity stake. During the year, on account of the party expressing its inability to implement the proposed project within the prescribed time frame, the party repaid Rs. 100.00 Lacs to the Company and assigned the project to another party. The said other party after revisiting the viability of the project finally decided to shelve the project and undertook to repay the balance advance of Rs. 2,300.00 Lacs to the Company. Pursuant to the same, Rs. 1,286.00 Lacs is received by the Company till the date of this Balance Sheet and the balance Rs. 1,014.00 Lacs is due within agreed time frame.

10. The Company's financial exposure in its subsidiary Prime Broking Company (India) Limited ("PBCIL") as at the year end is as under:

- Rs. 1,719.70 Lacs – investment in shares of PBCIL
- Rs. 4,252.66 Lacs – advance (net) to PBCIL
- Rs. 1,626.64 Lacs – guarantees given on behalf of PBCIL

PRIME SECURITIES LIMITED

PBCIL has debts (outstanding for over one year) of Rs. 67.97 Lacs and has an outstanding deposit balance of Rs. 4,867.00 Lacs receivable on rescinding the right to acquire development rights in a property in Mumbai. Considering the fact that the Company's investment in PBCIL is of a strategic nature and the efforts undertaken by the Board of PBCIL to recover the amounts involved, no provision is considered necessary by the management at present for a possible dilution in the value of investment and also in respect of losses that may arise in respect of the receivables from PBCIL.

11. The decline in the value of Investments held as long term, in the opinion of the management, is temporary in nature and hence no diminution is accounted in the carrying value of investments.
12. 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.
13. **Employees Stock Option Schemes (ESOS)**
The Company's stock based compensation plan for employees comprises of two schemes viz. the ESOS 2007 Scheme and the ESOS 2008 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries and are approved by the members.

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 at an exercise price to be approved by the 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 at an exercise price to be approved by the 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/-	
	Current Year	Previous Year	Current Year	Previous Year
Options granted, beginning of the Year	529,500	999,000	1,197,750	-
Granted during the Year	535,500	-	-	1,197,750
Exercised during the Year	-	-	-	-
Lapsed during the Year	76,000	469,500	94,700	-
Options granted, end of the Year	989,000	529,500	1,103,050	1,197,750

14. 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, 2010	Year ended March 31, 2009
Change in Projected Benefits Obligation (PBO)		
PBO at beginning of the year	68.17	158.26
Service cost	5.69	11.22
Interest cost	5.81	11.14
Actuarial (gain)/loss	10.85	(51.87)
Benefits paid	(2.60)	(60.58)
PBO at the end of the period	87.92	68.17
Changes in Plan Assets		
Plans assets at the beginning of the year at fair value	79.77	130.39
Expected return on plan assets	7.07	11.01
Employer Contribution	9.94	-
Actuarial gain/(loss)	1.36	(1.05)
Benefits paid	(2.60)	(60.58)
Fair value of plans assets at the end of the year	95.55	79.77
Reconciliation of PBO and the fair value of the plan assets		
Fair value of plan assets at the end of the year	95.55	79.77
Present value of the defined benefit obligations at the end of the year	87.92	68.17
Funded Status of the Plan	7.63	8.60

Gratuity costs for the year		
Service cost	5.69	11.22
Interest cost	5.81	11.14
Expected return on plan assets	(7.07)	(8.01)
Actuarial (gain)/loss	9.49	(50.82)
Net Gratuity	13.91	(36.47)
Assumption		
Interest Rate	8%	8%
Discount Factor	8%	8%
Estimated rate of return on plan assets	8%	8%

(B) The Actuarial liability for leave encashment and compensated absences as at year end is Rs. 95.57 Lacs (Previous Year Rs. 63.49 Lacs). Current Year change is included in Salaries & Allowance.

15. Earnings per Share

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Basic		
Opening Number of Shares	26,325,425	26,325,425
Closing Number of Shares	26,325,425	26,325,425
Weighted Average Number of Shares for Basic EPS	26,325,425	26,325,425
Profit / (Loss) after Tax (Rs. in Lacs)	704.85	(2,221.91)
Basic EPS (Rs.)	2.68	(8.44)
Diluted		
Dilutive Component of Stock Options / Warrants Outstanding	653,681	-
Weighted Average Number of Shares for Diluted EPS	26,979,106	26,325,425
Diluted EPS (Rs.)	2.61	(8.44)

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 profit for the year ended March 31, 2010 would have been lower by Rs. 77.80 Lacs and the Basic EPS and Diluted EPS would have been Rs. 2.38 and Rs. 2.32 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, 2010
Dividend Yield (%)	2.25
Expected Volatility (%)	29.38
Risk Free Interest Rate (%)	8
Expected Term (Number of Years)	3

16. Operating Lease for asset taken on lease

(Rs. in Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
i) Total of future minimum lease payments.		
a) Not later than one year	19.38	29.62
b) Later than one year and not later than five years	3.40	22.78
c) Later than five years	-	-
ii) Lease payments recognised in the Profit and Loss account	29.62	29.29

17. 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) Directors

- Mr. Arun Shah
- Mr. Pradip Dubhashi

PRIME SECURITIES LIMITED

iii) **Key Management Personnel**

- Mr. R. Ramchandran
- Mr. N. Jayakumar
- Mr. Ajay Shah

iv) **Relative of Key Management Personnel**

- Mrs. Madhu Jayakumar

- v) The following transactions were carried out with the related parties in the ordinary course of business during the financial year 2009-2010 (Rs. In Lacs)

Sr. No	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2010	March 31, 2009
1.	Sums received (net of sums paid) / (paid) (net of sums received) from Prime Broking Company (India) Limited on current account.	705.14	2,853.51	4,252.66 (Debit)	3,547.52 (Debit)
2.	Reimbursement of Expenses - From Prime Broking Company (India) Limited	136.95	142.14	-	-
3.	Brokerage paid to Prime Broking Company (India) Limited	26.25	6.74	-	-
4.	Refund of Inter corporate deposit form Prime Commodities Broking Co. (India) Limited	2.43	(0.35)	-	2.43 (Debit)
5.	Interest free Inter corporate deposit given to Primesec Investment Limited	3,843.25	1.65	3,847.50 (Debit)	4.25 (Debit)
6.	Loan to Mr. N. Jayakumar - Repaid during the year	3.32	0.82	3.42 (Debit)	6.73 (Debit)
7.	Interest on loan received from Mr. N Jayakumar	0.16	0.05	-	-
8.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.	3.00	3.00	2.70 (Credit)	2.49 (Credit)
9.	Remuneration paid to key managerial personnel	138.26	210.78	-	-
10.	Advance salary paid to a Director	37.50	2.50	37.50 (Debit)	2.50 (Debit)
11.	Sitting fees paid to the Directors of the Company for attending meetings of the Board of Directors	2.40	3.00	-	-
12.	Deposit received from Prime Broking Company (India) Ltd.	-	-	35.00 (Credit)	35.00 (Credit)
13.	Deposit received from Prime Research & Advisory Ltd.	-	-	13.50 (Credit)	13.50 (Credit)
14.	Deposit given to Mrs. Madhu Jayakumar for Residential accommodation	-	-	100.00 (Debit)	100.00 (Debit)

18. As per the information available with the Company, there are no dues outstanding as on March 31, 2010 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006.
19. 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.
20. Other information pursuant to paragraph 4C of Part II of Schedule VI to the Companies Act, 1956 - Not applicable.
21. Previous year figures have been regrouped and/or re-arranged wherever considered necessary.

As per our Report attached

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

N. JAYAKUMAR
President

K. V. Sahasrabudhe
Partner
 M. No. 106172
 Mumbai, Dated : May 29, 2010

AJAY SHAH
Company Secretary

For and on behalf of the Board

ARUN SHAH *Director*

PRADIP DUBHASHI *Director*

R. RAMACHANDRAN *Director*

Mumbai, Dated : May 29, 2010


ANNEXURE 'A'
Investments [Non-trade]

Name of the Company	Face Value	Quantity (Numbers) as at 31-Mar-10	Quantity (Numbers) as at 31-Mar-09	Value as at (Rs. in Lacs) 31-Mar-10	Value as at (Rs. in Lacs) 31-Mar-09
LONG TERM					
A) In Equity Shares - Quoted					
Elforge Limited	Rs. 10	152,222	152,222	22.79	22.79
Greycells Entertainment Limited	Rs. 10	450,381	214,246	551.86	461.90
Intense Technologies Limited	Rs. 10	400,000	400,000	44.04	44.04
* IOL Netcom Limited (Reclassified during the year as Long Term Investment)	Rs. 10	1,079,930	-	401.01	-
Jaiprakash Associates Limited	Rs. 2	150	100	0.08	0.08
* Jindal Saw Limited	Rs. 2	1,550,000	-	3,364.17	-
Logix Microsystems Limited	Rs. 10	166,966	152,005	73.26	60.57
Total (A)				4,457.21	589.38
B) In Equity Shares - Unquoted					
i) Investments in wholly owned subsidiary companies					
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 Investment Limited	Rs. 10	1,436,000	1,436,000	698.00	698.00
Total (B)				2,500.72	2,500.72
ii) Others					
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 Publications Limited	Rs. 10	134,589	414,589	138.73	427.35
Gateway Entertainment Limited	Rs. 10	28,500	28,500	-	-
Roop Automotive Limited	Rs. 10	1,405,859	1,405,859	96.50	96.50
Sarju International Limited	Rs. 10	535,000	535,000	240.75	240.75
Trinity Fuels Limited	Rs. 10	320,000	320,000	-	-
@ Tunip Agro Pvt Limited	Rs. 10	500,000	150,000	441.50	60.00
				1,799.84	1,706.96
Less : Provision for Diminution in the value of Investments				1,123.11	1,123.11
Total (C)				676.73	583.85
Total (D) = (B) + (C)				3,177.45	3,084.57
Aggregate Long Term Investments (E) = (A) + (D)				7,634.66	3,673.95

PRIME SECURITIES LIMITED

CURRENT INVESTMENTS					
(At Cost or Market Value, whichever is lower)					
In Equity Shares - Quoted					
* Hitech Plast Limited	Rs. 10	381,800	407,830	132.28	136.83
International Hometex Limited	Rs. 10	400,000	400,000	7.76	7.76
IOL Netcom Limited (Reclassified during the year as Long Term Investment)	Rs. 10	-	1,049,232	-	389.79
* LKP Merchant Financing Limited	Rs. 10	12,500	113,300	7.04	62.32
Premier Limited	Rs. 10	21,500	-	26.70	-
Quintegra Solutions Limited	Rs. 10	200,000	-	19.50	-
Shree Renuka Sugar Limited	Rs. 1	250,000	-	178.25	-
Solid Stone Company Limited	Rs. 10	38,839	-	21.40	-
Aggregate Current Investments (F)				392.93	596.70
Aggregate Long Term & Current Investments (E) + (F)				8,027.60	4,270.65
Aggregate Cost of Quoted Investments				4,850.15	1,186.08
Aggregate Cost of Unquoted Investments				3,177.45	3,084.57
Aggregate Market Value of Quoted Investments				4,479.92	1,274.85
NOTES:					
@ 3,50,000 shares yet to be transferred in the Company.					
* Shares under lien / pledge towards credit facilities obtained by the Company and its subsidiary company.					

The following investments were purchased and sold during the year:

Name of the Company	Face Value	Quantity (Numbers)	Cost of Acquisition (Rs. in Lacs)
Aban Offshore Limited	Rs. 2	215,000	2,618.16
ABG Shipyard Limited	Rs. 10	17,000	35.81
Bajaj Hindustan Limited	Rs. 1	1,000,000	2,230.24
Balrampurchini Mills Limited	Rs. 1	1,173,593	1,476.83
Bharti Shipyard Limited	Rs. 10	325,000	733.08
Great Offshore Limited	Rs. 10	1,432,970	7,084.76
Jaiprakash Associates Limited	Rs. 2	200,000	503.05
Jindal Saw Limited	Rs. 2	390,000	1,519.13
Premier Limited	Rs. 10	40,000	52.22
Punj Lloyd Limited	Rs. 2	150,000	393.49
Reliance Industries Limited	Rs. 10	25,000	539.63
Shree Renuka Sugar Limited	Rs. 1	1,797,575	3,489.54
Suzlon Energy Limited	Rs. 2	1,150,000	849.36



CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-10 (Rs. in lacs)	Year ended 31-Mar-09 (Rs. in lacs)
A Cash flow from Operating Activities		
Net Profit / (Loss) before tax	862.31	(2,218.54)
Adjustments for :		
Dividend Received	(69.06)	(18.99)
Interest Received	(23.12)	(9.58)
Depreciation	22.02	22.97
Interest & Finance Charges	511.53	16.27
Diminution in Value of Investments (Net)	51.95	1,215.42
Loss on Asset Sold / Discarded	0.26	24.85
Loss / (Gain) on Sale of Investments (Net)	(1,623.70)	503.58
Balances Written off	-	347.48
Bad Debts Written-off / back (Net)	-	(50.13)
	(1,130.13)	2,051.87
Operating Profit before Working Capital changes	(267.82)	(166.68)
Adjustments for Changes in the Working Capital		
Debtors	0.62	50.13
Current Assets	2.16	-
Loans & Advances	(3,567.48)	(896.61)
Current Liabilities & Provisions	295.18	(255.00)
	(3,269.52)	(1,101.48)
Cash generated from Operations	(3,537.34)	(1,268.16)
Direct Taxes Paid (net)	(107.68)	(5.55)
Net Cash from Operating Activities (A)	(3,645.02)	(1,273.71)
B Cashflow from Investment Activities		
Purchase of Investments	(25,800.78)	(1,190.53)
Purchase of Fixed Assets	(0.97)	(8.91)
Sale of Investments	23,614.16	2,327.30
Sale of Fixed Assets	1.21	2.45
Dividend Received	69.06	18.99
Interest Received	18.92	7.83
Net Cash from Investment activities (B)	(2,098.39)	1,157.13
C Cashflow from Financing activities		
Interest & Finance Charges	(511.53)	(16.27)
Funds Borrowed/(Repaid)(net)	6,993.81	344.67
Dividend Paid	-	(203.25)
Dividend Distribution Tax Paid	-	(33.56)
Net Cash from Financing Activities (C)	6,482.28	91.58
Net Cashflow (A + B + C)	738.88	(25.00)
Changes in the Cash & Bank Balances		
Cash and Cash Equivalents at the beginning of the year	254.48	279.48
Cash and Cash Equivalents at the end of the year	993.36	254.48

For and on behalf of the Board

N. JAYAKUMAR
President

ARUN SHAH *Director*

R. RAMACHANDRAN *Director*

AJAY SHAH
Company Secretary

PRADIP DUBHASHI *Director*

Mumbai, Dated : May 29, 2010

PRIME SECURITIES LIMITED

**ADDITIONAL INFORMATION AS REQUIRED
UNDER PART IV OF SCHEDULE VI
TO THE COMPANIES ACT, 1956**

**Balance Sheet Abstract and Company's General
Business Profile**

1 Registration Details	
Registration No.	26724
State Code	11
Balance Sheet Date	March 31, 2010
2 Capital raised during the year	(Rs. in '000)
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement- Equity Shares	NIL
3 Position of mobilisation and deployment of funds	(Rs. in '000)
Total Liabilities	1,976,864
Total Assets	1,976,864
Sources of funds	
Paid-up Capital	132,044
Reserves & Surplus	952,215
Secured Loans	357,605
Unsecured Loans	535,000
Application of funds	
Net Fixed Assets	42,024
Investment	802,761
Net Current Assets	1,132,079
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil
4 Performance of the Company	(Rs. in '000)
Turnover (Gross Receipts)	178,017
Total Expenditure	91,786
Profit before tax	86,231
Profit after tax	70,485
Earning Per Share	2.68
Dividend Rate	Nil
5 Generic names of Principal products, service of the Company	
Item Code No. (ITC Code)	Not Applicable
Service Description	Debt and Equity Organisation, Issue Management, Merger & Acquisition and other Advisory services

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT
1956 RELATING TO THE SUBSIDIARY COMPANIES**

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, 2010	March 31, 2010	March 31, 2010	March 31, 2010
C. Holding Company's Interest				
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%
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				
a) For the current financial Year (Rs. in lacs)	289.84	3.01	1.29	(611.54)
b) For the previous Financial years since it became a Subsidiary (Rs. in lacs)	1,282.14	(5.28)	(1.72)	9.38
E. The net aggregate amount of Profits/ (Losses) of the Subsidiary which has been dealt with in the Holding Company's Accounts				
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

N. JAYAKUMAR
President

AJAY SHAH
Company Secretary

For and on behalf of the Board

ARUN SHAH
PRADIP DUBHASHI
R. RAMACHANDRAN

Director
Director
Director

Mumbai, May 29, 2010



CONSOLIDATED ACCOUNTS - AUDITOR'S REPORT

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** and its subsidiary companies (hereinafter referred to as 'the Group') as at 31st March, 2010 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 frame work 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 foreign subsidiary. These financial statements have been audited / reviewed (as the case may be) as at 31st December, 2009 by other auditor, whose report has been furnished to us. However, since these financial statements, which were compiled by the management of that company, for the financial year ended 31st March, 2010, were not audited, any adjustments to their balances could have consequential effect on the attached consolidated financial statements. However, the size of the subsidiary, in the consolidated position, is not significant in relative terms. In respect of these foreign subsidiary, the total assets as at 31st March, 2010 is Rs. 23.22 Lacs and total revenue for the year are Rs. 4.29 Lacs.
- 4) 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. In absence of the associate company having commenced operations, there is no impact on the Company's consolidated profit and loss account.
- 5) 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.
- 6) Without qualifying our opinion, we draw attention to:
 - a) *Note no 8 in Schedule P relating to unsecured outstanding debts aggregating to Rs. 67.97 lacs, considered good, in respect of which we are unable to express our opinion about their recoverability, and,*
 - b) *Note no. 16 in Schedule P relating to recovery of deposit of Rs. 4,867.00 lacs pursuant to re-negotiation and cancellation of an option to acquire development rights in an immovable property and in respect of which we are unable to express our opinion on the recoverability of the deposit.*
- 7) On the basis of the information and explanations given to us, we are of the opinion that, *subject to the consequential effect, if any, arising out of the audit of subsidiaries referred in Para 4 above, and read with the notes thereon:*
 - (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Group as at 31st March, 2010;
 - (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the Group for the year ended on that date, and
 - (c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Group for the year ended on that date.

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

K. V. Sahasrabudhe
Partner
Membership No. 106172

Mumbai. May 29, 2010

PRIME SECURITIES LIMITED

CONSOLIDATED BALANCE SHEET OF PRIME SECURITIES LIMITED AND ITS SUBSIDIARIES AS AT MARCH 31, 2010

Schedule	As at 31-Mar-10 Rs in Lacs	As at 31-Mar-09 Rs in Lacs
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	A	1,320.44
Reserves and Surplus	B	9,864.69
		11,185.13
Advance towards Equity Share Warrants (Refer Note No 3 of Schedule p)		-
		165.00
Loan Funds		
Secured Loans	C	6,879.20
Unsecured Loans	D	5,600.00
		12,479.20
TOTAL		23,664.34
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	E	749.25
Less : Depreciation		230.39
Net Block		518.86
Investments	F	11,912.22
Deferred Tax Asset (Net)		8.73
Current Assets, Loans and Advances		
Debtors	G	2,010.52
Cash and Bank Balances	H	2,186.76
Other Current Assets	I	223.90
Loans and Advances	J	8,873.87
		13,295.05
Less : Current Liabilities and Provisions		
Current Liabilities	K	1,790.90
Provisions	L	280.13
		2,071.04
Net Current Assets		11,224.01
Miscellaneous Expenditure (To the extent not written-off or adjusted)		0.52
TOTAL		23,664.34
Notes on Accounts	P	

As per our Report attached
For and on behalf of

GANDHI & ASSOCIATES

Chartered Accountants

N. JAYAKUMAR
President

K. V. Sahasrabudhe
Partner

M. No. 106172 **AJAY SHAH**
Company Secretary

Mumbai, May 29, 2010

For and on behalf of the Board

ARUN SHAH Director
R. RAMACHANDRAN Director
PRADIP DUBHASHI Director

Mumbai, May 29, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF PRIME SECURITIES LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED MARCH 31, 2010

Schedule	Year ended 31-Mar-10 Rs in Lacs	Year ended 31-Mar-09 Rs in Lacs
INCOME		
Merchant Banking and Advisory Fees	58.23	14.39
Income From Broking Operations	1,108.17	517.60
Income from Wealth Management Services	24.66	45.04
Gain on Sale of Investments (Net)	1,638.35	-
Income from Sale of Intangible Rights	25.00	-
Interest, Dividend and Other Income	M	155.64
Sundry Balances Written-back		0.04
TOTAL	3,010.09	834.69
EXPENDITURE		
Administrative and Other Expenses	N	891.50
Diminution in value of Investments		274.55
Loss on Sale of Investments (Net)		-
Loss in Derivatives and Other Transactions (Net)		213.00
Loss on Write-off of Investments		197.25
Interest and Finance Charges	O	633.98
Depreciation		43.72
		2,254.01
Profit / (Loss) before Tax	756.08	(2,469.88)
Provision for Tax		
- Current Tax	299.27	4.72
- Deferred Tax	9.27	16.44
- Fringe Benefit Tax	-	6.18
Profit / (Loss) after Tax but before Adjustments	447.55	(2,497.22)
Prior Period Adjustments - Tax	69.93	24.67
	377.62	(2,521.89)
Profit brought forward from Previous year	1,406.58	3,921.88
Balance Carried to the Balance Sheet	1,784.20	1,399.99
Earning Per Share (Face Value per share Rs. 5/-)		
- Basic	1.43	(9.58)
- Diluted	1.40	(9.58)
Notes on Accounts	P	

As per our Report attached
For and on behalf of

GANDHI & ASSOCIATES

Chartered Accountants

N. JAYAKUMAR
President

K. V. Sahasrabudhe
Partner

M. No. 106172 **AJAY SHAH**
Company Secretary

Mumbai, May 29, 2010

For and on behalf of the Board

ARUN SHAH Director
R. RAMACHANDRAN Director
PRADIP DUBHASHI Director

Mumbai, May 29, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
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
TOTAL	3,500.00	3,500.00
ISSUED		
2,70,74,625 Equity Shares of Rs. 5/- each	1,353.73	1,353.73
TOTAL	1,353.73	1,353.73
SUBSCRIBED		
2,70,74,025 Equity Shares of Rs. 5/- each	1,353.70	1,353.70
TOTAL	1,353.70	1,353.70
PAID-UP		
2,63,25,425 Equity Shares of Rs. 5/- each	1,316.27	1,316.27
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	4.17	4.17
Of the above		
i) 1,35,476 Equity shares of Rs. 5/- each issued as fully paid up pursuant to a contract without payment being received in cash.		
ii) 28,62,550 Equity shares of Rs. 5/- each have been allotted as Bonus shares by capitalisation of Share Premium and balance in Profit & Loss Account.		
TOTAL	1,320.44	1,320.44
SCHEDULE 'B'		
RESERVES & SURPLUS		
Capital Redemption Reserve		
As per last Balance Sheet	217.27	217.27
Share Premium		
As per last Balance Sheet	5,297.83	5,297.84
General Reserve		
As per last Balance Sheet	2,400.00	2,400.00
Capital Reserve		
As per last Balance Sheet	-	-
Add: Forfeiture of Advance towards Equity Share Warrants	165.00	-
	165.00	-
Foreign Currency Translation Reserve		
As per last Balance Sheet	0.45	-
Add : Transfer from Profit and Loss Account	(0.06)	0.45
	0.39	0.45
Balance in Profit & Loss Account	1,784.20	1,399.99
TOTAL	9,864.69	9,315.55

	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
SCHEDULE 'C'		
SECURED LOANS		
From a Banks		
[Secured by hypothecation of assets of the Company acquired out of said loan]	25.74	64.00
Repayable within one year Rs. 25.05 lacs (Previous Year Rs. 38.26 lacs)]		
Overdraft from a Bank	626.64	192.90
[Secured against pledge of shares owned by holding company, fellow subsidiary, a director and others]		
From Others	6,226.83	1,131.57
[Secured by lien marked / pledge by the lender on the specified investments owned by the Company]		
TOTAL	6,879.20	1,388.47
SCHEDULE 'D'		
UNSECURED LOANS		
Inter Corporate Deposit	5,600.00	1,000.00
TOTAL	5,600.00	1,000.00
SCHEDULE 'F'		
INVESTMENTS (Non Trade)		
Long Term		
Quoted	9,387.87	709.54
Unquoted	1,251.85	981.10
Current		
Quoted	1,272.50	596.70
TOTAL	11,912.22	2,287.34
SCHEDULE 'G'		
SUNDRY DEBTORS		
(Unsecured, considered good unless stated otherwise)		
Debts outstanding for a period exceeding six months		
Unsecured, Considered good	517.71	899.55
Considered Doubtful	44.31	-
	562.01	899.55
Less : Provision for Doubtful Debts	44.31	-
	517.71	899.55
Other Debts	1,492.81	167.09
TOTAL	2,010.52	1,066.64

SCHEDULE 'E' FIXED ASSETS

DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION			NET BLOCK		
	As On 1-Apr-09	Additions	Deletions & Adjustments	As on 31-Mar-10	As on 1-Apr-09	For the period		As on 31-Mar-10	As on 31-Mar-10	As on 31-Mar-09
						Provided	Adjustments			
Tangible Assets										
Residential Premises	392.80	-	-	392.80	87.62	6.44	-	94.06	298.74	305.18
Data Processing Equipment	34.07	1.52	0.77	34.81	15.78	5.29	0.32	20.75	14.06	18.29
Furniture & Fixture	78.74	0.90	1.52	78.11	27.50	4.94	0.14	32.29	45.82	51.24
Office Equipments	24.82	2.22	-	27.04	2.90	1.23	-	4.13	22.91	21.92
Vehicles	168.78	-	4.16	164.61	34.13	15.41	2.94	46.60	118.01	134.65
Intangible Assets										
Computer Software	63.89	0.48	12.50	51.87	29.22	10.42	7.07	32.56	19.31	34.67
Total	763.09	5.12	18.96	749.25	197.14	43.72	10.48	230.39	518.86	565.95
Previous Year	1,444.15	33.25	118.99	1,358.41	815.63	46.04	69.22	792.46	565.95	

PRIME SECURITIES LIMITED

	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
SCHEDULE 'H'		
CASH AND BANK BALANCES		
Cash on hand	3.21	12.63
Bank Balances		
With Scheduled Banks		
- In Current Account	764.06	164.94
- In Deposit Account	1,418.57	360.26
(Deposits of Rs. 510.50 lacs (Previous year Rs. 173.00 lacs) are under lien for guarantees issued by Bank & Rs. 10 lacs (Previous year Rs. 10 lacs) are under lien to stock exchanges)		
With Non-scheduled Banks	0.91	1.95
TOTAL	2,186.76	539.78
SCHEDULE 'I'		
OTHER CURRENT ASSETS		
(Unsecured, Considered Good)		
Receivable on Sale of Investments	145.14	-
Prepaid Expenses	30.87	-
Accrued Income	47.90	41.24
TOTAL	223.90	41.24
SCHEDULE 'J'		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans - Considered good	582.00	95.31
- Considered doubtful	105.00	105.00
	687.00	200.31
Less : Provision for Doubtful Loan	105.00	105.00
	582.00	95.31
Advances recoverable in cash or in kind or for value to be received	1,988.71	3,468.05
Share Application Money	50.00	-
Deposit with Stock Exchanges	327.71	358.41
Security Deposits	177.97	178.24
Other Deposits	5,747.48	6,100.00
TOTAL	8,873.87	10,200.01
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry Creditors	729.12	903.51
Unclaimed Dividend	54.74	54.93
Advances / Margins from Clients	534.65	75.00
Other Liabilities	472.40	388.39
TOTAL	1,790.90	1,421.83
SCHEDULE 'L'		
PROVISIONS		
Provision for Taxation (Net of Taxes paid)	143.70	23.31
Provision for Leave Encashment	136.44	85.40
TOTAL	280.13	108.71

	Period ended 31-Mar-10 (Rs in Lacs)	Period ended 31-Mar-09 (Rs in Lacs)
SCHEDULE 'M'		
INTEREST AND OTHER INCOME		
Interest received (Gross)	63.77	69.28
[Tax deducted at source Rs. 12.28 lac (Previous year Rs. 13.64 lacs)]		
Dividend on Investments	85.46	19.72
Provisions no longer required, Written back	6.05	117.78
Debts written-off now Recovered	-	50.13
Miscellaneous Income	0.36	0.75
TOTAL	155.64	257.66
SCHEDULE 'N'		
ADMINISTRATIVE AND OTHER EXPENSES		
Salaries & Allowances	385.80	453.75
Contribution to Provident and Other Funds	10.77	16.89
Staff Welfare Expenses	12.00	19.43
Travelling & Conveyance	39.96	34.41
Rent	91.09	114.11
Consultancy & Professional Charges	108.66	47.74
Rates & Taxes	0.20	7.51
Filing Fees	0.07	-
Telephone, Postage and Courier Charges	15.90	22.21
Electricity Charges	8.96	-
Printing & Stationery	5.74	5.51
Advertisement	1.31	1.40
Insurance	7.69	6.37
Repairs & Maintenance		
- Building	1.81	29.39
- Others	20.39	18.35
Membership & Subscription	24.95	54.50
Transaction Fees	50.74	16.53
Directors' Sitting Fees	3.11	4.51
Auditor's Remuneration	15.88	11.60
Provision for Doubtful Debts / Loans	44.31	347.48
Balances Written-off	-	105.00
Doubtful Advance Written off	-	11.15
Loss on Asset Sold / Written-off	7.17	37.14
Preliminary Expenses Written off	0.52	1.55
Goodwill on Consolidated of Associate Company Written-off	6.60	-
Miscellaneous Expenses	27.88	35.99
TOTAL	891.50	1,402.52
SCHEDULE 'O'		
INTEREST AND FINANCE CHARGES		
Interest		
- On Fixed Loans	9.99	18.03
- On Others	613.00	105.55
Finance charges	10.99	22.35
TOTAL	633.98	145.93

**SCHEDULES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED ACCOUNTS**

SCHEDULE 'P'

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1. 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 March 31, 2010. The foreign step-down subsidiary follows January to December as its financial year. In such cases, the Company has drawn their financial statements upto March 31, 2010.

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, 2010 and for the period ended on that date. The Consolidated Financial Statements have been prepared on the following basis:

- i) 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.
- ii) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies.
- iii) 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) 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.

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 March 31, 2010	Date of becoming Subsidiary Company
Prime Broking Company (India) Limited	India	100	March 25, 1994
Prime Research & Advisory Limited	India	100	November 5, 1997
Prime Commodities Broking (India) Limited	India	100	April 24, 2006
Primesec Investments Limited	India	100	November 15, 2007
Prime Asset Management	Mauritius	100*	November 21, 2007

*100% Subsidiary of Prime Broking Company (India) Limited

- d) A subsidiary company has on 30th March, 2010 acquired 24% equity interest in an associate viz. Primary Cuisine Private Limited. In absence of the associate company having commenced

operations, there is no impact on the Company's consolidated profit and loss account.

e) 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 "Long term 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.

Long Term 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 & arrangements 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.

PRIME SECURITIES LIMITED

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 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 lesser 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.

2. Contingent Liabilities (Rs. In Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	51.38	49.35
Corporate guarantee and security given for financial facilities for a subsidiary (Amount outstanding at the close of the year)	626.64	192.90
Guarantees given by banks	1,000.00	300.00
Claim made against the Company not acknowledged as debt (Interest liability on the above cannot be ascertained)	573.43	573.43
Uncalled liability on partly paid warrants	1,543.75	1,775.25

3. In January 2008, the Company had allotted on a preferential basis, to specified investors, 6,00,000 equity share warrants, carrying an option to apply for equivalent number of equity share of the Company of Rs. 5/-

each at a premium Rs. 270/- per share within a period of 18 months from the date of allotment. The Company had received Rs 165 Lacs being 10% of the exercise price of the resultant equity shares. Since, none of the investors exercised their option to convert the warrants into equity shares within the prescribed time, the option under the warrants lapsed and the amount so received stands forfeited by the Company and is credited to Capital Reserve.

4. During the year, the Company has earned a profit of Rs 25,00,000/- on acquisition and sale of intangible rights.
5. Schedule I - Loans and Advances include:
- Rs. 3.42 Lacs (Previous year Rs. 6.73 Lacs) due from the Principal Officer of the Company [Maximum balance outstanding during the year - Rs. 6.73 Lacs (Previous year Rs. 7.55 Lacs)];
 - Advance salary of Rs. 37.50 lacs (Previous year Rs. 32.50 Lacs) paid to directors of the Companies [Maximum balance outstanding during the year - Rs. 67.50 lacs (Previous year Rs. 32.50)].
 - Rs. 40.00 Lacs due from a company (previous year Rs 40.00 Lacs) in which one of the director is interested [maximum balance outstanding during the year Rs. 40.00 Lacs (previous year Rs. 40.00 Lacs)].
6. Debtors include Rs. 14.36 Lacs (previous year Rs. 154.78 Lacs) due from directors [maximum balance outstanding during the year Rs. 119.78 Lacs (previous year Rs. 197.37 Lacs)].
7. The Balance with Non-scheduled bank represents the balance with HSBC Bank (Mauritius) Limited of Rs. 0.91 lacs (Previous year Rs. 1.95 lacs). Maximum balance outstanding during the year - Rs. 11.99 lacs (Previous Year Rs. 14.98 lacs)
8. Out of the total debtors due and outstanding, debts amounting to Rs. 67.97 Lacs (Previous Year Rs. 146 Lacs) pertain to parties which are due and outstanding for over a year. In opinion of the management, 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.
9. The decline in the value of Investments held as long term, in the opinion of the management, is temporary in nature and hence no diminution is accounted in the carrying value of investments.
10. In the opinion of the management, sundry debtors and loans and advances being subject to confirmation, have a value at least equal to the amount shown in the balance sheet and the provisions made thereof are sufficient and adequate.
11. **Expenditure incurred in Foreign Currency:** (Rs. In Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Foreign Travel	2.00	-
Membership & Subscription	0.98	11.13
Total	2.98	11.13

12. Auditors' Remuneration: (Rs. In Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Audit Fees	9.39	6.18
Tax Audit Fees	1.50	0.61
In Other Capacity:		
- Taxation	2.36	1.91
- Certification	2.30	0.40
- Other Matters	0.25	2.45
Service Tax	0.08	0.05
Total	15.88	11.60

13. Remuneration to Directors

- a) Remuneration to Whole-time Director (Included in Salaries & Allowances) (Rs. In Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
i) Salary & Allowances to whole time directors #	60.61	36.18
ii) Contribution to Provident & Other Funds	-	0.25
Total	60.61	36.43

Excludes contribution to LIC under LIC's Group Gratuity Scheme, being unascertainable.

- b) Sitting Fees paid to non-executive directors Rs. 2.40 Lacs (Previous Year Rs. 3.00 Lacs).



14. Fixed Assets include a residential flat of Rs. 298.74 Lacs (Net) 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 the Company is not likely to have any further claim or liability against the said flat.
15. During the previous year, under an agreement, the Company had agreed to acquire for a consideration of Rs. 2,400 Lacs an equity stake of 66.67% in a proposed joint venture company to be formed by one of the party to the said agreement. The party in question was obliged to form a joint venture company and sell and transfer the equity stake in favour of the Company. As per the terms of the agreement, the Company had made an advance payment to the party for its equity stake. During the year, on account of the party expressing its inability to implement the proposed project within the prescribed time frame, the party repaid Rs. 100 Lacs to the Company and assigned the project to another party. The said other party after revisiting the viability of the project finally decided to shelve the project and undertook to repay the balance advance of Rs. 2,300 Lacs to the Company. Pursuant to the same, Rs. 1,286 Lacs is received by the Company till the date of this Balance Sheet and the balance Rs. 1,014 Lacs is due within agreed time frame.
16. In January, 2008 Company had advanced a deposit of Rs. 6,100 Lacs to secure an option, exercisable within a specified period, to acquire development rights in respect of an immovable property in Mumbai. During this year, the Company has rescinded its right to exercise the option to acquire the development rights, mutually terminated the earlier arrangement and has renegotiated with the concerned parties for recovery of the deposit within a stipulated time period. Out of the total deposit of Rs. 6,100 Lacs the Company has received back an amount of Rs. 1,233 Lacs until the date of this report and the balance Rs. 4,867 Lacs is due within the agreed time frame.

17. 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, 2010	Year ended March 31, 2009
Change in Projected Benefits Obligation (PBO)		
PBO at beginning of the year	83.63	178.24
Service cost	8.56	17.54
Interest cost	7.28	13.24
Actuarial (gain)/loss	14.77	(64.81)
Benefits paid	(2.60)	(60.58)
PBO at the end of the period	111.63	83.63
Changes in Plan Assets		
Plans assets at the beginning of the year at fair value	108.57	156.78
Expected return on plan assets	9.38	10.12
Employer Contribution	9.94	-
Actuarial gain/ (loss)	1.69	(0.75)
Benefits paid	(2.60)	(50.58)
Fair value of plans assets at the end of the year	126.99	105.57
Reconciliation of PBO and the fair value of the plan assets		
Fair value of plan assets at the end of the year	126.99	105.57
Present value of the defined benefit obligations at the end of the year	111.63	83.63
Funded Status of the Plan	15.36	21.94
Gratuity costs for the year		
Service cost	8.56	17.54
Interest cost	7.22	13.24

Expected return on plan assets	(9.38)	(10.12)
Actuarial (gain)/loss	13.07	(64.06)
Net Gratuity	19.53	(43.40)
Assumption		
Interest Rate	8%	8%
Discount Factor	8%	8%
Estimated rate of return on plan assets	8%	8%

- (B) The Actuarial liability for leave encashment and compensated absences as at year end is Rs. 136.43 Lacs (Previous Year Rs. 85.39 Lacs). Current Year change is included in Salaries & Allowance.

18. Employees Stock Option Schemes (ESOS)

The Company's stock based compensation plan for employees comprises of two schemes viz. the ESOS 2007 Scheme and the ESOS 2008 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries and are approved by the members.

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 at an exercise price to be approved by the 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 at an exercise price to be approved by the Committee.

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

Particulars	ESOS 2007 Rs. 38/-		ESOS 2008 Rs. 15/-	
	Current Year	Previous Year	Current Year	Previous Year
Options granted, beginning of the Year	529,500	999,000	1,197,750	-
Granted during the Year	535,500	-	-	1,197,750
Exercised during the Year	-	-	-	-
Lapsed during the Year	76,000	469,500	94,700	-
Options granted, end of the Year	989,000	529,500	1,103,050	1,197,750

19. Earnings per Share

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Basic		
Opening Number of Shares	26,325,425	26,325,425
Closing Number of Shares	26,325,425	26,325,425
Weighted Average Number of Shares for Basic EPS	26,325,425	26,325,425
Profit / (Loss) after Tax (Rs. in Lacs)	377.62	(2,521.90)
Basic EPS (Rs.)	1.43	(9.58)
Diluted		
Dilutive Component of Stock Options / Warrants Outstanding	653,681	-
Weighted Average Number of Shares for Diluted EPS	26,979,106	26,325,425
Diluted EPS (Rs.)	1.40	(9.58)

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 profit for the year ended March 31, 2010 would have been lower by Rs. 77.80 Lacs and the Basic EPS and Diluted EPS would have been Rs. 1.14 and Rs. 1.11 respectively.

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

PRIME SECURITIES LIMITED

Particulars	Year ended March 31, 2010
Dividend Yield (%)	2.25
Expected Volatility (%)	29.38
Risk Free Interest Rate (%)	8
Expected Term (Number of Years)	3

20. 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. Arun Shah
 - Mr. Pradip Dubhashi
 - Mr. R Ramachandran
 - Mr. N. Jayakumar
 - Mr. Vinay Motwani
 - Mr. Ajay Shah
- ii) Relative of Director / Key Management Personnel
- Ms. Madhu Jayakumar
 - Ms. Avni Shah
- iii) Associate Company
- Judith Investments Private Limited
 - Pranamghar (India) Private Limited
 - Primary Cuisine Private Limited
- 2) The following transactions were carried out with the related parties in the ordinary course of business during the financial year 2009-2010:
(Rs. in lacs)

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2010	March 31, 2009
1.	Loan to Mr. N. Jayakumar - Repaid during the year	3.32	0.82	3.42 (Debit)	6.73 (Debit)
2.	Interest on loan received from Mr. N Jayakumar	0.16	0.05	-	-
3.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.	3.00	3.00	2.70 (Credit)	2.49 (Credit)
4.	Remuneration paid to key managerial personnel	167.87	234.67	-	-
5.	Advance salary paid to a Director	37.50	2.50	37.50 (Debit)	2.50 (Debit)
6.	Salary paid to Relative of Director	-	4.03	-	-
7.	Sitting fees paid to the Directors of the Company for attending meetings of the Board of Directors	2.40	3.00	-	-
8.	Deposit given to Mrs. Madhu Jayakumar for Residential accommodation	-	-	100.00 (Debit)	100.00 (Debit)
9.	Brokerage Income	9.49	0.57	-	-
	- from Directors	4.27	82.14	-	-
	- from Associate Company	32.07	6.81	-	-
10.	Advance paid to Associate Company - Pranamghar (India) Private Limited	-	40.00	40.00 (Debit)	40.00 (Debit)
11.	Investment in Equity Share Capital of Associate Company - Primary Cuisine Private Limited	36.12	-	36.12 (Debit)	-

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

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
i) Total of future minimum lease payments.		
a) Not later than one year	47.45	90.85
b) Later than one year and not later than five years	3.40	50.85
c) Later than five years	-	-
ii) Lease payments recognised in the Profit and Loss account	90.85	109.20

22. As per the information available with the Company, there are no dues outstanding as on March 31, 2010 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006.

23. Deferred Tax

The break-up of deferred tax asset as on March 31, 2010 is as follows:
(Rs. in Lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Asset		
Provision for Expenses	13.89	-
Unabsorbed losses and depreciation under tax laws	-	34.54
Total Asset (A)	13.89	34.54
Liability		
Timing difference in depreciation	5.16	16.54
Total Liability (B)	5.16	16.54
Net Deferred Tax Asset (A-B)	8.73	18.00

24. Segmental Reporting

Business Segments

(Rs. in lacs)

Particulars	Merchant Banking		Broking		Total	
	31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09
Segment Revenue	58.23	14.39	1,132.83	562.64	1,191.06	577.03
Add: Unallocated Revenue					1,819.03	257.66
Total Revenue					3,010.09	834.69
Segment Result before Interest and Tax	(254.89)	(647.22)	518.15	(118.13)	263.26	(765.35)
Add: Unallocated Income/ (Expenses) (net of income/ expense)					1,133.40	(1,558.60)
Profit before Interest and Tax					1,396.66	(2,323.95)
Interest and Finance Charges					(633.98)	(145.93)
Provision for Tax					(308.53)	(27.34)
Prior Period Adjustments					(69.93)	(24.67)
Net Profit					384.22	(2,521.89)
Segment Assets	4,018.39	4,197.80	3,707.24	2,058.80	7,725.63	6,256.60
Add: Unallocated Assets					18,015.82	8,696.02
Total Assets					25,741.46	14,952.62
Segment Liabilities	471.43	176.05	1,393.07	1,275.97	1,864.50	1,452.02
Add: Unallocated Assets					12,685.74	2,700.66
Total Liabilities					14,550.24	4,152.68
Capital Expenditure	0.97	8.91	4.15	24.34	5.12	33.25
Depreciation & Amortisation	22.02	22.97	21.70	23.07	43.72	46.04

Notes:

- 1) 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.
 - 2) The Company has disclosed business segment as the primary segment.
 - 3) Since the Company provides services in same economic environment, there are no geographic segments.
25. Other information pursuant to paragraph 4C of Part II of Schedule VI to the Companies Act, 1956 - Not applicable.
26. Previous year figures have been regrouped and/or re-arranged wherever considered necessary.

As per our Report attached
For and on behalf of
GANDHI & ASSOCIATES
Chartered Accountants
(Registration No. 102965W)

For and on behalf of the Board

Arun Shah Director
Pradip Dubhashi Director
R. Ramachandran Director

K. V. Sahasrabudhe
Partner
Ajay Shah
M. No. 106172 Company Secretary
Mumbai, Dated: May 29, 2010

Mumbai, Dated: May 29, 2010



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-10 (Rs. in lacs)	Year ended 31-Mar-09 (Rs. in lacs)
A Cash flow from Operating Activities		
Net Profit Before tax	756.08	(2,469.88)
Adjustment for :		
Depreciation	43.72	46.04
Interest & Finance Charges	633.98	145.93
Diminution in Value of Investments (Net)	274.55	1,250.55
Loss on Write-off of Investments	197.25	-
Loss on sale of asset	7.17	37.14
(Gain) / Loss on sale of Investments (Net)	(1,638.35)	459.53
Income from Sale of Intangible Rights	(25.00)	-
Dividend Received	(85.46)	(19.72)
Interest Received	(63.77)	(69.28)
Balance Written-off (Net)	-	347.48
Provision for doubtful advance	-	105.00
Goodwill on Consolidation	6.60	-
Preliminary Expenses Written off	0.52	-
Bad Debts written off / back (Net)	-	11.15
	(648.78)	
Operating Profit before Working Capital changes	107.30	2,313.83
Adjustments for Changes in the Working Capital		(156.05)
Debtors	(943.88)	3,307.75
Current Assets	(182.66)	-
Loans & Advances	1,326.14	(2,923.55)
Current Liabilities & Provisions	420.11	(1,684.41)
	619.71	(1,300.22)
Cash generated from Operations	727.01	(1,456.27)
Direct Taxes Paid (net)	(248.81)	(30.33)
Net Cash from Operating Activities (A)	478.20	(1,486.60)
B Cashflow from Investment Activities		
Purchase of Investments	(36,255.65)	(1,293.63)
Purchase of Fixed Assets	(5.12)	(33.25)
Sale of Investments	27,797.33	2,333.89
Sale of Fixed Assets	1.32	12.64
Purchase of Intangible Rights	(3,380.00)	-
Sale of Intangible Rights	3,405.00	-
Dividend Received	85.46	19.72
Interest Received	63.77	50.36
Net Cash used in Investment activities (B)	(8,287.89)	1,089.73
C. Cashflow from Financing activities		
Interest & Finance Charges	(633.98)	(145.93)
Fresh Issue of Capital	-	-
Payment of Dividend	-	(203.25)
Tax on Dividend	-	(33.56)
Funds Borrowed/(Repaid) (net)	10,090.73	(662.41)
Net Cash Used in Finance Activities (C)	9,456.75	(1,045.15)
Net Cashflow (A + B + C)	1,647.06	(1,442.02)
Changes in the Cash & Bank Balance		
Cash and Cash Equivalents at the beginning of the year	539.78	1,981.80
Cash and Cash Equivalents at the end of the year	2,186.76	539.78

N. JAYAKUMAR
President

AJAY SHAH
Company Secretary

For and on behalf of the Board

ARUN SHAH
PRADIP DUBHASHI
R. RAMACHANDRAN

Director
Director
Director

Mumbai, May 29, 2010

PRIME SECURITIES LIMITED

SUBSIDIARY COMPANIES' PARTICULARS

Particulars of Subsidiary Companies as required by order no. 47/629/2010-CL-III dated July 1, 2010 of Ministry of Corporate Affairs, Government of India, issued u/s 212 (8) of the Companies Act, 1956 for the financial year 2009-10 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	143.60	50.00	35.00
(b) Reserves & Surplus (Net of Debit Balance of Profit & Loss Account)	2,164.78	554.40	(2.27)	(0.43)
(c) Total Assets (Fixed Assets + Current Assets + Misc. Expenditure + Deferred Tax Asset)	9,514.20	261.13	47.87	35.06
(d) Total Liabilities (Debts + Current Liabilities & Provisions)	6,883.57	6,524.99	0.14	0.48
(e) Details of Investments Equity Shares / Equity Share Warrants (excluding Investments in the Subsidiary Companies)	17.87	6,359.71	-	-
(f) Total Revenues	1,168.21	54.38	4.38	2.12
(g) Profit / (Loss) Before Tax	509.57	(611.53)	3.65	1.92
(h) Provision for Tax	163.27	-	0.64	0.63
(i) Profit / (Loss) After Tax	289.84	(611.54)	3.01	1.29
(j) Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-



PRIME SECURITIES LIMITED

Regd. Office : Phoenix House, A Wing, 4th Floor, 462, Senapati Bapat Marg, Lower Parel, Mumbai 400013.



ATTENDANCE SLIP

I hereby record my presence at the Twenty-Eighth Annual General Meeting of the Members of Prime Securities Limited will be held on Thursday, September 30, 2010 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 : Phoenix House, A Wing, 4th Floor, 462, Senapati Bapat Marg, Lower Parel, Mumbai 400013.



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 Twenty-Eighth Annual General Meeting of the Members of Prime Securities Limited
will be held on Thursday, September 30, 2010 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 _____ 2010.

Folio No _____

DP ID / Client ID _____

No. of Shares held _____



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

Phoenix House, A Wing, 4th Floor,

462, Senapati Bapat Marg,

Lower Parel, Mumbai 400 013.

Tel : (022) 24981515

Fax : (022) 24970777

Email : prime@primesec.com