

PRIMEAST INVESTMENTS LIMITED



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TWENTY THIRD ANNUAL REPORT 2005 - 2006

**8TH FLOOR, 'THE EST ATE', 121, DICKENSON ROAD,
BANGALORE – 560 042**

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Primeast Investments Limited

PRIMEAST INVESTMENTS LIMITED

Board of Directors

Shri.R.C.BHAVUK Managing Director
Shri. KANWALJEET SINGH BAWA
Shri.GURMUKH SINGH THAKRAL
Shri.SIVARAMAKRISHNAN
Shri.P BALAKRISHNA SHETTY
Shri.JOSEPH SEQUEIRA

Bankers

INDIAN OVERSEAS BANK
ICICI BANK LTD

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Auditors

M/S. BRAHMAYYA & CO.
Chartered Accountants, Bangalore.

Company Secretary

SANTHOSH KUMAR J

Registered Office

8TH FLOOR, 'THE ESTATE'
121, DICKENSON ROAD
BANGALORE - 560 042

Primeast Investments Limited**NOTICE**

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of PRIMEAST INVESTMENTS LIMITED will be held on Saturday, the 30th September, 2006 at 10.00 a.m. at Conference Hall, 2nd Floor, Directorate of Youth Services, State Youth Centre (Near Reserve Bank of India), Nrupathunga Road, Bangalore 560 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31.3.2006 and the Profit & Loss Account for the financial year ended on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Gurmukh Singh Thakral who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration as may be agreed with the Board of Directors.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to provisions of Sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the limits specified in Schedule XIII to the said Act, consent of the Company be and is hereby accorded to the reappointment of Shri. R C Bhavuk as Managing Director of the Company for a period of five years with effect from 12th December, 2006 on the same terms and conditions which is given as under:

REMUNERATION AND PERQUISITES:

- | | | |
|----------------------------|---|---|
| 1. Salary | : | Rs.35000/- per month |
| 2. Perquisites- | | |
| a. Housing | : | Furnished accommodation to be provided |
| b. Medical Insurance | : | As per rules of the Company |
| c. Leave travel concession | : | As per rules of the Company |
| d. Telephone and Car | : | Provision of car with driver for use on Company's business and Telephone at residence |
| 3. Retirement Benefits | : | Provident Fund, Gratuity, Superannuation and Encashment of Leave as per applicable rules from time to time and as per Company Policy. |

OTHER TERMS AND CONDITIONS:

- a. The Managing Director shall not be liable to retire by rotation.
- b. The aforesaid remuneration shall be paid to the Managing Director with effect from 12th December 2006.
- c. The Managing Director shall not be entitled to sitting fees for attending the meeting of the Board of Directors or any committee thereof.
- d. He shall ipso facto cease to be the Managing Director, if he cease to hold the office of Director.
- e. The contract is terminable with three months notice on either side.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the terms of re appointment including relating to remuneration, as it may at its discretion, deem fit from time to time so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, (including any statutory modification or re enactment thereof for the time being in force) or any amendment made thereto."

Primeast Investments Limited

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Dr. P Balakrishna Shetty be and is hereby appointed as Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. Joseph Sequeira be and is hereby appointed as Director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT pursuant to provision of Clause 49 of the Listing Agreement with the Stock Exchange(s), the consent of the Company is hereby accorded to the Board of Directors for payment of Rs.2000/- (Rupees Two thousand only) or such other amount as may be approved by the board of Directors as and when it fit & proper subject to the ceiling prescribed under the Companies Act, 1956 or rules framed thereunder, as amended from time to time, assitting fees for each meeting of the Board of Directors or committee(s) thereof, attended by Non Executive Directors of the Company."

BY ORDER OF THE BOARD OF DIRECTORS

Regd. Office

8TH FLOOR, 'THE ESTATE',
121, DICKENSON ROAD,
BANGALORE - 560 042

SANTHOSH KUMAR J

COMPANY SECRETARY

Place: BANGALORE

Date: 22.08.2006

NOTES

1. 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 AND A PROXY NEED NOT BE A MEMBER. Proxy forms duly completed in all respects shall be lodged with the Company at least 48 hours before the time fixed for the meeting. The proxy form is annexed at the end of this report.
2. Members are requested to address all correspondence regarding De-mat, Share Transfers, Certificate Endorsement, Change of Address and other General Queries, to the new Registered office of the Company.
3. The Proxies and Members are requested to bring their attendance slip, annexed at the end of this report, to the meeting and sign at the entrance of the venue.
4. The Register of Members and Share Transfer books shall remain closed from Saturday, the 23rd September, 2006 to Saturday, the 30th September, 2006 (both days inclusive)
5. The Explanatory Statement as required by Section 173 of the Companies Act, 1956 is annexed hereto and the papers, documents referred to therein are open for inspection at the Registered Office of the Company between 9:30 am and 5:30 p.m. on any working day prior to the date of the meeting.

Primeast Investments Limited

**EXPLANATORY STATEMENT PURSUANT TO
SECTION 173(2) OF THE COMPANIES ACT, 1956**

ITEM NO 4

- 1) Shri. R C Bhavuk is an ex- banker and has about 30 years of experience in the banking industry. He served the Company as its Managing Director for the last 10 years from 12th December 1996 onwards. In view of experience in the banking and financial sectors, the Directors are of the opinion that the experience and capability of Mr. Bhavuk would prove valuable in the long term interest of the company.
- 2) The Directors therefore recommend adoption of the proposed resolution, re appointing him as the Managing Director on terms and conditions, more specifically detailed in the resolution.
- 3) Above Terms and Conditions may be deemed to be an abstract of the terms of appointment as made by the Board of directors, as required under section 302 of the Companies Act, 1956.
- 4) None of the Directors, except Shri. R C Bhavuk, are in any way interested or concerned in the said resolution.

ITEM NO 5

- 1) The Board of Directors of your Company had appointed Dr. P. Balakrishna Shetty as an Additional Director on 28th December 2005. He is a qualified Chartered Accountant, Company Secretary and Lawyer. He has been serving the Board as an Independent Director within the meaning of the revised Clause 49 of the Listing Agreement. Pursuant to Section 260 of the Companies Act, 1956, Dr. P. Balakrishna Shetty holds office up to the date of this Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956, in writing, from a member proposing him as a Director.
- 2) The Board considers that on account of Dr. P Balakrishna Shetty's knowledge, experience and eminence, it would be in the interest of the Company to appoint him as a Director of the Company.
- 3) The Board of Directors of your Company recommends the resolution for your consideration and approval.
- 4) None of the Directors are interested or concerned in the said resolution.

ITEM NO 6

- 1) On 28th December 2005, the Board of Directors of your Company had appointed Mr. Joseph Sequeira as an Additional Director. He has been serving the Board as an Independent Director within the meaning of the revised Clause 49 of the Listing Agreement. Pursuant to section 260 of the Companies Act, 1956, Mr. Joseph Sequeira holds office up to the date of this Annual General Meeting. The Company has received a notice pursuant to Section 257 of the companies Act 1956, in writing, from a member proposing him as a Director.
- 2) The Board considers that on account of Mr. Joseph Sequeira's experience, proven banking and finance knowledge, it would be in the interest of the Company to appoint him as a Director of the Company.
- 3) The Board of Directors of your Company recommends the resolution for your consideration and approval.
- 4) None of the Directors are interested or concerned in the said resolution.

ITEM NO 7

- 1) As per Circular (No.SEBI/CFD/DIL/CG/1/2005/29/3 dated 29/03/2005) issued by Securities and Exchange Board of India (SEBI) to all Stock Exchanges, the amended Clause 49 relating to Corporate Governance came into force with effect from 31.12.2005
- 2) The revised Clause 49, inter alia, stipulates that all fees/compensation payable to Non Executive Directors including Independent Directors, shall be fixed by Board of Directors and shall require previous approval of members in General meeting (Clause 49 (I) (B))
- 3) In view of the revised Clause 49 of the Listing Agreement, it is proposed to seek approval from shareholders to enable payment of sitting fees to its Non Executive Directors as and when it think fit and proper. Your Directors recommend this resolution for your approval. At present your Company is not paying any sitting fees to its Non-

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Executive Directors.

- 4) The Non-Executive Directors may be deemed to be concerned or interested in this resolution. None of the other Directors of the Company in anyway concerned or interested in the resolution.

Regd. Office

8TH FLOOR, 'THE ESTATE',

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BANGALORE – 560 042

BY ORDER OF THE BOARD OF DIRECTORS,

SANTHOSH KUMAR J

COMPANY SECRETARY

Place: BANGALORE

Date: 22.08.2006

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN THE FORTH-COMING ANNUAL GENERAL MEETING
(IN PURSUANCE TO LISTING AGREEMENT WITH STOCK EXCHANGES)**

Item No.2:

- | | | |
|--|---|---|
| 1) Name | : | Mr. Gurmukh Singh Thakral |
| 2) Date of Birth | : | 10.03.1953 |
| 3) Expertise | : | Entrepreneur with business experience spanning over 35 years. |
| 4) List of Companies in which outside directorship held as on 22.08.2006 | : | M/s. Bhagwan Developments Pvt. Ltd.,
M/s. Carew Developments Pvt. Ltd.,
M/s. Jagbir Developments Pvt. Ltd.,
M/s. Khazina Developments Pvt. Ltd.,
M/s. Minnow Trading Co. Pvt. Ltd.,
M/s. Normandy Developments Pvt. Ltd.,
M/s. Normandy Investments Pvt. Ltd.,
M/s. Parjat Developments Pvt. Ltd.,
M/s. Raaya Developments Pvt. Ltd.,
M/s. Raffles Software Pvt. Ltd.,
M/s. Sovereign Investments Pvt. Ltd.,
M/s. Thakral Computers Pvt. Ltd.,
M/s. Thakral Investments (India) Pvt. Ltd.,
M/s. Westminster Developments Pvt. Ltd.,
M/s. Zarina Developments Pvt. Ltd.,
M/s. Glade Trading Company Pvt. Ltd. |
| 5) Chairman / Member of the Committee of the Board of the Companies on which he is a Director as on 22.08.2006 | : | NIL |

Item No.4:

- | | | |
|------------------|---|---|
| 1) Name | : | Mr. Ramesh Chandra Bhavuk |
| 2) Date of Birth | : | 11.12.1943 |
| 3) Expertise | : | Banking, Finance and Corporate Management Experience spanning over 4 decades. |

Primeast Investments Limited

4) List of Companies in which
outside directorship held as on
22.08.2006

M/s. Bhagwan Developments Pvt. Ltd.,
M/s. Carew Developments Pvt. Ltd.,
M/s. Jagbir Developments Pvt. Ltd.,
M/s. Khazina Developments Pvt. Ltd.,
M/s. Minnow Trading Co. Pvt. Ltd.,
M/s. Normandy Developments Pvt. Ltd.,
M/s. Normandy Investments Pvt. Ltd.,
M/s. Parjat Developments Pvt. Ltd.,
M/s. Raaya Developments Pvt. Ltd.,
M/s. Sovereign Investments Pvt. Ltd.,
M/s. Thakral Computers Pvt. Ltd.,
M/s. Westminster Developments Pvt. Ltd.,
M/s. Zarina Developments Pvt. Ltd.,
M/s. Glade Trading Company Pvt. Ltd.
M/s. Netizen Infotek (India) Pvt. Ltd

5) Chairman / Member of the
Committee of the Board of the
Companies on which he is a
Director as on 22.08.2006

NIL

Item No.5:

1) Name:

Dr. P Balakrishna Shetty

2) Date of Birth:

20.07.1957

3) Expertise:

Practicing Chartered Accountant for almost 2 decades.

4) List of Companies in which
outside directorship held as on
22.08.2006

Nil

5) Chairman / Member of the
Committee of the Board of the
Companies on which he is a
Director as on 22.08.2006

NIL

Item No.6:

1) Name

Mr. Joseph Sequeira

2) Date of Birth

03.04.1945

3) Expertise

Banking and Finance Experience for over 3 decades.

4) List of Companies in which
outside directorship held as on
22.08.2006

Nil

5) Chairman / Member of the
Committee of the Board of the
Companies on which he is a
Director as on 22.08.2006

Nil

Primeast Investments Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Third Annual Report along with the Audited Accounts for the year ended 31.03.2006

FINANCIAL RESULTS	Rs. in Lakhs	
	31.03.2006	31.03.2005
Income From Business	<u>3.14</u>	<u>4.34</u>
Gross Income	3.14	4.34
Less: Operational Expenses	<u>25.73</u>	<u>33.44</u>
Profit/(Loss) Before Depreciation and Provisions	(22.59)	(29.10)
Depreciation	<u>1.26</u>	<u>1.04</u>
Profit/(Loss) Before Provisions	(23.85)	(30.14)
Provisions	<u>0.16</u>	<u>0.00</u>
Profit/(Loss) after Provisions	(24.01)	(30.14)
Fringe Benefit Tax	0.30	0.00
Profit/(Loss) for the Year	(24.31)	(30.14)
Add: (Loss) brought forward from previous year	<u>(379.73)</u>	<u>(349.59)</u>
Total Loss carried to Balance Sheet	(404.04)	(379.73)

OPERATIONS:

In pursuance to the Main objects of Computer Software and Internet related activities the Company had entered into a strategic joint venture with Pacific Internet, Singapore vide the resolution passed under section 372A of the Companies Act 1956 at the 17th Annual General meeting held on 30.09.2000. The Company had so far invested Rs.10.17 Crores in Pacific Internet India Pvt. Ltd. The Board feels that there is a surge in the Technology Sector especially in Software and Internet Sector. The Global Telecom Companies are finding that the investment climate in India is appropriate at present and the guidelines too have been relaxed by FIPB (Foreign Investment Promotion Board). Since Pacific Internet (India) Pvt. Ltd. has increased its business volume and customer base during the last two years, the Board expects that the investment in Pacific Internet (India) Pvt. Ltd. will reap good dividends in the near future.

The Company had passed a resolution in the Annual General Meeting for the Commencement of the business of Marketing of Financial products and accordingly Company had made a tie up with ICICI Bank Limited. Though the low interest regime provided good scope for loan business, unavailability of trained and capable manpower, which is the back bone of such business, rendered the business unviable and hence was discontinued with effect from July 2006.

DIVIDENDS:

Since there are accumulated losses carried forward from previous years, the Company is therefore not in a position to declare dividends.

CAPITAL:

The present paid-up capital of the Company is Rs.11.73 Crores. The present authorised capital of the Company is Rs.13 Crores, which was increased from Rs.12.50 Crores at the 20th Annual General Meeting of the Company. The shares of the Company have been admitted for De-mat and the ISIN of the equity share of the Company is INE190F01010.

LISTING PARTICULARS :

As required by clause 32 of the Listing agreement with the stock exchange, a cash flow statement is appended As per the revised clause 49 of the listing agreement a report on Corporate Governance is attached to this report, aswell.