



PRIME SECURITIES LIMITED
ANNUAL REPORT
2010 - 2011

CHANGE OF ADDRESS

Dear Shareholder,

Please note the change in Registered Office address of Prime Securities Limited. You are requested to address all correspondence in future to our new address as below:

Prime Securities Limited
Ashford Centre, 7th Floor,
Shankarrao Naram Marg,
Lower Parel, Mumbai 400013
Tel: +91-22-61842525 / +91-22-24981515
Fax: +91-22-24970777
Email ID: prime@primesec.com
Website: www.primesec.com

For **Prime Securities Limited**

N. Jayakumar
Managing Director

GREEN INITIATIVE

Dear Shareholder,

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

Shareholders holding shares in Demat (electronic) form

- (a) In case you are holding shares of the Company in demat (electronic) form, the Company proposes to send the aforesaid documents to you in electronic form, at the e-mail address provided by you and which will be made available to us by your Depository Participant (DP).
- (b) In case of any change in your e-mail address, we request you to inform the same change to your Depository Participant (DP) to enable them to update their record.
- (b) As such, the email address registered by you with your DP will henceforth be used by the Company for service of the said documents, including those covered under Section 219 of the Companies Act, 1956. To this effect, the Company has also send an e-mail on June 17, 2011 to those shareholders whose e-mail IDs were available with us.
- (d) If, however, you wish to continue to receive the said documents in physical mode, please send us an email primesec@shareproservices.com or write to the Share Department of the Company at its Registered Office at Ashford Centre, 7th Floor, Shankarrao Naram Marg, Opp. Peninsula Corporate Park, Lower Parel, Mumbai 400013 quoting reference of your DP ID & Client ID and name of the 1st Registered shareholder.

Shareholders holding shares in Physical form

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

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

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

Thanking you,

Yours faithfully,

For **Prime Securities Limited**

N. Jayakumar
Managing Director

GO GREEN FORM

To,

Prime Securities Limited

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

Field marked with * are compulsory.

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

Signature _____

BOARD OF DIRECTORS

Pradip Dubhashi	<i>Chairman</i>
N. Jayakumar	<i>Managing Director</i>
R. Ramachandran	<i>Executive Director</i>
S. R. Sharma	<i>Director</i>
Anil Dharker	<i>Director</i>

REGISTERED OFFICE

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

MANAGEMENT TEAM

Vinay Motwani	<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>
Shashi Singh	<i>Head - Sales & Distribution - Private Wealth Management (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: +91-22-67720300
Fax: +91-22-28591568
Email: sharepro@vsnl.com

AUDITORS

Gandhi & Associates
Chartered Accountants

INTERNAL AUDITORS

K. V. S. & Company
Chartered Accountants

BANKERS

ICICI Bank Limited
HDFC Bank Limited
IndusInd Bank Limited

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting of the Members of Prime Securities Limited will be held on Thursday, September 29, 2011 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, 2011 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** Mr. S. R. Sharma, a Director who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on January 25, 2011 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. S. R. Sharma as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
5. To consider, and if thought fit, to pass, with or without modification(s), as an **ORDINARY RESOLUTION**, the following:
“**RESOLVED THAT** Mr. Anil Dharker, a Director who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on May 28, 2011 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Anil Dharker as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
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 198, 269, 309, 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, subject to the approval of the Central Government and as approved and recommended by the remuneration committee and the Board of Directors of the Company, the Company hereby approves the appointment of Mr. N. Jayakumar as Managing Director of the Company for a period of five years w.e.f. February 12, 2011 on the terms and conditions and remuneration as are set out in the Memorandum of Understanding dated February 12, 2011 entered into by the Company with Mr. N. Jayakumar.

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) and in such manner as the Board may deem appropriate.

RESOLVED FURTHER THAT wherein in any financial year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing 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”.

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 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 2011 (hereinafter referred to as “ESOS 2011” 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 1,000,000

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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 2011 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 2011 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 2011.

RESOLVED FURTHER THAT the Options may be allotted in accordance with ESOS 2011 either directly and/or through a Trust which may be setup and/or in any other permissible manner and that ESOS 2011 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 2011.

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 2011 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."

8. 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 2011 referred to in the resolution no 5 of this notice and duly passed by the Members, subject to the overall limit specified under the said ESOS 2011, 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 2011 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
August 6, 2011

By Order of the Board of Directors

Ajay Shah
Vice President - Legal
& Company Secretary

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business of the Notice set out above is annexed hereto. The relevant details in respect of item no 2 as required by clause 49 of the Listing Agreement entered into with the Stock Exchanges is also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND 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 Monday, September 26, 2011 to Thursday, September 29, 2011 (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:

Name of Director	Mr Pradip Dubhashi	Mr. S. R. Sharma	Mr. Anil Dharker	Mr. N. Jayakumar
Date of Birth	August 25, 1948	August 7, 1959	August 15, 1946	December 31, 1960
Date of Appointment	January 29, 2004	January 25, 2011	May 28, 2011	February 12, 2011
Expertise in Specific Functional Area	He has experience of two decades in capital project planning and investment analysis, materials management and PPC, corporate planning and general management in a reputed industrial group in India. At present, he is a consultant and advisor in the areas of strategy, business planning, competitive intelligence, investment analysis and finance. He runs his own Strategy Consulting firm and is also on the board of few Indian companies as an Independent Director	He is a qualified professional graduated from IIT Delhi as a Chemical Engineer and received his post graduate diploma in management, PGDM from the IIM at Ahmedabad. He has a wide and varied experience across multiple sectors including industrial and speciality chemicals, FMCG and financial services. He was based in Japan for 9 years where he worked for Shinsei Bank, a leading Japanese bank which has set new benchmarks for consumer banking. He has specialized in the transformation of business processes both customer facing and post transaction operations by leveraging the use of IT.	He holds degrees in Mathematics and Engineering from London University that led to a position on the academic staff of the University of Glasgow and as a consultant in a Mumbai architectural firm. He has been editor of the some of India's best known publications, such as The Illustrated Weekly of India, The Independent and Mid-day. He has been a columnist for many of India's leading newspapers such as The Times of India, The Economic Times, The Hindu and DNA. He has also been a columnist for Gulf News and Khaleej Times. He has also written for The Independent (London), The Scotsman (Edinburgh), The Glasgow Herald, Foreign Policy and other publications. He has been head of the National Film Development Corporation and has held prominent positions in leading television channels. He is the author of six books.	Mr. N. Jayakumar is associated with the Company since 1992 and he was designated as a President of the Company since 2002. He 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. He is with the Company for more than 19 years handling corporate relationships. Before joining the Company, he had 7 years experience in Citibank, N.A. as Vice President, Head - Merchant Banking Group & Corporate Finance, India
Qualifications	B. E., P. G. D. B. M. (XLRI)	B. Tech. (Chemical Engineering), IIT-Delhi, PGDM, IIM-Ahmedabad	B.Sc. (Maths), B.Sc. (Eng) (London), Sanlzburg Fellow	B. Tech. (Mechanical Engineering), I.I.T. Delhi (1978-1983), PGDM (MBA), IIM Ahmedabad (1983-1985)

PRIME SECURITIES LIMITED

Directorship held in other Companies	Onward Technologies Limited Microline (India) Private Limited Krishidhan Seeds Private Limited Divgi Metalwaves Private Limited	MaxiGreen Designs- Solutions Private Limited	Riteverses Solutions Pvt. Ltd.	Prime Broking Company (India) Limited Prime Research & Advisory Limited Judith Investments Private Limited Gateway Entertainment Limited Primary Cuisine Private Limited
Membership / Chairmanship of Committees of the Board of other Companies in which he is a Director	Chairman of Audit Committee and Member of Share Transfer & Investor's Grievance Committee and Remuneration Committee of Onward Technologies Limited. Member of Audit Committee of Krishidhan Seeds Private Limited	None	None	Chairman of Audit Committee and Remuneration Committee of Prime Broking Company (India) Limited

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

Item No. 4

The Board of Directors of the Company ("the Board") had appointed, pursuant to Section 260 of the Companies Act, 1956 ("the Act") and Article 131 of the Articles of Association of the Company, Mr. S. R. Sharma as an Additional Director of the Company effective from January 25, 2011. Mr. S. R. Sharma will hold the office of Director upto the conclusion of the forthcoming Annual General Meeting.

Mr. S. R. Sharma is a qualified professional graduated from IIT Delhi as a Chemical Engineer and received his post graduate diploma in management, PGDM from the IIM at Ahmedabad. He has a wide and varied experience across multiple sectors including industrial and speciality chemicals, FMCG and financial services. He was based in Japan for 9 years where he worked for Shinsei Bank, a leading Japanese bank which has set new benchmarks for consumer banking. He has specialized in the transformation of business processes both customer facing and post transaction operations by leveraging the use of IT. The Board considers his appointment as immensely beneficial to the company.

The Company has received a Notice in writing from a Member of the Company under Section 257 of the Companies Act, 1956 along with the requisite amount of deposit, notifying his intention to propose the appointment of Mr. S. R. Sharma to the office of Director. The Board recommends passing of the said Resolution. Except Mr. S. R. Sharma, none of the Directors has any concern or interest in the aforesaid resolution.

Item No. 5

The Board of Directors of the Company ("the Board") had appointed, pursuant to Section 260 of the Companies Act, 1956 ("the Act") and Article 131 of the Articles of Association of the Company, Mr. Anil Dharker as an Additional Director of the Company effective from May 28, 2011. Mr. Anil Dharker will hold the office of Director upto the conclusion of the forthcoming Annual General Meeting.

Mr. Anil Dharker holds degrees in Mathematics and Engineering from London University that led to a position on the academic staff of the University of Glasgow and as a consultant in a Mumbai architectural firm. He has been editor of some of India's best known publications, such as The Illustrated Weekly of India, The Independent and Mid-day. He has been a columnist for many of India's leading newspapers such as The Times of India, The Economic Times, The Hindu and DNA. He has also been a columnist for Gulf News and Khaleej Times. He has also written for The Independent (London), The Scotsman (Edinburgh), The Glasgow Herald, Foreign Policy and other publications. He has been head of the National Film Development Corporation and has held prominent positions in leading television channels. He is the author of six books. The Board considers his appointment as immensely beneficial to the company.

The Company has received a Notice in writing from a Member of the Company under Section 257 of the Companies Act, 1956 along with the requisite amount of deposit, notifying his intention to propose the appointment of Mr. Anil Dharker to the office of Director. The Board recommends passing of the said Resolution. Except Mr. Anil Dharker, none of the Directors has any concern or interest in the aforesaid resolution.

Item No. 6

The Board of Directors of the Company ("the Board"), at its meeting held on February 12, 2011, had appointed Mr. N. Jayakumar as an Additional Director and he hold the office of Director upto the conclusion of the forthcoming Annual General Meeting and the Board felt it appropriate to entrust the responsibilities of managing the Company's day-to-day affairs to Mr. N. Jayakumar and as such decided to appoint him as Managing Director of the Company w.e.f. February 12, 2011 in accordance with Article 119 of the Articles of Association of the Company. Mr. N. Jayakumar is associated with the Company since 1992 and he was designated as a President of the Company since 2002. He 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. He is with the Company for more than 19 years handling corporate relationships. Before joining the Company, he had 7 years experience in Citibank, N.A. as Vice President, Head - Merchant Banking Group &



Corporate Finance, India. The Company has received a Notice in writing from a Member of the Company under Section 257 of the Companies Act, 1956 ("the Act") along with the requisite deposit amount, notifying its intention to propose Mr. N. Jayakumar as a candidate for the office of Director of the Company.

The main terms of appointment, remuneration, perquisites, etc. as set out in the Memorandum of Understanding dated February 12, 2011 entered into between the Company and Mr. N. Jayakumar, which are subject to the approval of the Members of the Company, are as follows:

Term

Period of Appointment – Five years effective February 12, 2011

Salary

- a) Basic Salary upto a maximum of Rs. 25,00,000/- 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 Managing 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. N. Jayakumar and his family;
- e) Reimbursement of Company car running and maintenance expenses reasonably incurred by Mr. N. Jayakumar 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 Mediciclaim 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 Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisite as above subject to the ceiling specified under Section II of Part II of the Schedule XIII to the Companies Act, 1956.

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

1) General Information:

a) Nature of Industry:

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

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

Not applicable as the Company is an existing Company.

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

Not applicable.

d) Financial performance based on given indicators – as per audited financial results for the year ended March 31, 2011:

Particulars	Rs in Lacs
Turnover and Other Income	2,045.60
Net Profit after Tax (as per Profit & Loss a/c)	421.07
Profit as computed under Section 309 (5) read with Section 198	571.97

f) Export performance and net foreign exchange collaborations:

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

g) Foreign investments or collaborations, if any:

Not applicable.

2) Information about the Appointee:

a) Background details:

Mr. N. Jayakumar, aged 50 years, Bachelor of Technology, Mechanical Engineering (I.I.T. Delhi) (1978-1983) & P.G.D.M. (MBA), IIM Ahmedabad (1983-1985). He is associated with the Company since 1992 and he was designated as a President of the Company since 2002. He 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

PRIME SECURITIES LIMITED

/ acquisitions, fund raising and strategic alliances. He is with the Company for more than 19 years handling corporate relationships. Before joining the Company, he had 7 years experience in Citibank, N.A. as Vice President, Head - Merchant Banking Group & Corporate Finance, India. As a Managing 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. N. Jayakumar has been appointed as Managing Director of the Company w.e.f. February 12, 2011. For the financial year ended on March 31, 2011, the Company has paid Rs. 127.55 lacs as remuneration to Mr. N. Jayakumar.

c) Recognition or awards:

Nil.

d) Job profile and their suitability:

Same as in item no a) hereinabove.

e) Remuneration proposed:

The Company proposes to pay the remuneration to Mr. N. Jayakumar 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. N. Jayakumar, 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. N. Jayakumar 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 February 12, 2011 entered into between the Company and Mr. N. Jayakumar 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.

Except Mr. N. Jayakumar, none of the Directors has any concern or interest in the aforesaid resolution.

The Board recommends passing of the said Resolution.

Item No 7 & 8

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 2011.

The Compensation Committee will administer ESOS 2011 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 1,000,000 (Ten lacs) 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 1,000,000 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 2011 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 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 1,000,000 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/ EСПS 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 2011 shall not exceed the overall limit as mentioned in the ESOS 2011. SEBI ESOS/ESPS 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/ESPS Guidelines, approval of the members is sought to issue Equity Shares pursuant to the Options granted under the ESOS 2011 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/ESPS Guidelines. The Board of Directors accordingly recommends the resolution set out at item nos. 5 & 6 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
August 6, 2011

By Order of the Board of Directors

Ajay Shah
Vice President - Legal
& Company Secretary

PRIME SECURITIES LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-Ninth Annual Report, together with the Audited Accounts for the Year ended March 31, 2011.

(Rs. in lacs)

FINANCIAL RESULTS	Year ended March 31, 2011	Year ended March 31, 2010
Total Income	2,045.60	1,780.17
Administrative and Other Expenditure	529.57	290.90
Loss in Derivatives and Other Transactions (Net)	-	41.47
Loss on Sale of Investments (Net)	88.25	-
Diminution in Value of Investments (Net of written-back)	19.01	51.95
Depreciation	21.97	22.02
Interest and Finance charges	863.05	511.53
Profit before Tax	523.75	862.31
Current Tax	100.00	144.00
Income Tax of earlier years	2.67	13.46
Profit after Tax	421.07	704.85
Profit Brought Forward from Previous Year	1,442.05	737.20
Balance Carried to the Balance Sheet	1,863.12	1,442.05

PERFORMANCE REVIEW

During the year under review, there was a turnaround in the economics of developed as well as emerging markets. However, recovery in developed markets have been muted. Central Banks and Governments across the world have provided fiscal and monetary stimulus to stabilize global demand, through the quantitative easing program.

This has caused inflation in emerging countries like India. Reserve Bank of India, has acted prudently by raising rates in order to tame the inflation. As a consequence of high interest rates, GDP growth estimate has even reduced to 7.5% for FY 12 as against earlier estimate of 9%.

The Corporate Finance & Advisory business has gained momentum during the year, however closing of rush transactions became extended due to investors being wary about investments. We believe many of the mandates that we have been working on throughout 2010-11 will start giving fruits in the coming years.

Your Company will strive to consummate several deals in the areas of Private Equity and Corporate Finance in the coming years. Once the International investors focus on mid cap segment, we will be able to close the deals faster.

We see a huge opportunity in Wealth Management franchise and hope to launch new products both in India and overseas markets..

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

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENT

Prime Broking Company (India) Limited (PBCIL) has during the year under review earned revenues of Rs. 836.65 lacs as compared to Rs. 1,168.21 lacs in the previous financial year. This includes Income from Broking Operations, Income from Portfolio Management Services, Profit on Sale of Investments and Interest & Dividend Income. During the year, PBCIL has incurred a net loss after tax of Rs. 25.60 lacs vis-à-vis a net profit after tax of Rs. 289.84 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 2010-2011. During the year under review, PCBIL earned revenues of Rs. 2.90 lacs as compared to Rs. 4.38 lacs in the previous financial year. The net profit after tax for the year ended March 31, 2011 amounted to Rs. 1.64 lacs as against net profit after tax of Rs. 3.01 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. 613.27 lacs as compared to Rs. 54.38 lacs in the previous financial year. This includes Gain on Sale of Investments and Interest & Dividend Income. The net loss after tax for the year ended March 31, 2011 amounted to Rs. 107.81 lacs as against net profit after tax and adjustments of Rs. 611.54 lacs in the previous financial year.

Prime Research & Advisory Limited (PRAL) did not undertake any activities during 2010-2011.

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

In terms of the general permission granted by the Government of India, Ministry of Corporate Affairs, New Delhi u/s 212 (8) of the Companies Act, 1956 vide its circular no. 51/12/2007-CL-III dated February 8, 2011, copies of the Balance Sheet, Profit & Loss Account, Director's Report and Auditor's Report of all the Subsidiary Companies have not been attached to the Balance Sheet of the Company as at March 31, 2011. 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, 2011 is annexed to this Report.

DIRECTORS

During the year, Mr. S. R. Sharma, Mr. N. Jayakumar and Mr. Anil Dharker were inducted on the Board as an Additional Directors w.e.f. January 25, 2011, February 25, 2011 and May 28, 2011. They hold office as an Additional Directors till the conclusion of the ensuing Annual General Meeting. Mr. N. Jayakumar has been designated as Managing Director, subject to approval of the shareholders at the ensuing annual general meeting. During the year, Mr. Arun Shah, resigned as Chairman of the Company w.e.f. January 25, 2011 and the Directors place on record their appreciation of the services rendered by him during his tenure as Chairman of the Company. Subsequent to the resignation of Mr. Arun Shah, Mr. Pradip Dubhashi has been designated as a Chairman of the Company. Mr. Pradip Dubhashi is retiring at the ensuing Annual General Meeting and is eligible for re-appointment. Appropriate resolution for appointment and re-appointment are 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 their 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;

PRIME SECURITIES LIMITED

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. 1,708,000/- to various organisation for support to children education, protection, survival and many more things to benefit them. These are the world's leading independent organization for children that works to inspire breakthroughs in the way the world treats children to achieve immediate and lasting change in their lives.

AUDITORS AND AUDITORS' REPORT

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

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

EMPLOYEES

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

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

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

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

LISTING & LISTING FEES

The equity shares of the Company are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. Listing fees for the year 2011-12 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: August 6, 2011

N. Jayakumar
Managing Director

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, 2011, 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, 2011.

Mumbai
Dated: August 6, 2011

N. Jayakumar
Managing Director



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

Particulars		ESOS 2007	ESOS 2008	ESOS 2009
a)	Options granted	999,000	1,197,750	1,300,000
b)	Pricing formula	Rs 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs 15/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)
c)	Options vested	525,000	674,700	Nil
d)	Options exercised	Nil	148,100	Nil
e)	The total number of shares arising as a result of exercise of option	Nil	148,100	Nil
f)	Options lapsed	177,000	209,700	150,000
g)	Variation of terms of options	Nil	Nil	Nil
h)	Money raised by exercise of options	Nil	Rs. 2,221,500/-	Nil
i)	Total number of options in force	822,000	839,950	1,150,000
j)	Employee wise details of options granted			
	i) Senior managerial personnel	Total 452,500 options granted to 3 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)	Total 530,000 options granted to 3 directors and senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)	Total 525,000 options granted to 3 directors and senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of the option granted during that year	Nil	Nil	Nil
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Nil	Nil
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard AS20 Earnings Per Share	Rs 1.57 per share of face value of Rs 5/- each	Rs 1.57 per share of face value of Rs 5/- each	Rs 1.57 per share of face value of Rs 5/- each
l)	i) Method of calculation of employee compensation cost	Intrinsic value method	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 11.35 lacs	Rs 61.53 lacs	Rs 15.88 lacs
	iii) The impact of this difference on profits and on EPS of the Company	The net profit would have been lower by Rs 11.35 lacs and basic & diluted EPS would have been lower by Re 0.04	The net profit would have been lower by Rs 61.53 lacs and basic & diluted EPS would have been lower by Re 0.23	The net profit would have been lower by Rs 15.88 lacs and basic & diluted EPS would have been lower by Re 0.06
m)	Weighted average exercise price and weighted average fair value	Weighted average exercise price – Rs 38/- Weighted average fair value – Rs 42.14	Weighted average exercise price – Rs 15/- Weighted average fair value – Rs 36.98	Weighted average exercise price – Rs 38/- Weighted average fair value – Rs 42.14
n)	Fair value of options based on Black Scholes methodology - assumptions			
	Risk free rate	8%	8%	8%
	Expected life of options	3 years	3 years	3 years
	Expected volatility	6.56%	6.56%	6.56%
	Expected dividends	-	-	-
	Closing market price of share on date of option grant	Rs 196.40	Rs 13.60	Rs 38.75

PRIME SECURITIES LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

A. Indian Economy and Markets

The financial year 2010-2011 was marked by a turnaround in the economies of the developed as well as emerging markets. However, the recovery in GDP in developed markets have been muted and anemic at best. We have Europe which has been struggling with huge debts and growth in Europe (barring Germany) has not been good. The US has recovered with GDP showing signs of improving but given the size of debt and unemployment levels being high, the recovery is being questioned.

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

RBI in India also acted prudently by raising rates in order to tame inflation in India. However, its been proving to be difficult to control as RBI has been adopting a monetary policy whereas fiscal stimulus done during the 2008 downturn has not been reduced or removed. Repo rates have now increased to 8%. As a consequence of high interest rates, growth estimates for India have been brought down from 9% to 7.5% for FY12.

The Indian government has also been besotted with one issue after the other starting with the commonwealth games, 2G Scam, Adarsh etc. This has lead to a political impasse in the reforms process as the government focuses on putting out one fire after another.

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

Stock Market

The BSE Sensex rose about 11% in FY11. It was marked by huge bouts of volatility and the dispersion across returns were huge. The brokerage business improved from the previous year as many FII and domestic institutions returned to investment and trading mode but volumes were skewed towards derivatives and brokerage rates across the industry came down. Capital raising and pre IPO/IPO/QIP placements became quite prevalent in the market. Prime was impacted as our focus was in emerging corporates and risk appetite came back for the larger corporates but not for the midcap and small cap segment that we focused on.

The Corporate Finance & Advisory business worked on many companies desiring to restructure their balance sheets/merge and expand, however closing of such transactions became extended due to investors being more wary about investments. We believe many of the mandates that we have been working on throughout 2010-2011 should start to bear fruit as risk appetite returns.

B. Opportunities & Threats

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

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

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

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 total revenues of the Company were Rs. 2,046 lacs as against (Previous year Rs. 1,780 lacs) for the financial year under review. The Profit after Tax stood at Rs. 421 lacs (Previous year Rs. 705 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 35 employees (including employees of subsidiary companies) as on March 31, 2011.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

MANDATORY REQUIREMENTS

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

(a) Composition

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

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

During the year under review, 6 Board Meetings were held. The attendance of each of the Directors at the said Board Meetings is given below:

Name of Director	Category of Directorship	No of Meetings attended	% of total Meetings attended during the year
Mr. Pradip Dubhashi *	Independent, Non-Executive	6	100%
Mr. R. Ramachandran	Executive	6	100%
Mr. S. R. Sharma **	Independent, Non-Executive	2	33.33%
Mr. N. Jayakumar ***	Executive	1	16.67%
Mr. Anil Dharker ****	Independent, Non-Executive	Nil	Nil
Mr. Arun Shah *****	Independent, Non-Executive	4	66.67%

* Designated as a Chairman of the Company w.e.f. January 25, 2011

** Appointed as an Additional Director w.e.f. January 25, 2011

*** Appointed as an Additional Director w.e.f. February 12, 2011

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

***** Ceased to be a Chairman of the Company w.e.f. January 25, 2011

All Directors of the Company who were on the Board as on the date of the last Annual General Meeting held on September 30, 2010 attended the Annual General Meeting. None of the Director is related to each other.

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

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

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

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

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

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

During the year under review, 6 Board Meetings were held. The dates on which the said meeting were held are April 20, 2010, May 29, 2010, July 29, 2010, October 21, 2010, January 25, 2011 and February 12, 2011.

PRIME SECURITIES LIMITED

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

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

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

(c) Meeting and Attendance during the year

During the year under review, the members met four times on May 29, 2010, July 29, 2010, October 21, 2010 and February 12, 2011. The attendance of each member at the meeting is given below:

Name of the Member	Designation	No of Meetings Attended	% of total Meetings attended during the year
Mr. Pradip Dubhashi *	Chairman	4	100%
Mr. R. Ramachandran **	Member	4	100%
Mr. S. R. Sharma ***	Member	1	25%
Mr. Anil Dharker ****	Member	Nil	Nil
Mr. Arun Shah *****	Chairman	3	75%

* Appointed as a Chairman w.e.f. January 25, 2011

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

*** Appointed as a Member w.e.f. January 25, 2011

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

***** Ceased to be a Chairman w.e.f. January 25, 2011

The Committee invites the Head of the Finance Department, the President of the Company, the Internal & Statutory Auditors to participate in the meeting. The Company Secretary acts as the Secretary to the meeting. The Chairman of the Committee was present at the last Annual General Meeting held on September 30, 2010.

(d) Internal Auditors

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

4. Remuneration Committee

(a) Terms of Reference

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

(b) Composition, Name of Members and Chairperson

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

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

(c) Meeting and Attendance during the year

During the year under review, the members met once on October 21, 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. Pradip Dubhashi *	Chairman	1	100%
Mr. R. Ramachandran **	Member	1	100%
Mr. S. R. Sharma ***	Member	Nil	Nil
Mr. Anil Dharker ****	Member	Nil	Nil
Mr. Arun Shah *****	Chairman	1	100%

* Appointed as a Chairman w.e.f. January 25, 2011

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

*** Appointed as a Member w.e.f. January 25, 2011

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

***** Ceased to be a Chairman w.e.f. January 25, 2011

(d) Remuneration Policy

1. The Managing Director / Whole-Time Director of the Company is paid remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) 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.

(e) Details of Remuneration paid to all the Directors

Name of Director	Fixed Salary	Commission	Sitting Fees	Total	Service Contract / Notice Period
Mr. Pradip Dubhashi	Nil	Nil	90,000	90,000	Retirement by rotation
Mr. R. Ramachandran	6,689,799	Nil	Nil	6,689,799	Contractual *
Mr. S. R. Sharma	Nil	Nil	30,000	30,000	Retirement by rotation
Mr. N. Jayakumar	12,755,178	Nil	Nil	12,755,178	Contractual *
Mr. Arun Shah	Nil	Nil	60,000	60,000	Retirement by rotation

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

Presently, Mr. N. Jayakumar, along with persons acting in concert with him, is holding 52,40,625 shares of the Company representing 19.80% of the total shareholding of the Company. None of the other Director of the Company is holding any equity shares in the Company.

Employee Stock Options 2007

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

Employee Stock Options 2008

Pursuant to the authority granted by special resolution passed by the shareholders of the Company at their annual general meeting held on September 30, 2008, the Board of Directors has granted 65,000 and 2,30,000 employee stock

PRIME SECURITIES LIMITED

options (“ESOPs”) to Mr. Pradip Dubhashi and Mr. R. Ramachandran respectively. Each option carries an entitlement to apply for one equity shares of the Company at Rs. 15/- per share (including a premium of Rs. 10/- per share).

Employee Stock Options 2009

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

5. Shareholders’ / Investors’ Grievances Committee

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

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

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

Composition

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

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

Compliance Officer

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

Summary of Shareholders queries received and replied during the year:

Particulars	Queries / Complaints received	Queries / Complaints Replied to
Transfer Related	104	104
Dividend Related	77	77
Change of Address	64	64
Change of Signature	Nil	Nil
Demat / Remat Queries	8	8
Issue of Duplicate / Loss of Shares	11	11
Deletion Cases	22	22
Name Correction	2	2
Mandate	11	11
Transmission	14	14
Non-receipt of Annual Report	1	1
SEBI Complaints	2	2
Miscellaneous	2	2
Total	318	318

6. Compensation Committee

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

Composition

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

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

7. General Body Meetings

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

Financial Year	Date	Location of the Meeting	Time
2009-2010	September 30, 2010	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2008-2009	September 29, 2009	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2007-2008	September 30, 2008	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. 19 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. The Company's financial results and other official news release are displayed on the Company's website www.primesec.com
4. At present, no formal presentations are made to analysts.

PRIME SECURITIES LIMITED

11. General Shareholder informat

- * AGM: Date, Time and Venue : Thursday, September 29, 2011 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp Film Centre, Mumbai 400034
- * Financial Calendar : Financial Year → April 2011 to March 2012
 - ii) First Quarter results → on or before August 15, 2011
 - iii) Second Quarter & Half-yearly results → on or before November 15, 2011
 - iv) Third Quarter & Nine Months results → on or before February 15, 2012
 - v) Results for the year ending March 31, 2012 → during April 2012 to May 2012
- * Date of Book Closure : Monday, September 26, 2011 to Thursday, September 29, 2011 (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 2011-2012
- * 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: +91-22-67720300
Fax: +91-22-28591568
Email: sharepro@shareproservices.com
- * Share Transfer System : The Company Secretary or the Whole-time Director of the Company are authorised to approve the transfer of share and the same are generally registered / confirmed within 15 days of receipt, provided the documents are clear in all aspects. The said transfers are then noted at the subsequent Shareholders’ / Investors’ Grievances Committee Meeting.
- * Distribution of Shareholding : As per Annexure “3”
- * Shareholding Pattern : As per Annexure “4”
- * Dematerialisation of shares and liquidity : 94.29% of the total shareholding has been dematerialised as on March 31, 2011
- * 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: +91-22-67720300 Fax: +91-22-28591568. The Company has designated an exclusive e-mail id: prime@primesecc.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.

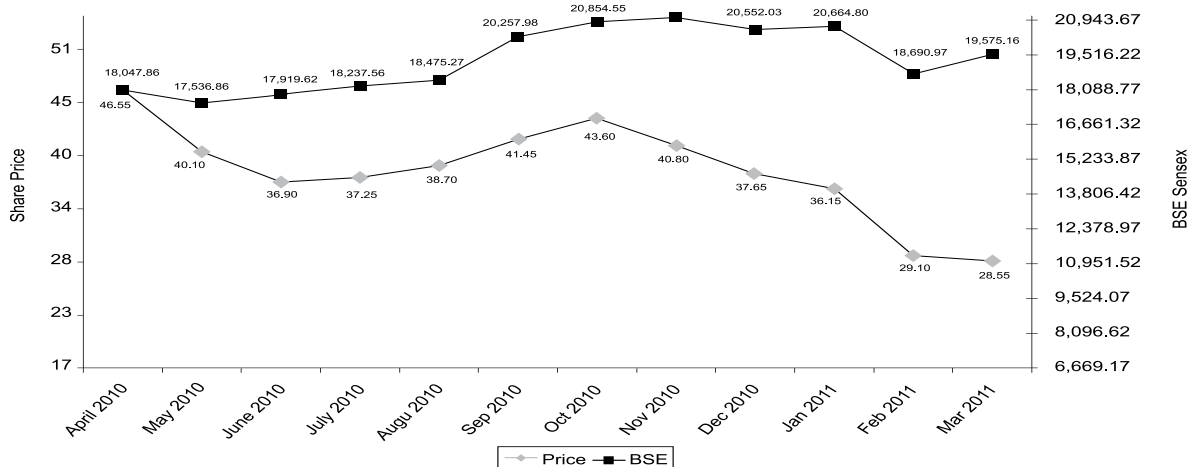
Annexure 1

Market Price Data: High / Low from April 2010 to March 2011

Month	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Nos.)	High (Rs)	Low (Rs)	Volume (Nos.)
April 2010	46.55	35.45	6,847,560	46.00	35.65	7,655,776
May 2010	40.10	33.10	710,206	40.10	33.20	585,166
June 2010	36.90	32.45	406,973	36.95	32.50	339,123
July 2010	37.25	34.60	748,790	37.45	34.60	563,426
Aug 2010	38.70	34.65	1,700,158	38.70	34.60	1,486,387
Sep 2010	41.45	37.05	1,743,277	41.40	37.05	1,309,475
Oct 2010	43.60	36.65	1,798,859	43.90	36.75	1,537,789
Nov 2010	40.80	31.15	823,955	40.85	31.20	693,581
Dec 2010	37.65	27.20	1,257,536	37.20	27.40	1,023,756
Jan 2011	36.15	29.00	350,444	36.30	28.70	292,739
Feb 2011	29.10	23.45	455,085	29.00	23.20	296,800
Mar 2011	28.55	24.15	402,401	28.45	23.85	374,945

Annexure 2

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



PRIME SECURITIES LIMITED

Annexure 3

Distribution of Shareholding (As on March 31, 2011)

No of Equity Shares held	Number of Shareholders	Percentage of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 1000	25,527	94.68	4,482,228	16.93
1001 – 2000	614	2.28	949,793	3.59
2001 – 3000	271	1.01	700,749	2.65
3001 – 4000	121	0.45	437,689	1.65
4001 – 5000	102	0.38	475,805	1.80
5001 – 6000	51	0.19	283,412	1.07
6001 – 7000	35	0.13	228,604	0.86
7001 – 8000	39	0.14	297,946	1.13
8001 – 9000	16	0.06	135,487	0.51
9001 – 10000	29	0.11	284,740	1.08
Above 10000	156	0.58	18,197,072	68.74
Total	26,961	100.00	26,473,525	100.00

Annexure 4

Shareholding Pattern of the Company (As on March 31, 2011)

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	491,300	1.86
Sub-Total	531,600	2.01
2) Non-Institutions		
a) Bodies Corporate	9,991,750	37.74
b) i) Individual Shareholders holding nominal share capital upto Rs 1 lac	9,266,605	35.00
ii) Individual Shareholders holding nominal share capital in excess of Rs 1 lac	4,854,970	18.34
c) Any Other (Foreign Companies)	1,828,600	6.91
Sub-Total	25,941,925	97.99
Grand Total	26,473,525	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, 2011, 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, 2011.

Mumbai
Dated: August 6, 2011

N. Jayakumar
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Prime Securities Limited

We have examined the compliance of conditions of Corporate Governance by Prime Securities Limited for the Year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

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

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

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

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

Milind Gandhi
Partner
Membership No. 043194

Mumbai, August 6, 2011

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, 2011, 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, 2011 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. 11 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 in view of the circumstances specified in the said note.*
3. *We further draw attention to:*
 - *Note no. 5 in Schedule P relating to managerial remuneration which is subject to the approval of the Central Government and the Shareholders*
 - *Note no. 11 in Schedule P relating to the Company's investment in, and loans to, its subsidiary Primesec Investments Limited in respect of which we are unable to express our opinion in view of the circumstances specified in the said note.*
4. *Subject to para 3 above*, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - 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

Milind Gandhi
Partner

Membership No. 043194

Mumbai, May 28, 2011

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 3 of our report of even date

- i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets were physically verified by the management as at the year end and that discrepancies noticed have been properly dealt with in the books of account. In our opinion, such discrepancies were not material in nature and that the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- c. During the year the Company has not disposed off any substantial part of its fixed assets.
- ii) According to the information and explanations given to us, the Company has neither granted nor taken any loan secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iii) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets and sale of services. During the course of our audit, no major weakness has been noticed in the internal control.
- iv) According to the information and explanations given to us, there are no contracts or arrangements that need to be entered into a register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, paragraph 4(v)(a) and (b) of the Order is not applicable.
- v) The Company has not accepted any deposits within the meaning of the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.
- vi) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- vii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
- viii) a. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, service tax and other statutory dues applicable to it.
- b. According to the information and explanations given to us no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March, 2011 for a period more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no statutory dues outstanding on account of any dispute as of 31st March, 2011.
- ix) The Company does not have any accumulated loss as at the year end. The Company has neither incurred any cash loss during the current financial year nor in the immediately preceding financial year.
- x) The Company has not defaulted in repayment of dues to a financial institution or a bank during the year.
- xi) The Company has not granted any loans or advances against security by way of pledge of shares, debentures and other securities.
- xii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- xiii) The Company has maintained proper records of the transactions and contracts in respect of the investments and timely entries have been made therein. Further, such investments have been held by the Company in its own name except for those pending transfer in the name of the Company.
- xiv) The Company has given corporate guarantee to banks on behalf of its subsidiary company against the credit facilities availed by the subsidiary company. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- xv) 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 2011, we are of the opinion that there are no funds raised on short term basis that has been used for long term application.
- xvii) The Company has issued and allotted equity shares under the Employee Stock Option Plan to a party covered in the register maintained under Section 301 of the Companies Act, 1956. As explained to us the price at which the shares have been issued is prima facie not prejudicial to the interest of the Company.
- 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

Milind Gandhi
Partner
Membership No. 043194

Mumbai, May 28, 2011

PRIME SECURITIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,327.85	1,320.44
Reserves and Surplus	B	9,958.03	9,522.15
		11,285.88	10,842.59
Loan Funds			
Secured Loans	C	3,763.31	3,576.05
Unsecured Loans	D	2,894.38	5,350.00
		6,657.69	8,926.05
	TOTAL	17,943.57	19,768.64
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	578.99	578.45
Less: Depreciation		180.18	158.21
Net Block		398.81	420.24
Investments			
	F	8,472.26	8,027.61
Current Assets, Loans and Advances			
Debtors	G	657.76	-
Cash and Bank Balances	H	938.16	993.36
Other Current Assets	I	12.04	17.25
Loans and Advances	J	7,835.57	10,884.71
		9,443.53	11,895.32
Less : Current Liabilities and Provisions			
Current Liabilities	K	248.59	478.95
Provisions	L	122.44	95.57
		371.03	574.53
Net Current Assets		9,072.50	11,320.79
TOTAL		17,943.57	19,768.64
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
 Registration No. 102965W

N. JAYAKUMAR
 Managing Director

Milind Gandhi
 Partner
 Membership No. 043194

AJAY SHAH
 Company Secretary

Mumbai, Dated : May 28, 2011

For and on behalf of the Board

R. RAMACHANDRAN Director

PRADIP DUBHASHI Director

S. R. SHARMA Director

Mumbai, Dated : May 28, 2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year ended 31-Mar-11 (Rs. in lacs)	Year ended 31-Mar-10 (Rs. in lacs)
INCOME			
Merchant Banking and Advisory Fees		1,674.82	58.23
Gain on Sale of Investments (Net)		-	1,623.70
Interest, Dividend and Other Income	M	370.78	98.24
	TOTAL	2,045.60	1,780.17
EXPENDITURE			
Administrative and Other Expenses	N	529.57	290.90
Loss in Derivatives and Other Transactions (Net)		-	41.47
Loss on Sale of Investments (Net)		88.25	-
Diminution in Value of Investments		19.01	51.95
Depreciation		21.97	22.02
Interest and Finance Charges	O	863.05	511.53
	TOTAL	1,521.85	917.86
Profit before Tax		523.75	862.31
Provision for Tax			
- Current Tax		100.00	144.00
- Deferred Tax		-	-
- Income Tax of earlier years		2.67	13.46
Profit after Tax		421.07	704.85
Profit brought forward from previous year		1,442.05	737.20
Balance Carried to the Balance Sheet		1,863.12	1,442.05
Earning per Share (Face Value per Share Rs. 5/-)			
- Basic		1.59	2.68
- Diluted		1.57	2.61
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
 Registration No. 102965W

Milind Gandhi
Partner
 Membership No. 043194

Mumbai, Dated : May 28, 2011

N. JAYAKUMAR
Managing Director

AJAY SHAH
Company Secretary

For and on behalf of the Board

R. RAMACHANDRAN *Director*

PRADIP DUBHASHI *Director*

S. R. SHARMA *Director*

Mumbai, Dated : May 28, 2011

PRIME SECURITIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 'A' - SHARE CAPITAL		As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (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			
2,72,22,725	(Previous Year 2,70,74,625) Equity Shares of Rs. 5/- each	1,361.14	1,353.73
TOTAL		1,361.14	1,353.73
SUBSCRIBED			
2,72,22,125	(Previous Year 2,70,74,025) Equity Shares of Rs. 5/- each	1,361.11	1,353.70
TOTAL		1,361.11	1,353.70
PAID-UP			
2,64,73,525	(Previous Year 2,63,25,425) Equity Shares of Rs. 5/- each	1,323.68	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		1,327.85	1,320.44
SCHEDULE 'B' - RESERVES & SURPLUS		As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
Capital Redemption Reserve			
	As per last Balance Sheet	217.27	217.27
Securities Premium Account			
	As per last Balance Sheet	5,297.83	5,297.83
	Add: Received on Issue of Shares	14.81	-
		5,312.64	5,297.83
General Reserve			
	As per last Balance Sheet	2,400.00	2,400.00
Capital Reserve			
	As per last Balance Sheet	165.00	165.00
Profit & Loss Account			
	Balance in Profit & Loss Account	1,863.12	1,442.05
TOTAL		9,958.03	9,522.15
SCHEDULE 'C' - SECURED LOANS		As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
From a Bank		-	18.62
	[Secured by hypothecation of assets of the Company acquired out of said loan] [Repayable within one year Rs. Nil (Previous Year Rs. 18.62 lacs)]		
From Others		3,763.31	3,557.42
	[Secured by pledge of specified investments owned by the Company]		
TOTAL		3,763.31	3,576.05



SCHEDULE 'D' - UNSECURED LOANS		As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
Inter Corporate Deposits		2,894.38	5,350.00
TOTAL		2,894.38	5,350.00

SCHEDULE 'E' - FIXED ASSETS										
DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As on 1-Apr-10	Additions	Deletions & Adjustments	As on 31-Mar-11	As on 1-Apr-10	For the period		As on 31-Mar-11	As on 31-Mar-11	As on 31-Mar-10
						Provided	Adjustments			
Tangible Assets										
Residential Premises	392.80	-	-	392.80	94.06	6.40	-	100.46	292.34	298.74
Furniture & Fixture	40.37	0.26	-	40.64	24.24	2.57	-	26.81	13.83	16.13
Office Equipments	9.26	0.28	-	9.53	0.97	0.45	-	1.42	8.11	8.29
Vehicles	135.76	-	-	135.76	38.79	12.51	-	51.31	84.45	96.97
Intangible Assets										
Computer Software	0.26	-	-	0.26	0.15	0.04	-	0.19	0.07	0.11
Total	578.45	0.54	-	578.99	158.21	21.97	-	180.18	398.80	420.24
Previous Year	579.29	0.97	1.82	578.45	136.53	22.02	0.35	158.21	420.24	

SCHEDULE 'F' - INVESTMENTS (Non-trade)		As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
As per Annexure 'A'		8,472.26	8,027.61
TOTAL		8,472.26	8,027.61

SCHEDULE 'G' - SUNDRY DEBTORS (Unsecured, Considered Good unless stated otherwise)		As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
Debts outstanding for a period exceeding six months		161.41	-
Other Debts		496.35	-
TOTAL		657.76	-

SCHEDULE 'H' - CASH AND BANK BALANCES		As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
Cash on Hand		7.05	2.08
Bank Balances			
With Scheduled Banks:			
- In Current Accounts		264.58	588.09
- In Deposit Accounts (Rs. Nil (Previous Year Rs. 48 lacs) pledged with bank against guarantees issued by them)		666.53	403.19
TOTAL		938.16	993.36

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SCHEDULE 'I' - OTHER CURRENT ASSETS (Unsecured, Considered Good)	As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
Receivable on Sale of Investments	-	1.42
Prepaid Expenses	3.56	6.46
Income Receivable	8.48	9.37
TOTAL	12.04	17.25
SCHEDULE 'J' - LOANS AND ADVANCES (Unsecured, Considered Good)		
	As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
Loans	-	493.42
Advances recoverable in cash or in kind or for value to be received	964.33	1,933.58
Inter Corporate Deposit to Subsidiary Company	5,916.00	3,847.50
Advances to Subsidiary Companies	712.90	4,252.66
Advance Tax (Net of Provisions)	68.07	183.24
Security Deposits	174.27	174.31
TOTAL	7,835.57	10,884.71

SCHEDULE 'K' - CURRENT LIABILITIES	As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
Sundry Creditors	10.07	9.49
Deposit from Subsidiary Companies	48.50	48.50
Unclaimed Dividends	54.23	54.74
Other Liabilities	135.79	366.23
TOTAL	248.59	478.95

SCHEDULE 'L' - PROVISIONS	As at 31-Mar-11 (Rs. in lacs)	As at 31-Mar-10 (Rs. in lacs)
Provision for Leave Encashment	122.44	95.57
TOTAL	122.44	95.57

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE 'M' - INTEREST AND OTHER INCOME	Period ended 31-Mar-11 (Rs. in lacs)	Period ended 31-Mar-10 (Rs. in lacs)
Interest Received (Gross) [Tax deducted at source Rs. 6.99 lac (Previous year Rs. 7.90 lac)]	98.97	23.12
Dividend on Investments	45.16	69.06
Provisions no longer required, Written back	-	6.05
Debts Written-off now recovered	86.06	-
Recovery of Shared Services (Gross) [Tax deducted at source Rs. 3 lac (Previous year Rs. Nil)]	136.00	-
Miscellaneous Income	4.59	-
TOTAL	370.78	98.24

SCHEDULE 'N' - ADMINISTRATIVE AND OTHER EXPENSES	Period ended 31-Mar-11 (Rs. in lacs)	Period ended 31-Mar-10 (Rs. in lacs)
Salaries & Allowances	269.56	159.07
Contribution to Provident and Other Funds	4.09	3.98
Staff Welfare Expenses	5.27	3.86
Travelling & Conveyance	22.54	20.17
Rent	91.34	29.86
Consultancy & Professional Charges	46.02	30.15
Rates & Taxes	0.32	0.09
Telephone, Postage and Courier Charges	9.17	7.21
Electricity Charges	7.09	1.87
Printing & Stationery	4.41	3.71
Advertisement	3.51	1.31
Insurance Premium	1.83	2.67
Repairs & Maintenance		
- Building	0.45	0.32
- Others	9.96	5.62
Membership & Subscription	6.24	6.50
Director's Sitting Fees	1.80	2.40
Auditor's Remuneration	5.90	4.55
Balances Written-off	27.67	-
Loss on Asset Sold/Discarded	-	0.26
Miscellaneous Expenses	12.40	7.29
TOTAL	529.57	290.90

SCHEDULE 'O' - INTEREST AND FINANCE CHARGES	Period ended 31-Mar-11 (Rs. in lacs)	Period ended 31-Mar-10 (Rs. in lacs)
Interest		
- On Fixed Loans	0.42	5.63
- On Others	862.61	505.84
Bank Charges	0.02	0.06
TOTAL	863.05	511.53

SCHEDULE 'P'

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

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) **Foreign Currency Transactions**

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

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

m) **Provisions and contingencies**

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

2. **Contingent Liabilities**

(Rs. in Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	20.11	20.11
Corporate guarantee and security given for financial facilities for a subsidiary (Amount outstanding at the close of the year)	1,650.00	1,626.64
Claim made against the Company not acknowledged as debt (Interest liability on the same cannot be ascertained)	545.80	545.80

3. Loans and Advances includes:

- a) Rs. 40.00 Lacs (Previous year Rs. 37.50 Lacs) paid to whole time director as an advance against salary [Maximum balance outstanding during the year - Rs. 40.00 Lacs (Previous year Rs.37.50 Lacs)].
- b) Rs. Nil (Previous year Rs. 3.42 Lacs) due from the Principal Officer of the Company [Maximum balance outstanding during the year - Rs. 3.42 Lacs (Previous year Rs. 6.73 Lacs)].

4. Auditor's Remuneration

(Rs. in Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Audit Fees	3.50	3.00
Tax Audit Fees	0.50	0.25
In Other Capacity:		
- Taxation	1.30	0.75
- Certification	0.35	0.30
- Other Matters	0.25	0.25
Total	5.90	4.55

5. Managerial Remuneration

- (a) The Company has appointed a Managing Director w.e.f. February 12, 2011, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.
- (b) In view of the inadequacy of profits, the managerial remuneration exceeds the maximum amount payable in accordance with provisions of Section 198 read with Schedule XIII of the Companies Act, 1956. The Company is in the process of obtaining the approval of the Central Government.

6. The particulars of managerial remuneration for the year:

(Rs. In Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
i) Salary & Allowances #	64.09	26.78
ii) Contribution to Provident & Other Funds	-	-
iii) Monetary Value of Perquisites	20.84	3.92
Total	84.93	30.70

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

- (a) In absence of commission payable to directors, the computation of net profit in accordance with Section 198 read with Section 349 of the Companies Act, 1956 has not been given.

7. Fixed Assets include a residential flat of Rs. 292.34 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.
8. The Company is yet to receive Rs. 239.35 lacs out of an original advance of Rs. 2,400.00 lacs given towards a proposed joint venture project which was shelved on account of various commercial consideration in the earlier financial year.
9. The balances of certain inter corporate deposit taken and advances appearing under the head advances recoverable in cash or kind are subject to confirmation and consequential adjustments, if any.
10. The Company has during the year transferred at book value 14,05,859 equity shares in Roop Automotive Limited to its wholly-owned subsidiary company viz. Primesec Investments Limited.
11. The Company's financial exposure in its subsidiary companies viz. Prime Broking Company (India) Limited ("PBCIL") and Primesec Investments Limited ("PIL") as at the year end is as under:

(Rs. in Lacs)

Particulars	PBCIL	PIL
Investment in Shares	1,719.70	798.00
Inter Corporate Deposits and Advances (Net)	677.43	5,916.47
Guarantees given	1,650.00	-

PBCIL has debts (outstanding for over one year) of Rs. 70.96 Lacs and has an outstanding deposit balance of Rs. 1,887.48 Lacs receivable on rescinding the right to acquire development rights in a property in Mumbai. Considering that the Company's investment in PBCIL is of a strategic and long term in 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

PRIME SECURITIES LIMITED

of investment and also in respect of losses that may arise in respect of the receivables from PBCIL.

PIL has recognized in its financial statements a gain of Rs. 3,319.08 lacs on account of sale of securities for which the sale consideration of Rs. 4,069.22 lacs is yet to be received by PIL. In the event of default by the purchasers in making the payment, PIL would be required to make suitable adjustments in its profit and loss account to the extent of such default which would directly affect PIL's net worth.

12. 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.
13. 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.
14. **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.

ESOS 2009 Scheme

The Scheme permits allocation of an aggregate of 2,000,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee 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/-		ESOS 2009 Rs. 38/-	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options granted, beginning of the Year	9,89,000	5,29,500	1,103,050	1,197,750	-	-
Granted during the Year	-	5,35,500	-	-	1,300,000	-
Exercised during the Year	-	-	148,100	-	-	-
Lapsed during the Year	167,000	76,000	115,000	94,700	150,000	-
Options granted, end of the Year	8,22,000	9,89,000	839,950	1,103,050	1,150,000	-

15. **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, 2011	Year ended March 31, 2010
Change in Projected Benefits Obligation (PBO)		
PBO at beginning of the year	87.92	68.17
Service cost	14.53	5.69
Interest cost	7.03	5.81
Actuarial (gain)/loss	(2.79)	10.85
Benefits paid	-	(2.60)
PBO at the end of the period	106.69	87.92

Changes in Plan Assets		
Plans assets at the beginning of the year at fair value	95.55	79.77
Expected return on plan assets	7.64	7.07
Employer Contribution	6.83	9.94
Actuarial gain/ (loss)	1.46	1.36
Benefits paid	-	(2.60)
Fair value of plans assets at the end of the year	111.48	95.55
Reconciliation of PBO and the fair value of the plan assets		
Fair value of plan assets at the end of the year	111.48	95.55
Present value of the defined benefit obligations at the end of the year	106.69	87.92
Funded Status of the Plan	4.79	7.63
Gratuity costs for the year		
Service cost	14.53	5.69
Interest cost	7.03	5.81
Expected return on plan assets	(7.64)	(7.07)
Actuarial (gain)/loss	(4.25)	9.49
Net Gratuity	9.67	13.91
Assumption		
Discount Factor	8.25%	8.00%
Estimated rate of return on plan assets	8.00%	8.00%

- (B) During the year, a provision of Rs. 26.89 lacs (Previous year Rs. 37.60 lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is Rs. 122.44 lacs (Previous Year Rs. 95.57 lacs). The actuarial liability is computed assuming the discount factor of 8.25%.

16. Earnings per Share

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Basic		
Opening Number of Shares	26,325,425	26,325,425
Closing Number of Shares	26,473,525	26,325,425
Weighted Average Number of Shares for Basic EPS	26,437,784	26,325,425
Profit / (Loss) after Tax (Rs. in Lacs)	421.07	704.85
Basic EPS (Rs.)	1.59	2.68
Diluted		
Dilutive Component of Stock Options / Warrants Outstanding	453,555	653,681
Weighted Average Number of Shares for Diluted EPS	26,891,339	26,979,106
Diluted EPS (Rs.)	1.57	2.61

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, 2011 would have been lower by Rs. 88.76 Lacs and the Basic EPS and Diluted EPS would have been Rs. 1.26 and Rs. 1.24 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, 2011
Dividend Yield (%)	-
Expected Volatility (%)	6.56
Risk Free Interest Rate (%)	8
Expected Term (Number of Years)	3

PRIME SECURITIES LIMITED

17. Earnings in Foreign Exchange

(Rs. in Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Merchant Banking & Advisory Fees	4.93	Nil

18. Operating Lease for asset taken on lease

(Rs. in Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
i) Total of future minimum lease payments.		
a) Not later than one year	6.40	19.38
b) Later than one year and not later than five years	6.00	3.40
c) Later than five years	-	-
ii) Lease payments recognised in the Profit and Loss account	91.34	29.62

19. 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 Company (India) Limited
- Primesec Investments Limited

ii) Directors

- Mr. N. Jayakumar (Appointed w.e.f. February 12, 2011)
- Mr. R Ramachandran
- Mr. Pradip Dubhashi
- Mr. S. R. Sharma (Appointed w.e.f. January 25, 2011)
- Mr. Arun Shah (Resigned w.e.f. January 25, 2011)

iii) Key Management Personnel

- Mr. Ajay Shah

iv) Relative of Director

- Mrs. Madhu Jayakumar

- v) The following transactions were carried out with the related parties in the ordinary course of business during the financial year 2010-2011

(Rs. In Lacs)

Sr. No	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2011	March 31, 2010
1.	Sums paid / received from Prime Broking Company (India) Limited on current account				
	Sums Received	8,716.49	705.14	712.43	4,252.66
	Sums Paid	5,176.26	-	(Debit)	(Debit)
2.	Reimbursement of Expenses - From Prime Broking Company (India) Limited	-	136.95	-	-
3.	Recovery of Shared Services - From Prime Broking Company (India) Limited	136.00	-	-	-
4.	Brokerage paid to Prime Broking Company (India) Limited	2.97	31.30	-	-
5.	Refund of Inter corporate deposit from Prime Commodities Broking Company (India) Limited	-	2.43	-	-
6.	Interest free Inter corporate deposit given to Primesec Investment Limited	2,068.50	3,843.25	5,916.00 (Debit)	3,847.50 (Debit)



7.	Sums paid / received from Primesec Investments Limited on current account				
	Sums Received	21.09	-	0.47	-
	Sums Paid	21.56		(Debit)	
8.	Investment in Shares of Primesec Investments Limited	100.00	-	-	-
9.	Sale of Shares to Primesec Investments Limited	96.50	-	-	-
8	Loan to Mr. N. Jayakumar - Repaid during the year	3.42	3.32	-	3.42 (Debit)
9.	Interest on loan received from Mr. N Jayakumar	0.06	0.16	-	-
10.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation	3.00	3.00	2.70	2.70 (Credit)
10.	Remuneration paid to Directors / Key Managerial Personnel	179.88	138.26	-	-
11	Advance salary paid to a Director	2.50	37.50	40.00	37.50 (Debit)
12.	Sitting fees paid to the Directors of the Company for attending meetings of the Board of Directors	1.80	2.40	-	-
13.	Deposit received from Prime Broking Company (India) Ltd.	-	-	35.00	35.00 (Credit)
14.	Deposit received from Prime Research & Advisory Ltd.	-	-	13.50	13.50 (Credit)
15.	Deposit given to Mrs. Madhu Jayakumar for Residential accommodation	-	-	100.00	100.00 (Debit)

20. The Company provides for the use of its wholly owned subsidiary certain facilities like use of human resources, premises, infrastructure and other facilities and services and the same are termed as 'Recovery of Shared Services'. Such shared services consisting of administrative and other expenses paid for by the Company are recovered on the basis of fair estimates of such usage.
21. As per the information available with the Company, there are no dues outstanding as on March 31, 2011 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006.
22. 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.
23. Other information pursuant to paragraph 4C of Part II of Schedule VI to the Companies Act, 1956 - Not applicable.
24. 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

Milind Gandhi
Partner
Membership No. 043194

Mumbai, Dated : May 28, 2011

N. JAYAKUMAR
Managing Director

AJAY SHAH
Company Secretary

For and on behalf of the Board

R. RAMACHANDRAN Director

PRADIP DUBHASHI Director

S. R. SHARMA Director

Mumbai, Dated : May 28, 2011

PRIME SECURITIES LIMITED

ANNEXURE 'A'

INVESTMENTS [Equity Shares]

Name of the Company	Face Value	Quantity (Numbers) as at 31-Mar-11	Quantity (Numbers) as at 31-Mar-10	Value as at (Rs. in Lacs) 31-Mar-11	Value as at (Rs. in Lacs) 31-Mar-10
LONG TERM					
A) Quoted					
* ABG Shipyard Limited	Rs. 10	105,000	-	374.99	-
El forge Limited	Rs. 10	97,316	152,222	14.57	22.79
* Great Offshore Limited	Rs. 10	105,000	-	373.16	-
# Greycells Entertainment Limited	Rs. 10	512,029	450,381	581.14	551.86
Intense Technologies Limited	Rs. 10	421,000	400,000	46.09	44.04
* IOL Netcom Limited	Rs. 10	1,079,930	1,079,930	401.01	401.01
Jaiprakash Associates Limited	Rs. 2	150	150	0.08	0.08
* Jindal Saw Limited	Rs. 2	1,250,000	1,550,000	2,591.01	3,364.17
Logix Microsystems Limited	Rs. 10	213,421	166,966	100.22	73.26
* Pipavav Shipyard Limited	Rs. 10	735,000	-	593.56	-
Total A				5,075.84	4,063.56
B) Unquoted Investment					
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 Investments Limited	Rs. 10	1,636,000	1,436,000	798.00	698.00
Total B (I)				2,600.72	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 Publication Limited	Rs. 10	134,589	134,589	138.73	138.73
Gateway Entertainment Limited	Rs. 10	28,500	28,500	-	-
Roop Automotives Limited	Rs. 10	-	1,405,859	-	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 Limited	Rs. 10	818,791	500,000	580.59	441.50
				1,842.43	1,799.84
Less : Provision for Diminution in the value of Investments				1,123.11	1,123.11
Total B (II)				719.32	676.73
Total B (I+II)				3,320.04	3,177.45
Aggregate Long Term Investments (A + B)				8,395.88	7,241.01

CURRENT INVESTMENTS					
(At Cost or Market Value, whichever is lower)					
Quoted					
* Hitech Plast Limited	Rs. 10	108,981	381,800	37.76	132.28
International Hometex Limited	Rs. 10	400,000	400,000	-	7.76
LKP Merchant Financing Limited	Rs. 10	-	12,500	-	7.04
Premier Limited	Rs. 10	21,500	21,500	18.45	26.70
Quintegra Solutions Limited	Rs. 10	-	200,000	-	19.50
Shree Renuka Sugars Limited	Rs. 1	-	250,000	-	178.25
Solid Stone Company Limited	Rs. 10	42,139	38,839	20.18	21.40
Aggregate Current Investments				76.39	392.93
Aggregate Long Term & Current Investments				8,472.26	7,633.95
Aggregate Cost of Quoted Investments				5,152.23	4,456.50
Aggregate Cost of Unquoted Investments				3,320.04	3,177.45
Aggregate Market Value of Quoted Investments				4,287.34	1,274.85

NOTES:

Out of the shares held 4,00,000 shares are under pledge towards credit facilities obtained by the Company.

* Shares under pledge towards credit facilities obtained by the Company.

@ Out of the shares held 200,000 shares yet to be transferred in the name of the 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)
ABG Shipyard Limited	Rs. 10	25,000	121.21
Aban Offshore Limited	Rs. 2	10,089	62.64
Bajaj Hindustan Limited	Rs. 1	1,360,000	1,400.51
Core Project Limited	Rs. 2	300,000	910.25
Great Offshore Limited	Rs. 10	70,000	248.78
Pipavav Shipyard Limited	Rs. 10	315,000	254.36
Reliance Infrastructure Limited	Rs. 10	105,000	840.00
Shree Renuka Sugar Limited	Rs. 1	1,550,000	1,352.05

PRIME SECURITIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2011

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-11 (Rs. in lacs)	Year ended 31-Mar-10 (Rs. in lacs)
A Cash flow from Operating Activities		
Net Profit / (Loss) before tax	523.75	862.31
Adjustments for :		
Dividend Received	(45.16)	(69.06)
Interest Received	(98.97)	(23.12)
Depreciation	21.97	22.02
Interest & Finance Charges	863.05	511.53
Diminution in Value of Investments (Net)	19.01	51.95
Loss on Asset Sold / Discarded	-	0.26
Loss / (Gain) on sale of Investments (Net)	88.25	(1,623.70)
Bad Debts Written-off / back (Net)	(86.06)	-
	762.09	(1,130.13)
Operating Profit / (Loss) before Working Capital changes	1,285.84	(267.82)
Adjustments for Changes in the Working Capital		
Debtors	(571.70)	0.62
Current Assets	4.32	2.16
Loans & Advances	2,933.97	(3,567.48)
Current Liabilities & Provisions	(203.50)	295.18
	2,163.09	(3,269.52)
Cash generated from Operations	3,448.93	(3,537.34)
Direct Taxes (Paid) / Refund (net)	12.50	(107.68)
Net Cash from Operating Activities (A)	3,461.43	(3,645.02)
B Cashflow from Investment Activities		
Purchase of Investments	(7,939.35)	(25,800.78)
Purchase of Fixed Assets	(0.54)	(0.97)
Sale of Investments	7,387.43	23,614.16
Sale of Fixed Assets	-	1.21
Dividend Received	45.16	69.06
Interest Received	99.86	18.92
Net Cash from Investment activities (B)	(407.44)	(2,098.39)
C Cashflow from Financing activities		
Proceeds from Issue of Share Capital	22.22	-
Interest & Finance Charges	(863.05)	(511.53)
Funds Borrowed/(Repaid)(net)	(2,268.36)	6,993.81
Net Cash from Financing Activities (C)	(3,109.19)	6,482.28
Net Cashflow (A + B + C)	(55.20)	738.88
Changes in the Cash & Bank Balances		
Cash and Cash Equivalents at the beginning of the year	993.36	254.48
Cash and Cash Equivalents at the end of the year	938.16	993.36

As per our Report attached

For and on behalf of

GANDHI & ASSOCIATES
Chartered Accountants
Registration No. 102965W

N. JAYAKUMAR
Managing Director

Milind Gandhi
Partner

AJAY SHAH
Company Secretary

Membership No. 043194
Mumbai, Dated : May 28, 2011

For and on behalf of the Board

R. RAMACHANDRAN Director

PRADIP DUBHASHI Director

S. R. SHARMA Director

Mumbai, Dated : May 28, 2011



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

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

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

1 Registration Details	
Registration No.	L67120MH1982 PLC026724
State Code	11
Balance Sheet Date	31-Mar-11
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	1,794,357
Total Assets	1,794,357
Sources of funds	
Paid-up Capital	132,785
Reserves & Surplus	995,803
Secured Loans	376,331
Unsecured Loans	289,438
Application of funds	
Net Fixed Assets	39,881
Investments	847,226
Net Current Assets	907,250
Accumulated Losses	Nil
4 Performance of the Company	(Rs. in '000)
Turnover (Gross Receipts)	204,560
Total Expenditure	152,185
Profit / (Loss) before Tax	52,375
Profit / (Loss) after Tax	42,107
Earning Per Share (Rs.)	1.59
Dividend Rate	Nil
5 Generic names of principal products, services of the Company	
Item Code No. (ITC Code)	Not Applicable
Service Description	Debt and Equity Organisation, Issue Management, Merger & Acquisition and other Advisory services

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, 2011	March 31, 2011	March 31, 2011	March 31, 2011
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)	(25.60)	1.64	0.74	(107.81)
b) For the previous financial years since it became a Subsidiary (Rs. in lacs)	1,571.98	(2.27)	(0.43)	(602.16)
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

For and on behalf of the Board

N. JAYAKUMAR
Managing Director

AJAY SHAH
Company Secretary

R. RAMACHANDRAN Director

PRADIP DUBHASHI Director

S. R. SHARMA Director

Mumbai, Dated : May 28, 2011

PRIME SECURITIES LIMITED

CONSOLIDATED ACCOUNTS - AUDITOR'S REPORT

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

- 1) We have audited the attached Consolidated Balance Sheet of PRIME SECURITIES LIMITED and its subsidiary companies (hereinafter referred to as 'the Group') as at 31st March, 2011 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 certain subsidiaries. These financial statements have been audited / reviewed by other auditors, whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors. The details of assets and revenues in respect of these subsidiaries to the extent to which they are reflected in the consolidated financial statements are given below:

Audited by other auditor

(Rs. In Lacs)

	Total Assets	Total Revenues
Indian Subsidiaries	6,011.31	839.55

- 4) We have not audited the financial statements of a subsidiary and an associate. These financial statements have been certified by the management and have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the subsidiary and associate are based solely on these certified financial statements. Since the financial statements for the financial year ended March 31, 2011 which were compiled by the management of these companies were not audited, any adjustments to their balances could have consequential effects on the attached consolidated financial statements. However, the size of the subsidiary and the associate, in the consolidated position is not significant in relative terms. The details of assets and revenues in respect of the subsidiary and the net carrying cost of investment and current year share of profit or loss in respect of the associate, to the extent to which they are reflected in the consolidated financial statements are given below:

Certified by the Management

(Rs. In Lacs)

	Total Assets	Total Revenues
Foreign Subsidiary	41.28	16.54
	Net Carrying Cost of Investment	Share of Profit/(Loss) in Current Year
Associate	6.13	(23.39)

- 5) The consolidated financial statements include the Company's investment in an associate accounted under equity method based on the unaudited financial statements of the associate. In absence of the associate company having commenced operations, there is no impact on the Company's consolidated profit and loss account.
- 6) We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 - 'Consolidated Financial Statements' and (AS) 23 - 'Accounting for Investment in Associates in Consolidated Financial Statements' as notified under the Companies (Accounting Standards) Rules, 2006.
- 7) *Without qualifying our opinion we draw attention to note no. 12 in Schedule P relating to the deposit given in respect of which we are unable to express our opinion in view of the circumstances specified in the said note.*
- 8) *We further draw attention to:*
 - *Note no. 15 in Schedule P relating to managerial remuneration which is subject to the approval of the Central Government and the Shareholders;*
 - *Note nos. 13 in Schedule P regarding realisation of certain trade receivables aggregating to Rs. 3,919.22 lacs under the circumstances specified therein. In view of the uncertainty we are unable to express an opinion as regards the recognition of gain on sale of securities. The effect thereof on the financial statements is presently not ascertainable.*
- 9) On the basis of the information and explanations given to us, we are of the opinion that, *subject to para 8 above and the consequential effect, if any, arising out of the audit of subsidiary/associate referred in Para 4 above, 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, 2011;
 - (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

Milind Gandhi
Partner
Membership No. 043194

Place : Mumbai.
Dated : May 28, 2011



**CONSOLIDATED BALANCE SHEET OF PRIME SECURITIES LIMITED
AND ITS SUBSIDIARIES AS AT MARCH 31, 2011**

	Schedule	As at 31-Mar-11 (Rs in Lacs)	As at 31-Mar-10 (Rs in Lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,327.85	1,320.44
Reserves and Surplus	B	10,153.61	9,864.69
		11,481.46	11,185.13
Minority Interest		2.33	-
Loan Funds			
Secured Loans	C	7,223.39	6,879.20
Unsecured Loans	D	3,144.38	5,600.00
		10,367.77	12,479.20
Total		21,851.56	23,664.34
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	811.43	749.25
Less : Depreciation		274.25	230.39
Net Block		537.18	518.86
Investments	F	11,012.80	11,912.22
Deferred Tax Asset (Net)		5.39	8.73
Current Assets, Loans and Advances			
Debtors	G	2,510.13	2,010.52
Cash and Bank Balances	H	2,405.85	2,186.76
Other Current Assets	I	4,159.37	223.90
Loans and Advances	J	3,792.65	8,873.87
		12,868.01	13,295.05
Less : Current Liabilities and Provisions			
Current Liabilities	K	2,393.94	1,790.90
Provisions	L	177.88	280.13
		2,571.82	2,071.04
Net Current Assets		10,296.19	11,224.01
Miscellaneous Expenditure		-	0.52
(To the extent not written-off or adjusted)			
Total		21,851.56	23,664.34
Notes on Accounts	P		

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

**CONSOLIDATED PROFIT AND LOSS ACCOUNT OF PRIME SECURITIES LIMITED AND
ITS SUBSIDIARIES FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	Year ended 31-Mar-11 (Rs in Lacs)	Year ended 31-Mar-10 (Rs in Lacs)
INCOME			
Merchant Banking and Advisory Fees		1,674.82	58.23
Income From Broking Operations		754.17	1,108.17
Income from Wealth Management Services		28.51	24.66
Gain on Sale of Investments (Net)		499.64	1,638.35
Income from Sale of Intangible Rights		-	25.00
Interest, Dividend and Other Income	M	336.68	155.64
Sundry Balances Written-back		-	0.04
Total		3,293.82	3,010.09
EXPENDITURE			
Administrative and Other Expenses	N	998.50	891.50
Diminution in value of Investments		29.74	274.55
Loss in Derivatives and Other Transactions (Net)		185.98	213.00
Loss on Assignment of Receivables		180.00	-
Loss on Write-off of Investments		-	197.25
Depreciation		44.71	633.98
Interest and Finance Charges	O	1,448.31	43.72
		2,887.23	2,254.01
Profit / (Loss) before Tax		406.59	756.08
Provision for Tax			
- Current Tax		102.33	299.27
- Deferred Tax		3.35	9.27
- Income Tax of earlier years		2.60	69.93
Profit / (Loss) after Tax but before Minority Interest		298.31	377.62
Minority Interest in Income		(0.42)	-
Share of Loss in Associate Company		(23.39)	-
Profit / (Loss) after Tax and Minority Interest		274.50	377.62
Profit brought forward from Previous year		1,784.20	1,406.58
Balance Carried to the Balance Sheet		2,058.70	1,784.20
Earning Per Share (Face Value per share Rs. 5/-)			
- Basic		1.04	1.43
- Diluted		1.02	1.40
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

Registration No. 102965W

N. JAYAKUMAR
Managing Director

MILIND GANDHI

Partner

M. No. 043194

Mumbai, Dated : May 28, 2011

For and on behalf of the Board

R. RAMACHANDRAN

Chartered Accountants

Registration No. 102965W

PRADIP DUBHASHI
Director
S. R. SHARMA
Director

MILIND GANDHI

Partner

M. No. 043194

Mumbai, Dated : May 28, 2011

As per our Report attached
For and on behalf of

GANDHI & ASSOCIATES

Chartered Accountants

Registration No. 102965W

N. JAYAKUMAR
Managing Director

MILIND GANDHI

Partner

M. No. 043194

Mumbai, Dated : May 28, 2011

For and on behalf of the Board

R. RAMACHANDRAN

Chartered Accountants

Registration No. 102965W

PRADIP DUBHASHI
Director
S. R. SHARMA
Director

MILIND GANDHI

Partner

M. No. 043194

Mumbai, Dated : May 28, 2011

PRIME SECURITIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 'A' – SHARE CAPITAL	As At 31-Mar-11 (Rs in Lacs)	As At 31-Mar-10 (Rs in Lacs)
AUTHORISED		
3,00,00,000 Equity Shares of Rs. 5/- each	3,000.00	3,000.00
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	5,000.00	5,000.00
ISSUED		
2,72,22,725 (Previous year 2,70,74,625) Equity Shares of Rs. 5/- each	1,361.14	1,353.73
Total	1,361.14	1,353.73
SUBSCRIBED		
2,72,22,125 (Previous year 2,70,74,025) Equity Shares of Rs. 5/- each	1,361.11	1,353.70
Total	1,361.11	1,353.70
PAID-UP		
2,64,73,525 (Previous year 2,63,25,425) Equity Shares of Rs. 5/- each	1,323.68	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	1,327.85	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	5,297.83
Add: Received on Issue of Shares	14.81	-
	5,312.64	5,297.83
General Reserve		
As per last Balance Sheet	2,400.00	2,400.00
Capital Reserve		
As per last Balance Sheet	165.00	-
Add: Forfeiture of Advance towards Equity Share Warrants	-	165.00
	165.00	165.00
Foreign Currency Translation Reserve		
As per last Balance Sheet	0.39	0.45
Add : Transfer to Profit and Loss Account	(0.39)	(0.06)
	-	0.39
Balance in Profit & Loss Account	2,058.70	1,784.20
Total	10,153.61	9,864.69

SCHEDULE 'C' – SECURED LOANS	As At 31-Mar-11 (Rs in Lacs)	As At 31-Mar-10 (Rs in Lacs)
From a Bank		
[Secured by hypothecation of assets of the Company acquired out of said loan]	30.28	25.74
[Repayable within one year Rs. 25.05 lacs (Previous Year Rs. 38.26 lacs)]		
Overdraft from a Bank	-	626.64
[Secured against pledge of shares owned by holding company, fellow subsidiary, a director and others]		
From Others	7,193.11	6,226.83
[Secured by lien marked / pledge by the lender on the specified investments owned by the Company]		
Total	7,223.39	6,879.20
SCHEDULE 'D' – UNSECURED LOANS		
Inter Corporate Deposits	3,144.38	5,600.00
Total	3,144.38	5,600.00
SCHEDULE 'F' – INVESTMENTS (Non-trade)		
Long Term		
- Quoted	9,915.77	9,387.87
- Unquoted (In Associate Company)	6.13	-
- Unquoted	761.53	1,251.85
Current		
- Quoted	329.37	1,272.50
Total	11,012.80	11,912.22
SCHEDULE 'G' – SUNDRY DEBTORS (Unsecured, Considered Good unless stated otherwise)		
Debts outstanding for a period exceeding six months		
- Unsecured, Considered good	264.31	517.71
- Considered Doubtful	44.08	44.31
	308.39	562.01
Less : Provision for Doubtful Debts	44.08	44.31
	264.31	517.71
Other Debts	2,245.82	1,492.81
Total	2,510.13	2,010.52

SCHEDULE 'E' – FIXED ASSETS

DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As On 1-Apr-10	Additions	Deletions & Adjustments	As on 31-Mar-11	As on 1-Apr-10	For the period Provided	Adjustments	As on 31-Mar-11	As on 31-Mar-11	As on 31-Mar-10
Tangible Assets										
Residential Premises	392.80	-	-	392.80	94.06	6.40	-	100.46	292.34	298.74
Data Processing Equipment	34.81	5.23	0.53	39.52	20.75	5.20	0.42	25.53	13.99	14.06
Furniture & Fixture	78.11	0.26	1.85	76.53	32.29	4.91	0.35	36.86	39.67	45.82
Office Equipments	27.04	1.86	1.10	27.80	4.13	1.32	0.08	5.37	22.43	22.91
Vehicles	164.61	43.16	-	207.77	46.60	16.20	-	62.80	144.96	118.01
Intangible Assets										
Computer Software	51.87	15.15	-	67.02	32.56	10.68	-	43.24	23.78	19.31
Total	749.25	65.66	3.48	811.43	230.39	44.71	0.85	274.25	537.18	518.86
Previous Year	763.09	5.12	18.96	749.25	197.14	43.72	10.48	230.39	518.86	



SCHEDULE 'H' – CASH AND BANK BALANCES	As At 31-Mar-11 (Rs in Lacs)	As At 31-Mar-10 (Rs in Lacs)
Cash on Hand	15.01	3.21
Bank Balances		
With Scheduled Banks		
– In Current Account	658.75	764.06
– In Deposit Account	1,730.81	1,418.57
(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	1.28	0.91
Total	2,405.85	2,186.76
SCHEDULE 'I' – OTHER CURRENT ASSETS (Unsecured, Considered Good)		
Receivable on Sale of Investments	4,086.05	145.14
Prepaid Expenses	47.38	30.87
Income Receivable	25.94	47.90
Total	4,159.37	223.90
SCHEDULE 'J' – LOANS AND ADVANCES (Unsecured, considered good)		
Loans		
– Considered good	105.88	582.00
– Considered doubtful	105.00	105.00
	210.88	687.00
Less : Provision for doubtful loan	105.00	105.00
	105.88	582.00
Advances recoverable in Cash or Kind or for value to be received	1,132.82	1,988.71
Share Application Money	–	50.00
Advance Tax (Net of Provisions)	112.31	–
Deposit with Stock Exchanges	376.23	327.71
Security Deposits	177.93	177.97
Other Deposit	1,887.48	5,747.48
Total	3,792.65	8,873.87
SCHEDULE 'K' – CURRENT LIABILITIES		
Sundry Creditors	1,359.26	729.12
Unclaimed Dividend	54.23	54.74
Advances / Margins from Clients	776.78	534.65
Other Liabilities	203.67	472.40
Total	2,393.94	1,790.90
SCHEDULE 'L' – PROVISIONS		
Provision for Taxation (Net of Taxes paid)	–	143.70
Provision for Leave Encashment	177.88	136.44
Total	177.88	280.13

SCHEDULE 'M' - INTEREST AND OTHER INCOME	Period ended 31-Mar-11 (Rs in Lacs)	Period ended 31-Mar-10 (Rs in Lacs)
Interest received (Gross)	161.43	63.77
[Tax deducted at source Rs. 12.28 lacs (Previous year Rs. 13.64 lacs)]		
Dividend on Investments	76.38	85.46
Provisions no longer required, Written back	7.96	6.05
Debts written-off now Recovered	86.06	–
Miscellaneous Income	4.85	0.36
Total	336.68	155.64
SCHEDULE 'N' - ADMINISTRATIVE AND OTHER EXPENSES		
Salaries & Allowances	500.68	385.80
Contribution to Provident and Other Funds	13.85	10.77
Staff Welfare Expenses	21.20	12.00
Travelling & Conveyance	62.22	39.96
Rent	92.94	91.09
Consultancy & Professional Charges	94.57	108.66
Rates & Taxes	0.42	0.20
Filing Fees	0.08	0.07
Telephone, Postage and Courier Charges	19.77	15.90
Electricity Charges	7.27	8.96
Printing & Stationery	5.03	5.74
Advertisement	3.51	1.31
Insurance	7.58	7.69
Repairs & Maintenance		
- Building	4.12	1.81
- Others	23.32	20.39
Membership & Subscription	22.40	24.95
Transaction Fees	34.13	50.74
Directors' Sitting Fees	2.43	3.11
Auditor's Remuneration	10.78	15.88
Provision for Doubtful Debts / Loans	–	44.31
Balances Written-off	27.82	–
Loss on Asset Sold / Written-off	2.59	7.17
Preliminary Expenses Written off	0.52	0.52
Goodwill on Consolidated of Associate Company Written-off	–	6.60
Miscellaneous Expenses	41.25	27.88
Total	998.50	891.50
SCHEDULE 'O' - INTEREST AND FINANCE CHARGES		
Interest		
- On Fixed Loans	1.41	9.99
- On Others	1,415.35	613.00
Finance charges	31.56	10.99
Total	1,448.31	633.98

PRIME SECURITIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 'P'

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

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, 2011. 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, 2011.

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, 2011 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) Minority Interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company. Minority Interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- vi) The investment in associate is accounted under the equity method and its share of pre-acquisition loss is reflected as goodwill in accordance with Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006. The goodwill is written-off in the year of acquisition.
- vii) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Profit and Loss account to the extent such change is

attributable to the associates' Profit and Loss account and through its reserves for the balance, based on available information.

c) Companies included in Consolidation

Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at March 31, 2011
Prime Broking Company (India) Limited	India	100%
Prime Research & Advisory Limited	India	100%
Prime Commodities Broking (India) Limited	India	100%
Primesec Investments Limited	India	100%
Prime Asset Management	Mauritius	91.79% *

* Subsidiary of Prime Broking Company (India) Limited Associate Company considered in the consolidated financial statements is:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at March 31, 2011
Primary Cuisine Private Limited	India	24%

d) Other Significant Accounting Policies

i) Fixed Assets

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

ii) Depreciation

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

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

iii) Investments

Investments intended, at the time of acquisition, to be held for a period exceeding twelve months are classified as "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. 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	Year ended
	March 31, 2011	March 31, 2010
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	83.17	51.38
Corporate guarantee given for financial facilities (Amount outstanding at the close of the year)	-	626.64
Guarantees given by banks	1,650.00	1,000.00
Claim made against the Company not acknowledged as debt (Interest liability on the above cannot be ascertained)	573.43	573.43
Repurchase of receivables, assigned during the year by the Company, in case of non-recovery of the deposit amount by the assignee within stipulated time as per the terms of the agreement	7.70	-
Uncalled liability on partly paid warrants	-	1,543.75

3. Schedule J - Loans and Advances include:

- Rs. Nil (Previous year Rs. 3.42 lacs) due from the Principal Officer of the Company [Maximum balance outstanding during the year - Rs. 3.42 lacs (Previous year Rs. 6.73 lacs)];
 - Advance Salary of Rs. 43.00 lacs (Previous year Rs. 37.50 lacs) paid to Directors of the Companies [Maximum balance outstanding during the year - Rs. 55.00 lacs (Previous year Rs. 67.50)].
 - Rs. Nil 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)].
4. Debtors include Rs. Nil (Previous year Rs. 14.36 lacs) due from Directors [Maximum balance outstanding during the year Rs. 86.03 lacs (Previous year Rs. 119.78 lacs)].
 5. The Balance with Non-scheduled bank represents the balance with HSBC Bank (Mauritius) Limited of Rs. 1.28 lacs (Previous year Rs. 0.91 lacs). [Maximum balance outstanding during the year - Rs. 4.70 lacs (Previous year Rs. 11.99 lacs)].
 6. Out of the total debtors due and outstanding, debts amounting to Rs. 70.96 lacs (Previous year Rs. 67.97 lacs) pertain to parties which are due and outstanding for over a year. Despite the Company's several initiatives to recover the debts the process of recovery is slow, the management is certain about its recovery and therefore has considered the same as good and recoverable.

PRIME SECURITIES LIMITED

7. 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.
8. 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.
9. Fixed Assets include a residential flat of Rs. 292.34 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.
10. The Company is yet to receive Rs. 239.35 lacs out of an original advance of Rs. 2,400.00 lacs given towards a proposed joint venture project which was shelved on account of various commercial consideration in the earlier financial year.
11. The balances of certain inter corporate deposit taken and advances appearing under the head advances recoverable in cash or kind are subject to confirmation and consequential adjustments, if any.
12. In January, 2008 Company had advanced a deposit of Rs. 6,100.00 Lacs to secure an option, exercisable within a specified period, to acquire development rights in respect of an immovable property in Mumbai. In the previous year, the Company had rescinded its right to exercise the option and had renegotiated with the concerned parties for recovery of the deposit. During the year, out of the balance deposit of Rs. 5,747.48 lacs, the Company has received an amount of Rs. 880.00 lacs and an amount of Rs. 2,980.00 lacs has been assigned for 2,800.00 lacs resulting in a loss of Rs. 180 lacs on assignment. The balance deposit amounting to Rs. 1,887.48 lacs is due within the agreed time frame.
13. During the year, the Company has entered-into binding agreement for:
- Sale of 1,004,185 equity shares of Roop Automotive Limited for a consideration of Rs. 3112.97 lacs. In term of the agreement the Company has delivered the shares along with duly executed transfer instrument to the purchaser. The sale consideration is deferred and is due to the Company on or before December 31, 2011. The Company having completed its part of the agreement has recognized gain of Rs. 3044.08 lacs on sale of the shares. The gain recognized in the financial statements is entirely dependent on receipt of sale consideration from the purchaser. The Management does not foresee any failure by the purchaser in adhering to the payment schedule.
 - Sale of 4,250,000 equity warrants of IOL Netcom Limited for a consideration of Rs. 956.25 lacs. The Company has delivered the warrants along with duly executed transfer instruments to the purchaser. As per the terms of the issue of warrants there was a lock-in period of 18 months from the date of its issue i.e. upto 28th May 2011. The Company has however sold the warrants during the lock-in period. The Company and the purchaser are of the opinion that in view of SEBI guidelines the lock-in period cannot exceed 12 months from the date of its issue and the sale, having taken place after the 12 month lock-in period, as such is valid and binding on the issuer company. The sale consideration is yet to be received by the Company. The Company having completed its part of the agreement has recognized gain of Rs. 275 lacs on sale of such warrants. The gain recognized in the financial statements is entirely dependent on receipt of sale consideration from the purchaser. The Management neither foresees any default by the purchaser in adhering to the payment schedule nor the controversy as regards the terms of lock-in.

14. Auditors' Remuneration

(Rs. In Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Audit Fees	8.12	9.39
Tax Audit Fees	0.65	1.50
In Other Capacity:		
- Taxation	1.40	2.36
- Certification	0.35	2.30
- Other Matters	0.25	0.25
Service Tax	0.02	0.08
Total	10.78	15.88

15. Remuneration to Directors

- (a) The Company has appointed a Managing Director w.e.f. February 12, 2011, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.
- (b) In view of the inadequacy of profits, the managerial remuneration exceeds the maximum amount payable in accordance with provisions of Section 198 read with Schedule XIII of the Companies Act, 1956. The Company is in the process of obtaining the approval of the Central Government.
- (c) The particulars of managerial remuneration for the year:

(Rs. in lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
i) Salary & Allowances #	104.77	56.69
ii) Contribution to Provident & Other Funds	-	-
iii) Monetary Value of Perquisites	20.84	3.92
Total	125.61	60.61

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

- (d) In absence of commission payable to directors, the computation of net profit in accordance with Section 198 read with Section 349 of the Companies Act, 1956 has not been given.

16. 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, 2011	Year ended March 31, 2010
Change in Projected Benefits Obligation (PBO)		
PBO at beginning of the year	111.63	83.63
Service cost	18.27	8.56
Interest cost	8.93	7.28
Actuarial (gain)/loss	4.11	14.77
Benefits paid	(5.71)	(2.60)
PBO at the end of the period	137.23	111.63
Changes in Plan Assets		
Plans assets at the beginning of the year at fair value	126.99	108.57
Expected return on plan assets	10.16	9.38
Employer Contribution	19.11	9.94
Actuarial gain/ (loss)	1.80	1.69

	Year ended March 31, 2011	Year ended March 31, 2010
Benefits paid	(5.71)	(2.60)
Fair value of plans assets at the end of the year	152.35	126.99
Reconciliation of PBO and the fair value of the plan assets		
Fair value of plan assets at the end of the year	152.35	126.99
Present value of the defined benefit obligations at the end of the year	137.23	111.63
Funded Status of the Plan	15.12	15.36
Gratuity costs for the year		
Service cost	18.27	8.56
Interest cost	8.93	7.22
Expected return on plan assets	(10.16)	(9.38)
Actuarial (gain)/loss	2.31	13.07
Net Gratuity	19.35	19.53
Assumption		
Discount Factor	8.25%	8%
Estimated rate of return on plan assets	8%	8%

(B) During the year, a provision of Rs. 41.46 lacs (Previous year Rs. 51.04 lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is Rs. 177.87 lacs (Previous Year Rs. 136.43 lacs). The actuarial liability is computed assuming the discount factor of 8.25%.

17. 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.

ESOS 2009 Scheme

The Scheme permits allocation of an aggregate of 2,000,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee 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/-		ESOS 2009 Rs. 38/-	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options granted, beginning of the Year	9,89,000	5,29,500	1,103,050	1,197,750	-	-
Granted during the Year	-	5,35,500	-	-	1,300,000	-
Exercised during the Year	-	-	148,100	-	-	-
Lapsed during the Year	167,000	76,000	115,000	94,700	150,000	-
Options granted, end of the Year	8,22,000	9,89,000	839,950	1,103,050	1,150,000	-

18. Earnings per Share

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Basic		
Opening Number of Shares	26,325,425	26,325,425
Closing Number of Shares	26,473,525	26,325,425
Weighted Average Number of Shares for Basic EPS	26,437,784	26,325,425
Profit / (Loss) after Tax (Rs. in Lacs)	274.50	377.62
Basic EPS (Rs.)	1.04	1.43
Diluted		
Dilutive Component of Stock Options / Warrants Outstanding	453,555	653,681
Weighted Average Number of Shares for Diluted EPS	26,891,339	26,979,106
Diluted EPS (Rs.)	1.02	1.40

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, 2011 would have been lower by Rs. 88.76 lacs and the Basic EPS and Diluted EPS would have been Rs. 0.70 and Rs. 0.69 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, 2011
Dividend Yield (%)	-
Expected Volatility (%)	6.56
Risk Free Interest Rate (%)	8
Expected Term (Number of Years)	3

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

Description	No. of Units / Quantity	
	Long Position	Short Position
Futures - Great Offshore 28-April-2011	90,000	-
Futures - ABG Shipyard 28-April-2011	90,000	-

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. N. Jayakumar (Appointed w.e.f. February 12, 2011)
 - Mr. R. Ramachandran
 - Mr. Pradip Dubhashi
 - Mr. S. R. Sharma (Appointed w.e.f. January 25, 2011)
 - Mr. Vinay Motwani
 - Mr. Arun Shah (Resigned w.e.f. January 25, 2011)
 - Mr. Ajay Shah
- ii) Relative of Director / Key Management Personnel
 - Ms. Madhu Jayakumar
- iii) Associate Company
 - Judith Investments Private Limited
 - Pranamghar (India) Private Limited
 - Primary Cuisine Private Limited

PRIME SECURITIES LIMITED

- 2) The following transactions were carried out with the related parties in the ordinary course of business during the financial year 2010-2011:

(Rs. in lacs)

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2011	March 31, 2010
1.	Loan to Mr. N. Jayakumar - Repaid during the year	3.42	3.32	-	3.42 (Debit)
2.	Interest on loan received from Mr. N Jayakumar	0.06	0.16	-	-
3.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.	3.00	3.00	2.70 (Credit)	2.70 (Credit)
4.	Remuneration paid to key managerial personnel	220.12	167.87	-	-
5.	Advance salary paid to a Director	5.50	37.50	43.00 (Debit)	37.50 (Debit)
6.	Sitting fees paid to the Directors of the Company for attending meetings of the Board of Directors	1.80	2.40	-	-
7.	Deposit given to Mrs. Madhu Jayakumar for Residential accommodation	-	-	100.00 (Debit)	100.00 (Debit)
8.	Brokerage Income - from Directors - from Relative of Directors - from Associate Company	5.50 0.46 14.76	21.39 6.75 47.39	- - -	- - -
9.	Recovery of Advance given earlier - Pranamghar (India) Private Limited	40.00	-	-	40.00 (Debit)
10.	Investment in Equity Share Capital of Associate Company - Primary Cuisine Private Limited	-	36.12	36.12 (Debit)	36.12 (Debit)
11.	Loan given to / received back from Primary Cuisine Private Limited - Loan given - Loan received back	51.50 21.48	- -	30.01 (Debit)	-
12.	Interest on loan to Primary Cuisine Private Limited	2.54	-	2.28 (Debit)	-

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

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
i) Total of future minimum lease payments.		
a) Not later than one year	11.20	47.45
b) Later than one year and not later than five years	14.00	3.40
c) Later than five years	-	-
ii) Lease payments recognised in the Profit and Loss account	92.94	90.85

22. As per the information available with the Company, there are no dues outstanding as on March 31, 2011 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, 2011 is as follows:
(Rs. in Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Asset		
Provision for Expenses	16.37	13.89
Unabsorbed losses and depreciation under tax laws	-	-
Total Asset (A)	16.37	13.89
Liability		
Timing difference in depreciation	10.98	5.16
Total Liability (B)	10.98	5.16
Net Deferred Tax Asset (A-B)	5.39	8.73

24. Segmental Reporting

Business Segments (Rs. in lacs)

Particulars	Merchant Banking		Broking		Total	
	31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10
Segment Revenue	1,674.82	58.23	782.68	1,132.83	2,457.50	1,191.06
Add: Unallocated Revenue					836.32	1,819.03
Total Revenue					3,293.82	3,010.09
Segment Result before Interest and Tax	1,123.05	(254.89)	157.24	518.15	1,280.29	263.26
Add: Unallocated Income/ (Expenses) (net of income/ expense)					938.25	1,133.40
Profit before Interest and Tax					2,218.54	1,396.66
Interest and Finance Charges					(1448.31)	(633.98)
Provision for Tax					(108.35)	(308.53)
Prior Period Adjustments					0.07	(69.93)
Net Profit					661.95	384.22
Segment Assets	3,223.29	4,018.39	3,905.16	3,707.24	7,128.45	7,725.63
Add : Unallocated Assets					17,294.92	18,015.82
Total Assets					24,423.37	25,741.46
Segment Liabilities	268.47	471.43	2,224.28	1,393.07	2,492.75	1,864.50
Add : Unallocated Assets					10,446.84	12,685.74
Total Liabilities					12,939.59	14,550.24
Capital Expenditure	0.54	0.97	65.12	4.15	-	5.12
Depreciation & Amortisation	21.97	22.02	22.74	21.70	-	43.72

Notes:

- Segments have been identified in line with the Accounting Standard on Segment Reporting (AS – 17) taking into account the organization structure as well as the differential risks and returns of these segments.
 - The Company has disclosed business segment as the primary segment.
 - Since the Company provides services in same economic environment, there are no 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 the Board

For and on behalf of

GANDHI & ASSOCIATES

Chartered Accountants

Registration No. 102965W

N. JAYAKUMAR
Managing Director

R. RAMACHANDRAN Director
PRADIP DUBHASHI Director
S. R. SHARMA Director

MILIND GANDHI

Partner
M. No. 043194

AJAY SHAH
Company Secretary

Mumbai, Dated : May 28, 2011

Mumbai, Dated : May 28, 2011



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2011

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-11 (Rs. in lacs)	Year ended 31-Mar-10 (Rs. in lacs)
A Cash flow from Operating Activities		
Net Profit Before tax	406.59	756.08
Adjustment for:		
Depreciation	44.71	43.72
Interest & Finance Charges	1,448.31	633.98
Diminution in Value of Investments (Net)	29.74	274.55
Loss on Write-off of Investments	-	197.25
Loss on sale of asset	2.59	7.17
(Gain) / Loss on sale of Investments (Net)	(499.64)	(1,638.35)
Loss on Assignment of Receivables	180.00	-
Income from Sale of Intangible Rights	-	(25.00)
Dividend Received	(76.38)	(85.46)
Interest Received	(161.43)	(63.77)
Balance Written-off (Net)	27.82	-
Transfer from Foreign Currency Reserve	(0.39)	-
Goodwill on Consolidation	-	6.60
Preliminary Expenses Written off	0.52	0.52
Bad Debts written off / back (Net)	(7.96)	-
Debts written-off now Recovered	(86.06)	-
	901.83	(648.78)
Operating Profit before Working Capital changes	1,308.42	107.30
Adjustments for Changes in the Working Capital		
Debtors	(405.59)	(943.88)
Current Assets	(3,957.43)	(182.66)
Loans & Advances	4,985.71	1,326.14
Current Liabilities & Provisions	644.48	420.11
	1,267.17	619.71
Cash generated from Operations	2,575.59	727.01
Direct Taxes Paid (net)	(360.94)	(248.81)
Net Cash from Operating Activities (A)	2,214.65	478.20
B Cashflow from Investment Activities		
Purchase of Investments	(28,402.65)	(36,255.65)
Purchase of Fixed Assets	(65.66)	(5.12)
Sale of Investments	29,750.47	27,797.33
Sale of Fixed Assets	0.04	1.32
Purchase of Intangible Rights	-	(3,380.00)
Sale of Intangible Rights	-	3,405.00
Dividend Received	76.38	85.46
Interest Received	183.39	63.77
Net Cash from Investment activities (B)	1,541.97	(8,287.89)
C Cashflow from Financing activities		
Interest & Finance Charges	(1,448.31)	(633.98)
Fresh Issue of Capital	22.22	-
Funds Borrowed/(Repaid) (net)	(2,111.44)	10,090.73
Net Cash from Finance Activities (C)	(3,537.53)	9,456.75
Net Cashflow (A + B + C)	219.09	1,647.06
Changes in the Cash & Bank Balance		
Cash and Cash Equivalents at the beginning of the year	2,186.76	539.78
Cash and Cash Equivalents at the end of the year	2,405.85	2,186.76

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

Milind Gandhi
Partner
Membership No. 043194
Mumbai, May 28, 2011

N. JAYAKUMAR
Managing Director

AJAY SHAH
Company Secretary

For and on behalf of the Board

R. RAMACHANDRAN
PRADIP DUBHASHI
S. R. SHARMA

Director
Director
Director

Mumbai, May 28, 2011

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 2010-11 are as follows:

(Rs in lacs)

Name of the Subsidiary Company	Prime Broking Company (India) Ltd.	Primesec Investments Ltd.	Prime Commodities Broking (India) Ltd.	Prime Research & Advisory Ltd.
(a) Equity Share Capital	534.10	163.60	50.00	35.00
(b) Reserves & Surplus (Net of Debit Balance of Profit & Loss Account)	2,139.18	(75.57)	(0.64)	0.32
(c) Total Assets (Fixed Assets + Current Assets + Misc. Expenditure + Deferred Tax Asset)	5,893.02	4,314.36	49.66	35.74
(d) Total Liabilities (Debts + Current Liabilities & Provisions)	3,288.36	9,371.11	0.30	0.42
(e) Details of Investments Equity Shares / Equity Share Warrants (excluding Investments in the Subsidiary Companies)	68.62	5,144.78	-	-
(f) Total Revenues	836.65	613.27	2.90	1.32
(g) Profit / (Loss) Before Tax	(20.76)	(107.81)	2.05	1.09
(h) Provision for Tax	4.85	-	0.41	0.35
(i) Profit / (Loss) After Tax	(25.60)	(107.81)	1.64	0.74
(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-Ninth Annual General Meeting of the Members of Prime Securities Limited will be held on Thursday, September 29, 2011 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

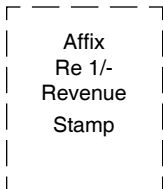
I _____
of _____ in the district of _____
Member(s) of Prime Securities Limited hereby appoint _____
of _____ in the district of _____ or
failing him _____ of _____ in the district
of _____ as my / our Proxy to attend
and vote for me/us and my/our behalf at the Twenty-Ninth Annual General Meeting of the Members of Prime Securities Limited
will be held on Thursday, September 29, 2011 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 _____ 2011.

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

Ashford Centre, 7th Floor,

Shankarrao Naram Marg,

Opp. Peninsula Corporate Park,

Lower Parel, Mumbai 400 013.

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

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