

17th Annual Report
2010 - 2011

Capital Market Limited

PRIME



Prime Capital Market Limited

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BOARD OF DIRECTORS

Sushil Kumar Purohit	Chairman & Managing Director
Bimal Joshi	Executive 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

Axis Bank Ltd.
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 : 29th September, 2011
Time : 3.30 P.M.
Venue : 18A, B.J.B. Nagar
Bhubaneshwar-751014, Orissa

C O N T E N T S

- ❖ Notice
- ❖ Report on Corporate Governance
- ❖ Auditors' Certificate on Corporate Governance
- ❖ Directors' Report
- ❖ Secretarial Compliance Report
- ❖ Auditors' Report
- ❖ Balance Sheet
- ❖ Profit & Loss Account
- ❖ Schedules
- ❖ Cash Flow Statement
- ❖ Balance Sheet Abstracts

Members are requested to bring their copy of Annual Report at the time of Meeting

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of Prime Capital Market Limited will be held on Thursday, the 29th day of September, 2011 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 2011.
2. To declare dividend.
3. To appoint Director in place of Mr. Chandresh N Shah, 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.

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 22nd September 2011 to 29th September 2011 (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. 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.
5. 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.
6. 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.
7. 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.

8. 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.
9. 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.
10. Members are requested to bring copies of Annual Report to the Annual General Meeting.
11. The Members/Proxies should bring the attendance slip duly filled in and signed for attending the meeting.
12. Members are requested to quote Folio Number/Client ID in their correspondence.
13. The Equity shares of the Company are listed on Calcutta & Bhubaneshwar Stock Exchanges and Listing Fees for the financial year 2010-2011 have been paid to CSE.

Kolkata, June 30, 2011

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

DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS

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, 2011.

(Rs. in Lacs)

Financial Results	Year Ended 31.03.2011	Year Ended 31.03.2010
Income	76.61	51.54
Profit before Tax & Extraordinary Items	42.95	42.19
Less : Provision for Taxation	6.85	6.37
Profit after Tax	36.10	35.82
Add / (Less) : Extra Ordinary Items	0.89	-0.01
Profit available for appropriation	36.99	35.81
Add : Profit Carried Forward from Previous Year	89.89	119.74
Appropriated as under :		
Proposed Dividend	0.00	50.00
Corporate Tax on above Dividend	0.00	8.50
Transfer to General Reserve	7.18	7.16
Balance carried forward to Next Year	119.70	89.89

DIVIDEND

In order to conserve resources and to meet the working capital requirements, your Directors do not propose any dividend for the year under review.

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian economy has emerged rapidly from the slowdown caused by the global financial crisis of 2007-09 and remains one of the fastest growing economies of the world. After dipping to 6.8% in 2008-09, GDP growth had recovered sharply to 8% and is projected to remain above this level in 2010-11. Economic and financial events over the year, however, have increased concerns about the sustainability of the growth momentum.

The global economic and financial situation is recovering slowly. The large fiscal deficits and high debt ratios coupled with slow economic growth have created unsettling conditions for business and have potential for causing great volatility in financial markets. It is hard to visualize strong economic growth in the advanced economies in 2010 and to a large extent in 2011. The implications of this, for India's strategy to return to the 9.0 per cent growth trajectory, are that public policy must promote business confidence and facilitate increased investment.

Apart from above, high current account deficit, particularly in the context of weakening capital inflows, was also a cause of concern, which has hitherto managed to compensate the rising trade deficit. The current account deficit was a manifestation of strong domestic demand and global weakness. This pressure has abated somewhat during the past few months, with rise in exports and slowing (non-oil) imports. However, a strong rebound in India's exports over the past couple of months has considerably reduced the pressure, but India's overall balance of payments remains weaker than expected, putting pressure on the Rupee.

OPPORTUNITIES & THREATS

Global Market is large and rapidly changing-from a mix of legacy client server to web / package-based services. Market openings are emerging across I.T. services, software products, I.T. enabled services and E-businesses, and creating a number of new opportunities for Indian companies. The corporate, government and consumer sector of the Indian domestic market offers a huge opportunity to software and services companies.

The Fundamental drives of India's medium term growth prospects remain intact. However, global developments, in conjunction with Indian Policy responses to the concerns noted above, are likely to make 2011-12 a challenging year.

Global economic and financial conditions can be expected to remain adverse for some time, particularly in the aftermath of Japan's natural disaster. Once the current financial year and commodity volatility subsides, deeper structural factors are likely to slow down economic growth, particularly in developed economics. Fiscal consolidation in Europe and an excess supply overhang in the US will probably moderate growth in the second half, together with increasing expectations of policy rate rise to quell rising inflation.

In India, inflationary pressure are likely to persist and hence result in a further, though moderate, monetary policy tightening the impact of which will be increasingly visible, through rising borrowing costs, in fiscal 2012. Increasing savings, high interest rates, an expected lower rise in currency driven by lower food prices, are likely to help deposits to grow stronger in fiscal 2012. However, in light of inflationary pressures and rising interest rates, there is a likelihood that the credit growth momentum might slow in 2011-12.

The expansion of the economy in the rural areas and particularly in the agricultural infrastructure sector continues to present opportunities of growth for NBFCs with a rural network. NBFCs here will have to rely on their partnership with banks and insurance companies and their own access to rural distribution networks to exploit such opportunities. Apart from the threat imposed by banks, the Reserve Bank of India has also advised NBFCs to reduce dependence on deposits in the next few years. This will have an adverse impact on NBFCs.

Dependence on purely fund-based business continues to be difficult for NBFCs unless they are able to reduce their cost of funds very substantially. The ability of the company to significantly expand its non-fund based activities would remain an area of concern.

The Company is also in a business of Investment in shares and securities as well as in various Mutual Fund schemes. Investment business activities need lot of experience, skills and passion

as well as timely exit decision. Gain from Investment business lies on the investment decision and wise person with timely and accurate decision can perform better than a person investment without vision.

On the other hand changes in regulatory frameworks, slowing down of capital market, increase in inflation and decrease in earning of common consumer can lead to the loss in investment business.

PERFORMANCE & CURRENT YEAR PROSPECTS

The Company has earned an income of Rs. 76.61 Lac during the year major portion of which is from Short term gain in Capital and Commodities 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 said activities during the year under review.

Inflation and high interest rates where another cause of concerns for the Company and due to uncertainty in this, the Company was unable to decide about short term funding.

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 objective of risk management is to balance the trade-off between risk and returns and ensure optimum risk adjusted return on capital. It entails the identification, measurement and management of risks across the various businesses of the Company. Risk is managed through a framework of policies and principles approved by the Board of Directors and supported by an Independent risk function that ensures that the Company operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level, as appropriate, through quantitative or qualitative examination of the embedded risks. The Company continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Company had developed internal systems for assessing capital requirements keeping in view the business objectives.

The Company has identified following main risks for its business, which needs to be addressed at this point of time :-

- I. Credit Risk

2. Market Risk
3. Liquidity Risk
4. Operational Risk

The Company has framed the appropriate business policies to tackle the challenges of above risks and is continually reviewing and modifying these policies in order to face the challenges and come out with the help of Company's business policies.

OVERVIEW

The Company is planning to counter its challenges through focused marketing, tight control on liquidity and margins, cost effective sourcing of services etc. In term of Investment activities, the Company is investing after taking expert opinion from expertise in Capital Market and after studying Balance Sheets, trading pattern for last few years as well as liquidity in the scrip. Further, in term of NBFC activities, Company is disbursing its fund after details enquiry about its Clients, their repayment capacities and goodwill in the market. The Company is also trying to strengthen its presence in Software industry with improved quality of its products and smooth working.

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.

DIRECTORS

There is no change in composition of Board during the year under review.

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

Except Mr. Chandresh N. Shah, 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.

INFORMATION TECHNOLOGY

The Company aims to maintain a scalable computing infrastructure that delivers efficient and seamless services across multiple channels for customer convenience. In order to retain competitive edge, technology infrastructure has been implemented wherever necessary, in alignment with business requirements.

COMPLIANCE

The Compliance function of the Company is responsible for independently ensuring that operating and business units comply with regulatory and internal guidelines. The Compliance

Department of the Company is continued to play a pivotal role in ensuring implementation of compliance functions in accordance with the directives issued by regulators, the Company's Board of Directors and the Company's Compliance Policy. The Audit Committee of the Board reviews the performance of the Compliance Department and the status of compliance with regulatory/internal guidelines on a periodic basis.

New Instructions/guidelines issued by the regulatory authorities were disseminated across the Company to ensure that the business and functional units operate within the boundaries set by regulators and that compliance risks are suitably monitored and mitigated in course of their activities and processes. New products and process launched during the year were subjected to scrutiny from the Compliance Standpoint and proposals of financial services were screened from risk control prospective.

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.