

# **PRIME** Capital Market L i m i t e d

# 16<sup>th</sup>

## Annual Report 2009 - 2010



# Prime Capital Market Limited

## 16<sup>th</sup> Annual Report 2009 - 2010

### BOARD OF DIRECTORS

Sushil Kumar Purohit	Chairman & Managing Director
Bimal Joshi	Wholetime Director
Dhruva Narayan Jha	Independent Director
Chandresh N Shah	Independent Director

### REGISTERED OFFICE

18A, B.J.B. Nagar,  
Bhubaneshwar - 751 014, Orissa

### CORPORATE OFFICE

P-27, Princep Street,  
Kolkata - 700 072

### BANKERS

Kotak Mahindra Bank  
Syndicate Bank

### AUDITORS

M/s. Manabendra Bhattacharyya & Co.  
Chartered Accountants  
4, Kiran Shankar Roy Road  
Kolkata - 700 001

### REGISTRAR & SHARE TRANSFER AGENT

ABS Consultants Private Limited  
99, Stephen House,  
4, B.B.D. Bag (East),  
Kolkata - 700 002.

### ANNUAL GENERAL MEETING

Date : 4th August 2010  
Time : 3.30 P.M.  
Venue : 18A, B.J.B. Nagar  
Bhubaneshwar-751014,  
Orissa

## C O N T E N T S

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- ❖ Report on Corporate Governance
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- ❖ Directors' Report
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- ❖ Profit & Loss Account
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- ❖ Cash Flow Statement
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Members are requested to bring their copy of Annual Report at the time of Meeting

## NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the members of Prime Capital Market Limited will be held on Wednesday, the 4th day of August, 2010 at 3.30 P.M. at 18A, B.J.B. Nagar, Bhubaneshwar-751014, Orissa to transact the following businesses as :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March 2010.
2. To declare dividend.
3. To appoint Director in place of Mr. Dhruva Narayan Jha, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

"RESOLVED THAT Pursuant to the provisions of Section 260 and all other applicable provisions of the Companies Act, 1956 (the Act) and in terms of Article 87 of the Articles of Association of the Company, Mr. Chandresh N Shah, who was appointed as an Additional Director of the Company at the Board meeting held on 5th January 2010 and who holds the office up to the date of this Annual General Meeting in terms of provision of section 260 of the Act, and in whose respect the Company has received a notice from a member under Section 257 of the Act, together with necessary deposit as mentioned in the said section, proposing the candidature of Mr. Chandresh N Shah for the office of Director of the Company be and is hereby appointed as Director of the Company."

### Notes :

1. Proxies, 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 Annual General Meeting.
2. The Register of Member and the Share Transfer Books of the Company will remain closed from 28th July 2010 to 4th August 2010 (both days inclusive).
3. The Shares of the Company are mandated by the Securities & Exchange Board of India (SEBI) for trading in dematerialized form by all investors.
4. Dividend as recommended by the Directors for the year ended 31st March 2010, of declared, will be payable to those Members, whose names appear in the Register of Members at the close of business on 27th July 2010 and in respect of shares held in dematerialized form, as per the list of Beneficial Owners furnished to the Company by NSDL/CDSL, at the close of business on 27th July 2010. The Dividend warrants will be posted before 26th August 2010.

5. The identity/signature of Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL. Such Members are advised to bring the relevant identity card issued by the Depository Participant to the Annual General Meeting.
6. Members desirous of getting any information about the accounts of the Company, are requested to send their queries so as to reach at-least ten days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.
7. Members are requested to intimate change in their address immediately to M/s ABS Consultants Private Limited, the Company's Registrar and Share Transfer Agents, at their office at 99, Stephen House, 4, B.B.D. Bag (East), Kolkata - 700 002.
8. Members holding shares in physical form in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates to M/s ABS Consultants Private Limited, Registrar and Share Transfer Agents of the Company, at their address given above.
9. Pursuant to SEBI Circular, the Shareholders holding shares in physical form are requested to submit self attested copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.
10. Members holding shares in physical form and wishing to avail of the nomination facility, are requested to send the duly filled in nomination in the prescribed form (form 2B) to M/s ABS Consultants Private Limited, Registrar and Share Transfer Agents of the Company, at their address given above or to the Compliance Officer at the Registered Office of the Company.
11. Members are requested to bring copies of Annual Report to the Annual General Meeting.
12. The Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
13. Members are requested to quote Folio Number/Client ID in their correspondence.
14. The Equity shares of the Company are listed on Calcutta & Bhubaneshwar Stock Exchanges and Listing Fees for the financial year 2009-2010 have been paid to CSE.

Kolkata, May 31, 2010

By order of the Board  
For **Prime Capital Market Limited**

**Registered Office :**

18A, B.J.B. Nagar,  
Bhubaneshwar-751014, Orissa

**Sushil Kumar Purohit**  
Chairman & Managing Director

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Item No. 5**

The Board of Directors of your Company appointed Mr. Chandresh N. Shah as an Additional Director of your Company at the Board meeting held on 5<sup>th</sup> March 2010 to broad base the Board.

Mr. Chandresh N Shah, Age 50, B.Sc. has vast knowledge and rich experience in Capital Market related activities. It will be advantageous for the Company to avail his valuable services and rich experience. Your Company has received notices from members pursuant to section 257 of the Act, 1956 together with necessary deposit proposing the candidature of Mr. Chandresh N Shah for the office of Director of the Company.

Mr. Chandresh N Shah does not hold any shares in his own name or in the name of his relatives.

Mr. Chandresh N Shah is not among Directors in any of Listed or Public Limited Companies and thus is not having position of chairmanship or Membership of Committees in any of Listed Companies.

Except Mr. Chandresh N Shah in his respective appointment, no other Director is concerned or interested in his appointment as Directors of the Company.

Kolkata, May 31, 2010

By order of the Board  
For **Prime Capital Market Limited**

**Registered Office :**

18A, B.J.B. Nagar,  
Bhubaneswar-751014, Orissa

**Sushil Kumar Purohit**  
Chairman & Managing Director

## DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS

To The Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report of your Company together with the Audited Statements of Accounts for the financial year ended March 31, 2010.

(Rs. in Lacs)

Financial Results	Year Ended 31.03.2010	Year Ended 31.03.2009
Income	51.54	8.29
Profit before Tax & Extraordinary Items	42.19	2.52
Less : Provision for Taxation	6.37	0.72
Profit after Tax	35.82	1.80
Less : Extra Ordinary Items	0.01	0.00
Profit available for appropriation	35.81	1.80
Add : Profit Carried Forward from Previous Year	119.74	117.94
<b>Appropriated as under :</b>		
Proposed Dividend	50.00	0.00
Corporate Tax on above Dividend	8.50	0.00
Transfer to General Reserve	7.16	0.00
Balance carried forward to Next Year	89.89	119.74

### OPERATIONAL REVIEW

During the year under review, your Company has made a turnaround in its performance. The PBT of the Company stood at Rs. 42.19 Lacs which is highest since inception. The Company has worked hard to regain its past glory and is satisfied with the kind of performance given in the year under review. Systematic investment plan has boosted the profit of Company including tax free income i.e. Dividend to the tune of Rs. 10.57 Lacs.

### DIVIDEND

Your Directors are pleased to recommend the payment of Dividend for the year ended 31st March 2010 at 50 Paise (Fifty Paise) per share (5 percent) on face value of Rs. 10/- each, subject to approval of Members at the ensuing Annual General Meeting.

### INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Capital Market which had witnessed a bull phase between FY 2004-05 to FY 2007-08 and experienced severe setback during FY 2008-09, triggered by the global financial market meltdown and worsened by the rising inflationary pressures in the domestic economy. The dislocation in the financial and capital market seriously impacted the financial performance of the Capital Market entrepreneurs. With the

margin getting adversely impacted and the turnover declining with falling stock prices, the profitability of industry severely impacted and they were faced with the challenge of protecting their capital from erosion in the adverse capital market movement.

The FY 2009-10 however saw a turnaround in the fortunes of the Capital Market in India. On the back of easing global concerns, stable government at the centre and improving market sentiments, the industry turnover registered a strong performance making a huge improvement over the position in FY 2008-09.

Going forward, there is a need of exercise of caution at the market volatility, both in terms of stock prices and trading turnover, is expected to continue and the pressure on profitability is likely to persist.

SEBI has taken several measures to improve the integrity of the secondary market. Legislative and regulatory changes have facilitated the Industry to improve their performances. Change in Disclosure a norm, changes in guidelines have improved the sentiments over investors and is really a reason to cheer. Although it is not enough and Corporate Governance norms is still to be strengthened. It is also necessary to enhance investors' confidence in the Securities Market.

#### **OPPORTUNITIES & THREATS**

The company is engaged in the business of investment and trading in shares. This is a highly fragmented industry with share trading business being concentrated with stock broking companies.

#### **OPPORTUNITIES**

The overall economic scenario continues to be subdued in the short term perspective and as such, till the overall economy gets an upward momentum, the credit off-take and pressure on yield would remain. However, the Budget of 2009-10 has provided various stimuli for industrial growth in the country, particularly in the Infrastructure sector. Various measures announced are expected to provide positive impact on industries like Oil & Gas, Power, Construction, Textiles, Automobiles, Petrochemicals, Household Appliances and the like. A reduction in the Securities Transaction Tax could give a boost to the trading activity.

#### **THREATS**

A prolonged bear phase in the stock markets is the main threat for the company. A bull market provides opportunities to earn profits from investment and trading activity. Other threats are like poor monsoon could trigger increase in consumer price inflation, which would dampen growth. Other threats are like change in Regulatory and taxation norms, changes in global scenario, fall in the price of rupee etc.

#### **PERFORMANCE & CURRENT YEAR PROSPECTS**

The Company has earned an income of Rs. 51.54 Lacs during the year via Short term Investments in Capital Market. The Company is doing investments based on its own studies by help of some of expertise in Capital Market as well as data available on different web sites.

Beside above business activities, your Company is one of Non Banking Finance

Company (NBFC). During the entire year, there were almost no business due to sluggish market as well as rise and fall in Dollar verses Rupee as well as non-predictable low demand in money market. Due to uncertainty, the Company has decided to stay away from Finance & Money market and hence the Company was only able to earn from investing activities during the year under review.

Now the Money market has started to be stable as well as rise of demand in money market, thus the Company is hopeful of doing well in future and hopes that both business and profit will shoot up and hence will be able to deliver more to its investors in coming years.

### **BUSINESS SEGMENT**

Your Company offers its services to customers through industry practices in the services of NBFC activities. Beside this your Company uses to invest its surplus fund in investing activities like investment in Equity Shares or in Capital Market or Mutual Fund.

### **RISK & CONCERNS**

The risks that the Company faces are the ones that face the industry today and these have been mentioned periodically. These risks includes implementation or change in current taxation structure including STT, rise in inflations, which can affect the no. of participants in securities market and thus can dry the liquidity in market, fall in rupee rate, slow down of economy including economy in world market, slow down in money inflow by FFI, any adverse news about those securities where company has invested its money, fall in the profitability of companies where Prime has invested etc.

In term of NBFC activities, the Company has paid Loans to HNIs and Corporate entities and is trying to recover that money which is long outstanding. Company is trying hard to recover that money and looking for various aspects in order to bring back its fund in the Company's kitty.

### **OVERVIEW**

The Company is planning to counter its challenges through focused marketing, tight control on liquidity and margins, cost effective sourcing of services, improved quality and timely services as well as to take timely decision to avoid risk of bad debts or risk of loss due to change in rate of foreign currency.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

PRIME has developed adequate Internal Control Systems in place to ensure a smooth functioning of its business. The Control System provides a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets.

The ICS and their adequacy are frequently reviewed and improved and are documented.

### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

Prime's biggest assets are their employees. We are continuously working on innovative initiatives to attract, train, retain and motivate our employees. Our endeavors are driven by a strong set of values imbibed in us and policies that we abide by. Our



constant goal, and indeed our biggest strength, is a healthy, happy and prosperous work environment for all our employees. Currently staff strength of the Company is 4 Employees including senior & junior category staff.

#### **CAUTIONARY STATEMENT**

Statements in the Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's performance include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government Regulations, tax laws, statutes and other incidental factors.

#### **FIXED DEPOSITS**

The Company has not taken any fixed deposits from public during the year.

#### **DIRECTORS**

During the year, Mr. Pravin Jain has resigned from the Board and in his place Mr. Chandresh N. Shah has been appointed as an Additional (Independent) Director of the Company.

In accordance with the requirements of the Companies Act, 1956 and as per the provisions of Articles of Association of the Company, Mr. Dhruva Narayan Jha is liable to retire and eligible, offers himself for re-appointments in the forthcoming Annual General Meeting.

Except Mr. Dhruva Narayan Jha, no other Directors of the Company are interested in his re-appointment.

Further, none of the Directors of the Company are disqualified under section 274(1)g of the Companies Act 1956.

#### **AUDITORS**

Auditors M/s. Manabendra Bhattacharyya & Co., Chartered Accountants, Kolkata holds the office until the conclusion of ensuing Annual General Meeting. Your Company has received certificate from the Auditors under section 224(1B) of the Companies Act, 1956 to the effect that their reappointment if made, will be within the limit prescribed.

The shareholders are requested to appoint the Auditors and fix their remuneration.

#### **COMMENTS ON AUDITOR'S REPORT:**

The notes referred to in the Auditor's Report are self explanatory and as such they do not call for any further explanation as required under section 217(3) of the Companies Act, 1956.

#### **PUBLIC DEPOSITS**

Your Company has not accepted any deposits from the Public during the year under review.

**CORPORATE GOVERNANCE**

Your Company follows the principles of the effective corporate governance practices. The Clause 49 of Listing Agreement deals with the Corporate Governance requirements which every publicly listed Company has taken steps to comply with the requirements of the revised Clause 49 of the Listing Agreement with the Stock Exchange.

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's Auditors on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is included in the Annual Report.

**HUMAN RESOURCES**

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR policies to the growing requirements of the business.

The Company has a structured induction process and management development programmes to upgrade skills of managers. Objective appraisal systems are in place for senior management system.

**STATUTORY INFORMATION**

The Company being basically in the media sector, requirement, regarding and disclosures of Particulars of conservation of energy and technology absorption prescribed by the rule is not applicable to us.

**PARTICULARS OF EMPLOYEES**

People are the backbone of our operations. It is a matter of great satisfaction for our Company that our employees have been very supportive of the Company's plan. By far the employee's relations have been cordial through out the year.

The information as required by provisions of section 217(2A) of the Companies Act, 1956 read with the companies (Particular of employees) amendments rules, 1988 is reported to be NIL.

**PARTICULARS UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956**

The Company is engaged in the business of media products hence the information regarding conservation of energy, Technology Absorption, Adoption and innovation, the information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, is reported to be Nil.

The Company has not earned or used foreign exchange earnings/outgoings during the year under review.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. In the preparation of the Annuals Accounts, for the year ended 31st March 2010, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed;