

17th
ANNUAL REPORT
2008-2009

PRIME INDUSTRIES LIMITED



PRIME INDUSTRIES LIMITED

Annual Report 2008-09

BOARD OF DIRECTORS

MANAGING DIRECTOR

Mr. R. K. Singhania

DIRECTORS

Mr. Harjeet S. Arora

Mr. Ashwani Kumar

Mr. Opinder Singh, Nominee PSIDC

Mr. Amarjit Singh

Mr. Darshanjit Singh Minocha

BANKERS

ING Vysya Bank Ltd.

Branch

Gurdev Nagar, Ludhiana.

AUDITORS

Manjeet Singh & Co.

Chartered Accountants

1761, Phase-II, Urban Estate

Dugri, Ludhiana.

REGISTERED OFFICE AND WORKS

Village Gobindgarh, Malout Road

Abohar (Punjab)

HEAD OFFICE

Master Chambers, 19, Feroze Gandhi Market

Ludhiana - 141 001.

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PRIME INDUSTRIES LIMITED

DIRECTORS' REPORT

To

The Members

Your Directors are pleased to present the Company's 17th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2009.

1. FINANCIAL RESULTS :

The Financial Results for the period 1st April, 2008 to 31st March, 2009 are as under.

Particulars	(Rupees in lacs)	
	2008-09	2007-08
Operating & Other Income	447.61	148.88
Loss before tax	20.54	565.61
Provision for Tax		
- Current	0.00	0.15
-Deferred Tax W/B	2.51	50.01
- FBT	0.82	0.50
Profit (Loss) after Tax (PAT)	(18.85)	(516.25)

2. MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review your company had registered gross operating & other income Rs.447.61 lacs as compared to Rs.148.88 lacs in previous year. The main activity of the company has been Trading in chemicals & securities during the year.

PROFITABILITY

The Company suffered loss of Rs. 18.85 as compared to Rs. 516.25 lacs of the previous year.

3. DIVIDEND

Keeping in view the losses in operations, your Directors are unable to recommend any dividend for the year under review.

4. DIRECTOR(S) RETIRE BY ROTATION

In accordance with the provisions of the Articles of Association of the Company and of the Companies Act, 1956, Mr. Ashwani Kumar, Independent Director of the company is retiring by rotation at the forthcoming Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Information on the details of director seeking appointment/ reappointment as required under Clause 49 of the Listing Agreement has been given under the Notice to Shareholders.

5. ADEQUACY OF INTERNAL CONTROL

The Company has a proper and adequate system of internal control, to ensure that all assets are safeguarded, properly utilized and protected against loss from un-authorized use or disposition and that transactions are authorized & recorded by the concerned departments properly and reported to the Audit Committee/Board correctly.

6. PUBLIC DEPOSITS

During the period under review, the Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Whilst preparing the Annual Accounts, the Company has adhered to the following practices and pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, We, the Directors confirm

- That the annual accounts are prepared under the historical cost convention and on an accrual basis and in the preparation of the annual accounts, the applicable accounting standards referred to in Section 211(3C) and other requirements of the Companies Act, 1956, have been followed along with proper explanation relating to material departures;
- That the Directors have selected appropriate accounting policies and have applied them consistently and have made



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judgements and estimates that are reasonable and prudent and in the best interest of the company's business so as to give a true and fair view of the state of affairs of the Company as at March 31,2009 and of the profit/loss of the Company for the same period .

- iii) That the Directors 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 the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That Directors have prepared the annual accounts on a going concern basis except with respect to manufacturing activities which have been discontinued .

8. AUDITORS

The statutory auditor of the company, M/s Manjeet Singh & Co., a firm of Chartered Accountants were holding the office until the conclusion of the this annual general meeting. He has expressed in writing his unwillingness to be re-appointed. Now the Board hereby recommends to appoint M/s Sukhminder Singh & Co., Chartered Accountants, Ludhiana as Statutory Auditor of the Company to hold the office from conclusion of this Annual General meeting to until the conclusion of next Annual General Meeting of Company on a remuneration to be mutually agreed upon between M/s Sukhminder Singh & Co., Chartered Accountants, Ludhiana and the Board of Directors of the Company. M/s, Sukhminder Singh & Co., Chartered Accountants, Ludhiana is eligible for appointment. The Company has received notification from him/them to the effect that their appointment, if made, would be within the prescribed limits of Section 224 (1-B) of the Companies Act, 1956 and has also received the consent for filling the prescribed Form No. 23B.

9. AUDITORS' REPORT

The Auditors' Report on the Accounts of the Company for the period under review is self - explanatory and requires no comments.

10. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate Section titled Report on Corporate Governance has been included in this Annual Report. Your Director are pleased to report that your company fully adheres to the standards set out by the Securities & Exchange Board of India's Corporate Governance Practices and has implemented all of its stipulations. A certificate from the Company's Statutory Auditors in terms of Clause 49 of the Listing Agreement is annexed to and forms part of the Directors Report. The CEO / CFO's certificate duly signed forming part of the Corporate Governance Report, has been submitted to the Board. All Board Members have also affirmed compliance to the Code of Conduct.

11. HUMAN RESOURCE DEVELOPMENT

Prime Industries Ltd. always follow the policy of creating a healthy environment and work culture resulting into harmonious inter-personnel relations. The relations at all levels of the Company have remained very cordial throughout the year.

12. PARTICULARS OF EMPLOYEES

During the period under review, no employee received salary more than Rs. 24 lacs per annum or Rs.2.00 lacs per month. Accordingly no particulars of employees are being given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information with respect to conservation of energy, technology, absorption, foreign exchange earnings and outgo pursuant Section 217(1)(e) of the Act, read with rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable at present because there were no manufacturing activities in the company during the year under review.

14. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the support and cooperation of all Company's stakeholders, in particular, the directors wish to place on record their deep sense of appreciation for the commitment and enthusiasm of all employees.

For and on behalf of the Board

Sd/-

(R.K. Singhania)
Managing Director

Sd/-

(Harjeet S. Arora)
Director

Place : Ludhiana

Date : 30.04.2009



PRIME INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT

In compliance of the Listing Agreement the Board of Directors furnishes its report on Corporate Governance as under:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is to ensure fairness to the stakeholders, empowerment to the employees and collective decision making, and customers delight through transparency, full disclosures and business ethics in discharge of its corporate responsibilities.

2. BOARD OF DIRECTORS

The composition, attendance and other memberships of Committees of the Board of Directors of the Company is given below :

Name of the Director	Designation	Category	Attendance at last AGM attended	No. of Board Meetings other companies	No. of Directorship in
Sh. R..K.Singhania	Managing Director	Executive	Yes	7	9
Sh. H.S.Arora	Director	Non Executive	Yes	7	13
Sh. Amarjit Singh	Director	Independant	Yes	2	Nil
Sh. Ashwani Kumar	Director	Independant	No	2	9
Sh. Darshan Singh	Director	Non-Executive	Yes	5	Nil

The Board Meeting(s) were held on 30.04.2008, 25.07.2008, 30.08.2008, 29.10.2008, 02.01.2009, 30.01.2009 and 31.01.2009

3. AUDIT COMMITTEE :

To ensure the independence of the Committee the three members Audit Committee was composed of non executive and independent directors viz. Sh. Harjeet Singh Arora, Sh.Darshanjit Singh and Sh.Ashwani Kumar.

Sh.Ashwani Kumar is the Chairman of the Audit Committee. Statutory Auditors, Head of Account Department are permanent invitees to the Committee Meetings. The Terms of Reference of the Audit Committee are as contained in Section 292A of the Companies Act, 1956 and also as contained in Corporate Governance clause of the Listing Agreement.

The Audit Committee met three times during the year.

4. DIRECTORS' REMUNERATION :

(a) Managing/ Whole Time Directors

The Company has not constituted the Remuneration Committee. The Company has paid the remuneration to the Managing Director as approved by the members of the Company in the General Meeting. Detail of remuneration paid to the Managing Director during the Financial Year 2008-09 is given below:

Rs.240000/- i.e Rs.20000/- per month has been paid as remuneration.

(b) Non Executive Directors :

Non Executive Directors have not been paid any remuneration during the financial year.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The Shareholders'/Investors' Grievance Committee was constituted to look into the redressal of investors' complaints on various issues. The Members of the Committee are Sh. Harjeet Singh Arora and Sh.D.S.Minochá. The Chairman of the committee is Sh. Harjeet Singh Arora. No complaint of any shareholder is pending with the company.



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6. GENERAL BODY MEETINGS:

The detail of last three Annual General Meetings /EOGM is given below :

Financial Year	General Meeting	Location	Date	Time
2009	Extra-Ordinary General Meeting	Village Gobindgarh, Malout Road, Abohar	28.02.2009	10.30 A.M
2008	Annual General Meeting	-Do-	30.09.2008	11.30 A.M
2007	Annual General Meeting	-Do-	29.09.2007	3.30 P.M
2006	Annual General Meeting	-Do-	30.09.2006	4.00 P.M

During the financial year under review, no postal ballot was conducted by the company .

7. DISCLOSURES

1. During the year, there was no significant transaction with the Directors, Management, their relatives etc. that have any potential conflict with the interest of the Company at large.
2. There has been no instance of the non-compliance by the Company on any matter related to capital market during the last three years.
3. No treatment different from accounting standards prescribed by The Institute of Chartered Accountants of India, has been followed while preparing the financial statements.
4. The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement and has not followed the non mandatory requirements.

8. MEANS OF COMMUNICATION

The Company communicates with the shareholders at large through its Annual Report, Publication of financial results and by filing of various reports and returns with the statutory bodies like Stock Exchanges and Registrar of Companies. The quarterly results are published in newspapers.

9. GENERAL INFORMATION FOR SHAREHOLDERS :

ANNUAL GENERAL MEETING

i) 17th Annual General Meeting :

Date : 28.05.2009 (Thursday)
Time : 10.30 A.M.
Venue : Regd. Office : Village Gobindgarh, Malout Road, Abohar.

ii) Financial : 1st April 2008 to 31st March 2009

First Quarterly Results : July , 2008
Second Quarterly Results : October , 2008
Third Quarterly Results : January, 2009
Annual Results : April, 2009

iii) Dates of Book Closure : : 25.05.2009 to 28.05.2009 (both days inclusive)

iv) Listing :

The securities of the Company are presently listed on the following Stock Exchanges :

1. The Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai.
2. The Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Calcutta.

v) Stock Code :

1 The Calcutta Stock Exchange Association Ltd. : 26155
2 The Bombay Stock Exchange Ltd. : 519299

vi) Market Price Data

Monthly high and low price of Company's Equity Shares at The Bombay Stock Exchange Limited, (BSE) for the period from 1st April,2008 to 31st March,2009 are stated hereunder.



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Monthly high & low quotation of the company's equity share for the year:

MONTH	BSE (HIGH)	BSE (LOW)
	Rs.00	Rs.00
APRIL 2008	7.99	4.06
MAY 2008	7.27	7.27
JUNE 2008	8.20	7.00
JULY 2008	6.66	4.70
AUGUST 2008	4.47	4.47
SEPTEMBER 2008	No trade	No trade
OCTOBER 2008	No trade	No trade
NOVEMBER 2008	4.47	4.47
DECEMBER 2008	4.69	4.69
JANUARY 2009	4.66	4.43
FEBRUARY 2009	No trade	No trade
MARCH 2009	4.21	4.21

vii) Registrar and Share Transfer Agent :

Pursuant to the circular issued by the Securities & Exchange Board of India (SEBI) the Company has assigned the physical share transfer work to M/s Skyline Financial Services Ltd. Now the work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt at single point with:

Skyline Financial Services (P)Ltd.

246, Sant Nagar, Main Iscon Temple Road

East of Kailash, New Delhi.

Phones: 011-46573054, 26292682-83

Fax : 011-29848352

e-mail : admin@skylinerta.com

viii) Share Transfer System :

All Applications for transfer of shares in physical form are received and processed by the Company's Registrar and Share Transfer Agent i.e Skyline Financial Services (P) Ltd.

ix). Distribution of Shareholding Pattern of The Company :

Sr. No.	Category	No. of Shares	% of Shares
1.	Promoters	3126003	39.57%
2.	Corporate Bodies	2407343	30.47%
3.	General Public	1216154	15.39%
4.	NRI	263500	3.34%
5.	Bank/ FIs	886900	11.23%
6.	Clearing Member	100	0.00%
	Total	<u>7900000</u>	<u>100.00%</u>

x) Dematerialization of Shares :

As on 31st March 2009 % of the Share Capital dematerialized.
1754400 22.20%



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xi) Address for Correspondence :

Head Office : Master Chambers,
19, Feroze Gandhi Market, Ludhiana.
Tel. No. : 0161-2410557-58, Fax No. : 0161-2402963
E-mail : primeindustries@alibaba.com

xii) Compliance Officer :

Presently, Sh. R.K.Singhania, Managing Director of the Company is Compliance Officer of the Company.

DECLARATION UNDER CLAUSE 49

Compliance with Code of Business Conduct and Ethics

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members have affirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2009

Place : Ludhiana

Date: 30-04-09

Sd/-
(R.K. Singhania)
Managing Director

CEO/CFO Certification

As required by Sub-clause V of the Clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board the for the financial year ended March 31, 2009, the company has complied with the requirement of the said sub-clause.

Place : Ludhiana

Date: 30-04-09

Sd/-
(R.K. Singhania)
Managing Director

Auditor's Certificate to the members of Prime Industries Limited on compliance of the conditions of Corporate Governance for the year ended 31st March, 2009 under Clause 49 of the Listing Agreement.

To
The Members
Prime Industries Limited
Ludhiana.

I/We have examined the compliance of conditions of Corporate Governance by Prime Industries Limited for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange (hereinafter referred to as clause 49).

The compliance of conditions of corporate governance is the responsibility of the management. My/Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my/our opinion and to the best of our information and according to the explanations given to me/us and the representations made by the directors and the management, I/We certify that the company has upto 31st March, 2009, complied in all material respects with the conditions of Corporate Governance stipulated in Clause 49.

Further I/We state that no investor grievances are pending for a period of one month against the company as per the records maintained by the Investor Grievance Committee.

I/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 had conducted the affairs of the company.

Date : 30.04.2009
Place : Ludhiana

For Manjeet Singh & Co.
Chartered Accountants
Sd/-
Manjeet Singh
Prop.
Membership No. 088759



PRIME INDUSTRIES LIMITED

AUDITORS REPORT

To
The Members
Prime Industries Limited.
Abohar.

We have audited the attached Balance Sheet of Prime Industries Limited, Malout Road, Abohar as at 31.03.2009 and the Profit & Loss Account 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 misstatement. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditor's Reports) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
- 2) Further to our comments in the annexure referred in paragraph (1) above we state that:-
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of such books.
 - iii) The Balance Sheet and Profit and Loss Account, dealt with by this report are in agreement with the books of accounts.
 - iv) In our opinion the Balance Sheet and Profit And Loss Account comply with accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, in so far as they apply to company.
 - v) Based on representation made by the directors and taken on record by the Board, we report that none of the directors is disqualified as on 31.3.2009 from being appointed as a director in terms of clause (g) of subsection (i) of section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanation given to us, the balance sheet, profit & loss account and cash flow statement read with the other notes, thereon and attached there to give in the prescribed manner, the information required by the Act, & subject to our comments in paragraph 3.1, 3.2 and 3.3 below give respectively a true and fair view in conformity with the accounting principal generally accepted in india :-
 - a. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31.03.2009 and

- b. In the case of Profit and Loss Account, of the Loss for the year ended on that date.
- c. In the case of the Cash flow Statement, of the cash flows for the year ended on that date.
3. 1). Note No.3a of annexure P regarding non-confirmation /non-reconciliation of certain debit/ credit balances. Consequential revenue impact, if any is not ascertainable.
3. 2). Note no.3(b) of annexure P regarding non provision for debtors/Advances amounting to Rs.135.96 lacs against which legal cases have been filed by the company.
3. 3) We further report that without considering our comments in paragraph 3.1 above and after considering adjustments arising on account of our comments in paragraph 3.2 above the loss after tax would change to Rs.154.81 lacs as against Rs. 18.85Lacs as shown in the profit & loss account. Consequently, net current assets would change to Rs.447.00 Lacs as against Rs.582.96 Lacs and debit balance in profit & loss account would change to Rs. 322.83 Lacs as against Rs.186.87 Lac as shown in the Balance sheet.

For Manjeet Singh & Co.
Chartered Accountants

Place : Ludhiana
Dated : 30.04.2009

Sd/-
(Manjeet Singh)
Prop.

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph (1) of our Report of even date)

1. A) The company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the management has physically verified certain fixed assets during the year and no serious discrepancies have been noticed. In our opinion, the frequency of fixed assets is reasonable. To the best of our knowledge, no material discrepancies have been noticed on verification.
 - c) The Company has discontinued the manufacturing operations and a substantial part of the Machinery/ Building held for disposal has been sold during the year under review. The company is a going concern except with respect to manufacturing activities.
2. a) The inventory has been physically verified during the year by the management and in our opinion the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventory followed by the company is reasonable and commensurate with the size of company and the nature of its business.
 - c) The company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical inventory and book records were not material and the same have been properly dealt with in the books of accounts.
3. In respect of loans, secured or unsecured, granted or



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taken by the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- a) The Company has not granted loan to associate companies and has taken loan from one party amounting to Rs. 20.14 lacs (Previous year Rs. nil) at the end of the year.
 - b) In our opinion and according to the information and explanation given to us, the rate of interest wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - c) In respects of loan granted to the company these are repayable on demand and therefore the question of overdue amounts does not arise.
4. In our opinion, and according to the information and explanation given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of books and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
 5. a) Based upon the audit procedures applied by us and according to the information and explanation given to us, we are of the opinion that the transactions required to be entered into the register maintained under section 301 of the Act, have been so entered.
b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rupees five lacs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
 6. The company has not accepted any deposits from public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.
 7. In our opinion, the company has an adequate system of internal audit which is commensurate with the size and nature of its business.
 8. As the company has discontinued the manufacturing operation, maintenance of cost records prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 are not applicable.
 9. The company is regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities wherever applicable. No amount was outstanding for more than six months as on the date of Balance Sheet from the date they become payable.
 10. The accumulated losses of the company at the end of the financial year do not exceed more than 50% of the Net Worth as on 31/03/2009. There is cash losses Rs. 2.15 lacs during the current and immediately preceding financial year there is no cash losses.
 11. According to the information and explanations given to us and as per books and records examined by us, the company has not defaulted in repayment of dues to any financial institution or bank.
 12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares debentures and other securities.
 13. The company does not fall within the category of Chit fund/ Nidhi/ Mutual Benefit fund/Society and hence the related reporting requirements are not applicable.
 14. The company is dealing or trading in shares, securities debentures and other investments and maintaining proper records of transactions and contracts and also timely entries have been made therein. Shares, securities debentures and other securities have been held by the company in its own name except to the extent of the exemption, if any, granted under section 49 of the Act.
 15. The company has given corporate guarantee of Rs. Nil (Previous Year 1600.00 Lacs) for the facilities of bank guarantee taken by the associate company from banks or financial institutions, the terms & conditions whereof in our opinion are not prima facie prejudicial to the interest of company.
 16. In our opinion, and according to the information and explanations given to us, there is no term loan raised during the year by the Company where end use has been stipulated by the lender.
 17. According to the information and explanation given to us, and as per the books and records examined by us, as on the date of balance sheet, the fund raised by the company on short term basis have not been applied for long term investments. Long term funds have been partly applied for financing core working capital in consonance with principles of sound financial management.
 18. The company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
 19. The company has not issued any debentures during the year.
 20. The company has not raised any money by way of public issues during the year.
 21. During the course of our examination of books and records of the company carried out in accordance with the generally accepted auditing practices in India we have neither come across any instance of fraud on or by the company, noticed and reported during the year, nor have we been informed of such case by the management.

For Manjeet Singh & Co.
Chartered Accountants

Place : Ludhiana
Dated : 30.04.2009

Sd/-
(Manjeet Singh)
Prop.

Membership No. 088759



PRIME INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	ANNEXURES	AS AT 31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
SOURCE OF FUNDS			
SHAREHOLDERS FUNDS			
Capital	A	78633500.00	78633500.00
Reserve & Surplus	B	16226096.00	16226096.00
		<u>94859596.00</u>	<u>94859596.00</u>
LOAN FUNDS			
Secured Loans	C	833595.02	1328230.86
Deferred Tax liability		2616335.00	2866835.00
TOTAL		<u>98309526.02</u>	<u>99054661.86</u>
Application of Funds			
Fixed Assets			
Gross Block			
		22815065.00	23561939.00
Less : Deperciation/Impairment	D	5026157.00	86689506.00
Net Block		<u>17788908.00</u>	<u>23562174.00</u>
INVESTMENT			
	E	<u>3537500.00</u>	<u>857500.00</u>
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	F	127500.00	256543.00
Sundry Debtors	G	24053785.21	14805925.86
Cash & Bank Balances	H	285279.38	1610069.82
Loans and Advances	I	42463127.75	45708170.55
TOTAL		<u>66929692.35</u>	<u>62380709.23</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	J	8633329.32	4299650.50
Net Current Assets		58296363.02	58081058.73
Profit & Loss Account		18686755.00	16553929.13
TOTAL		<u>98309526.02</u>	<u>99054661.86</u>
NOTES ON ACCOUNTS			
	P	--	--

This is the Balance Sheet referred to in our report of even date-

For **Manjeet Singh & Co.**
Chartered Accountants

For and on behalf of the Board

Sd/
(Manjeet Singh)
Prop.
Membership No. 088759

Sd/-
(R.K. Singhania)
Managing Director

Sd/-
(Harjeet S. Arora)
Director

Place : Ludhiana
Date : 30.04.2009



PRIME INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	ANNEXURES	FOR THE YEAR ENDED 31.03.2009 (Rs.)	FOR THE YEAR ENDED 31.03.2008 (Rs.)
INCOME			
Operating Income	K	44760687.26	14888311.25
	Total	44760687.26	14888311.25
EXPENDITURE			
Cost of Material	L	42210931.28	10445815.00
Employee Cost	M	744693.00	676340.00
Administration & Other Expenses	N	1803920.03	2870201.42
Financial Expenses	O	216452.82	143440.98
Depreciation and Impairment loss		1838630.00	57313019.00
	Total	46814627.13	71448816.40
Profit/Loss(-) for the year		-2053939.87	-56560505.15
Provision for Taxation-Current		-	15000.00
-FBT		82000.00	50000.00
Adjustment for deferred tax		250500.00	5000675.00
Profit (Loss) (-)After Taxation		-1885439.87	-51624830.115
Add Previous year Balance		-16553929.13	35070901.02
Balance carried over to Balance sheet		-18439369.00	-16553929.13
APPROPRIATION			
Adjustment in STT		247386.00	-
Balance carried over to Balance sheet		-18686755.00	-16553929.13
NOTES ON ACCOUNTS			
	P		

This is the Balance Sheet referred to in our report of even date-
For Manjeet Singh & Co.
Chartered Accountants

For and on behalf of the Board

Sd/
(Manjeet Singh)
Prop.
Membership No. 088759

Sd/-
(R.K. Singhania)
Managing Director

Sd/-
(Harjeet S. Arora)
Director

Place : Ludhiana
Date : 30.04.2009



PRIME INDUSTRIES LIMITED

ANNEXURES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	AS AT 31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
ANNEXURE-A		
SHARE CAPITAL		
AUTHORISED		
80,00,000/-(Previous Year (80,00,000) Equity Share of Rs.10/-	80000000.00	80000000.00
ISSUED SUBSCRIBED AND PAIDUP		
7900000(Previous year 7900000) Equity Share of Rs.10/- each fully paid	79000000.00	79000000.00
Less :Calls unpaid	366500.00	366500.00
TOTAL	78633500.00	78633500.00
ANNEXURE-B		
RESERVE AND SURPLUS		
Capital Reserve	9249500.00	9249500.00
Revaluation Reserve	6976596.00	6976596.00
TOTAL	16226096.00	16226096.00
ANNEXURE-C		
SECURED LOANS		
TOTAL	833595.02	1328230.86
	833595.02	1328230.86

ANNEXURE-D FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK			
	W.D.V. 01.04.08	Additions During the the Year	Sale/Adjust- ments for	As at 31.03.2009	As at 01.04.2008	For the year	Adjust- ments for the Year	Impairment Loss	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land	9676000.00	0.00		9676000.00	0.00	0.00			0.00	9676000.00	9676000.00
**Building held for disposal	2523400.00		0.00	2523400.00	0.00		0.00	597900.00	597900.00	1925100.00	2523400.00
**Plant & Machinery	6635600.00	0.00	3501840.00	3133760.00	0.00	0.00	0.00	502060.00	502060.00	2632100.00	6635600.00
Furniture & Fixture	679561.00	0.00		679561.00	394414.00	43016.00			437430.00	242131.00	285147.00
Vehicles	6268387.00	0.00	1048300.00	5220087.00	2183670.00	595497.00	584698.00		2194469.00	3025618.00	4084717.00
Office Equipments	1551451.00	30806.00		1582257.00	1194141.00	100157.00			1294298.00	287959.00	357310.00
	27334399.00	30806.00	4550140.00	22815065.00	377225.00	738670.00	584698.00	1099960.00	5026157.00	17788908.00	23562174.00
Previous year	133802739.00	1746753.00	25297812.00	110251680.00	44074591.00	644012.00	14698104.00	56669007.00	86689506.00	23562174.00	

** Net realisable value based on management estimate.



PRIME INDUSTRIES LIMITED

PARTICULARS	31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
ANNEXURE - E		
INVESTMENT		
QUOTED		
63,500 (Prev. Year 63,500) Equity Shares of Rs.10/- each of Master Trust Ltd. Market value of quoted shares is Rs.14.44 lacs (Previous year Rs.12.41 lacs)	657500.00	657500.00
UNQUOTED		
20,000 Shares of Master Portfolio Services Ltd. (Previous year 20,000) of Rs.10/- each 200000 warrant of Master Trust Ltd @13.40	200000.00 2680000.00	200000.00 --
TOTAL	<u>3537500.00</u>	<u>857500.00</u>
ANNEXURE - F		
INVENTORIES		
(As taken valued and certified by the Management Stores & spares (At cost or realisable) value whichever is less)	127500.00	256543.00
TOTAL	<u>127500.00</u>	<u>256543.00</u>
ANNEXURE - G		
SUNDRY DEBOTRS (UNSECURED)		
Considered goods Over six month old Others	19415455.21 4638330.00	13446135.21 1359790.65
TOTAL	<u>24053785.21</u>	<u>14805925.86</u>
ANNEXURE - H		
CASH AND BANK BALANCE		
Cash in hand Balance with Scheduled Banks in Current accounts	165015.63 120263.75	97772.21 1512297.6
TOTAL	<u>285279.38</u>	<u>1610069.81</u>



PRIME INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
ANNEXURE - I		
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	41291669.75	44527842.55
Security Deposits	130540.00	197720.00
Tax, Deducted Source	1040918.00	982608.00
TOTAL	<u>42463127.75</u>	<u>45708170.55</u>
 ANNEXURE - J		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	145322.94	377548.81
Other Liabilities	8406006.38	3872101.69
Provisions for FBT	82000.00	50000.00
TOTAL	<u>8633329.32</u>	<u>4299650.50</u>
 ANNEXURE - K		
OPERATING & OTHER INCOME		
Sale, Services & Others	43467702.26	13601330.25
Interest Income	1292985.00	1286981.00
TOTAL	<u>44760687.26</u>	<u>14888311.25</u>
 ANNEXURE - L		
COST OF MATERIAL		
Opening Stock		10445815.00
Oil in Process	--	--
Purchases	42081888.28	--
NET COST	<u>42081888.28</u>	<u>10445815.00</u>
Add : Decrease in value of Inventory	129043.00	--
TOTAL	<u>42210931.28</u>	<u>10445815.00</u>



PRIME INDUSTRIES LIMITED

ANNEXURES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	FOR THE YEAR ENDED 31.03.2009 (Rs.)	FOR THE YEAR ENDED 31.03.2008 (Rs.)
ANNEXURE- M		
EMPLOYEE COST		
Sale, Wages, Lww & Other Allownses (Including Directors Remuration Rs. 240000 Previous Year Rs. 240000)	648443.00	582733.00
Staff Welfare Exp.	96250.00	93607.00
TOTAL	<u>744693.00</u>	<u>676340.00</u>
ANNEXURE - N		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent, Rate & Taxes	7950.00	46000.00
Printing & Stationery	24111.00	10216.00
Travelling & Conveyance (Including Director- Travelling Rs.142734/- Previous Year Rs.177816/-	205610.00	438650.00
Legal & Professional Charges	641936.50	30210.00
Postage & Telegram, Telephone & Telex	159805.00	142296.3
Insurance Charges	51632.00	603696.3
Vehicle Maintainece	179040.00	182361.0
office Maintainece		
Other general Exp (Including AGM Exp etc)	522611.53	1405546.1
Audit Fees	11224.00	11224.1
TOTAL	<u>1803920.03</u>	<u>2870201.1</u>
ANNEXURE- O		
FINANCIAL EXPENSES		
INTEREST		
on Car loan/other loans	200073.16	120781
Bank Charges	16379.66	2266
TOTAL	<u>216452.82</u>	<u>14344</u>



PRIME INDUSTRIES LIMITED

ANNEXURE - P

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention with applicable accounting standards and relevant presentation requirement of the companies Act, 1956 and on the basis of going concern except in respect to manufacturing activities which have been discontinued.

b) FIXED ASSETS

I) Fixed assets other than plant and machinery and building are stated at cost of acquisition including taxes, duties and other direct and indirect expenses incidental to acquisition and installation / construction and net of Modvate Credit and adjusted by revaluation of land at current market value as certified by the approved valuer as on 31.03.2003. The plant and machinery and building are held for disposable and are stated at realizable value.

II) The carrying amount of assets is reviewed at each balance sheet date to determine if there is any indications of impairment thereof, based on external / internal factors. Impairment loss has been recognized and charged to profit & loss account.

III) Depreciation on fixed assets other than Plant & Machinery and Building is provided on straight line method in the manner and at the rates specified in schedule XIV/No.GSR/756(E) Dated 16 Dec.1992. In respect of plant and machinery & building held for disposal no depreciation is provided and only the impairment loss is provided.

c) INVENTORIES

The basis of determining cost of inventories

Stores & Spares : At cost or realizable value whichever is lower

d) INVESTMENTS

Investments are stated at the cost of acquisition.

e) PROVIDENT FUND

The provisions of provident fund Act is not applicable to the company.

f) GRATUITY

Provision of Gratuity is made & charged to Profit & Loss account.

g) REVENUE RECOGNITION

The company follows the mercantile system of accounting and recognized profit and Loss account on that basis.

h) FRINGE BENEFIT TAX

The Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the Income tax act, 1961 and the guidance note on accounting for fringe Benefit Tax issued by the institute of Chartered Accountants of India.

i) BORROWING COST

All borrowing costs are charged to revenue.

2) CONTINGENT LIABILITIES

a) The company has been giving corporate guarantee to the bank for the Bank Guarantee facility taken by its associate company amounting to Rs. Nil (Previous year Rs.1600 lacs).

3) a) Balances of sundry debtors, loans & advances and creditors are subject to confirmation and reconciliation if any.

b) The company has filed legal cases against debtors/advances of Rs.135.96 lacs for recovery of outstanding amounts. No provision there against has been considered necessary, since in the opinion of the management in view of on going legal cases, these debts are recoverable.

4) In the opinion of the Board, all the current assets, Loans & advances have been the value on realization in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated otherwise.



PRIME INDUSTRIES LIMITED

- 5) The previous year figures are based on Balance Sheet as at 31st March 2008 and the Profit and Loss for the year ending that day as amended/revised and as per Auditor's Report dated 31/01/2009 and approved and adopted by the shareholders in the Extra Ordinary General Meeting held on 28.02.2009 at there registered office of the company.
- 6) Sales, services and other income include profit on sale assets Rs. 1398.00 (previous year Rs. Nil) Insurance claim received Rs. Nil (previous year Rs. 235201.00) Profit on sale of hares on F&O basis Rs. 16463.00 (Previous years Rs. 7571061.00)
- 7) Segment Reporting : During the year the company had operated only in one business segment viz. Trading of Chemicals & securities . Hence in the opinion of the management there is no separate reportable segment as required under Accounting Standard 17 segment reporting issued by institute of Chartered accountants of India.
- 8) Deferred Tax Liabilities as on 31/03/2009 is as follows:-

Particulars	Amount (Rs.)	Amount (Rs.)
Deferred Tax Liabilities as on 31/03/2008	2866835.00	7867510.00
-for the year ended 31/03/2009	<u>-250500 .00</u>	<u>-5000675.00</u>
Deferred Tax Liability as on 31/03/2009	<u>2616335.00</u>	<u>2866835.00</u>

- 9) Related Party Disclosures

Related Party Disclosures as required by AS-18. Related Party Disclosures are given below :

Associates/ Enterprises owned or Significantly influenced by key Management Persons or their Relatives

Key Management Personal

Master Trust Ltd.
Master Capital Services Ltd.
Master Shares & stock Brokers Ltd.
MTL shares & stock Brokers Ltd.
Transactions with related parties

Mr. R. K .Singhania Managing Director
Mr. Harjeet Singh Arora Director
Mr. Amarjeet Singh executive Director

Key Management Associates / Enterprises owned or Personnel significantly influenced by Key Management Persons or their Relatives

Sales	76602756.89	----
Purchase	76629114.89	----
Interest Income	92985.00	86981.00
Remuneration	240000.00	240000.00
Loans Given	162.24 Lacs	238.38 Lacs
Balance outstanding at the end of year		
Receivable	20.14	123.90 Lacs

OTHER ADDITIONAL INFORMATION

A) PARTICULARS OF LICENSED/REGISTERED/INSTALLED ANNUAL CAPACITIES/PRODUCTION

Since manufacturing activities have been discontinued this information is not applicable.

B) PARTICULARS OF SALES

Class of Goods	Unit	For the Year Ended 31.03.2009		For the Year Ended 31.03.2008	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Processed Oil / Oils Vanaspati	Mts.	Nil	Nil	2136.000	4388800
Others		Nil	16463.00		7571061.00
					1633956.00



PRIME INDUSTRIES LIMITED

C) OPENING AND CLOSING STOCKS OF GOODS PRODUCED AND TRADED IN

Class of goods	Unit	As at 31.03.2009		As at 31.03.2008		As at 31.03.2007	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Processed Oil/ Vanaspati	Mts.	NIL	NIL	NIL	NIL	NIL	NIL
Others		---	---	---	---	---	---

D) TRADING GOODS PURCHASED

Class of Goods	Unit	For the Year Ended 31.03.2009		For the Year Ended 31.03.2008	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Chemicals	Mts.	1260.530	42081888.00	NIL	NIL
Others	Mts.	--	--	NIL	NIL

E) OTHER ADDITIONAL INFORMATION

Remuneration of Managing Director

Name	Position	Salary	Other Perquisites	(Rupees)
				Total
Sh. R.K.Singhania	Managing Director	180000	60000	240000

For Manjeet Singh & Co.
Chartered Accountants

For and on behalf of the Board

Sd/
(Manjeet Singh)
Prop.

Sd/-
(R.K. Singhania)
Managing Director

Sd/-
(Harjeet S. Arora)
Director

Place : Ludhiana
Date : 30.04.2009



PRIME INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	<u>31.03.2009</u>	<u>31.03.2009</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (loss) before tax and extraordinary items	-20.54	-565.61
Adjustments for		
Depreciation	18.38	-573.13
Interest/Dividends		
Misc. Exp. Written off		
Profit on Sale of Fixed Assets		
Operating profit before Working Capital changes	-2.16	7.52
Adjustment for		
Trade And other Receivables	-60.03	-59.28
Inventories	1.29	104.45
Trade Payables	43.34	-128.89
Cash Generated from operation	-17.56	76.20
Interest paid	—	
Direct Tax Paid		
- Current	0.82	0.65
Cash flow before Extraordinary items		
Extra ordinary items	2.47	566.69
Net cash from operating activities	-20.85	-76.85
B. CASH FROM INVESTING ACTIVITIES		
Purchase/Sale of fixed Assets	39.35	88.53
Purchase of Investments	26.80	---
Sale of Investments	—	---
Interest received	—	---
Dividend received	—	---
Net Cash Used in Investing Activities	12.55	---
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share Capital (Call money)		
Proceeds from short term borrowing	—	---
Repayments of short term borrowing	-4.95	---
Dividend paid	—	---
NET CASH USED IN FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	-13.25	11.68
Cash and Cash Equivalents as at 31.03.08 (Opening Balance)	16.10	4.42
Cash and Cash Equivalents as at 31.03.09 (Closing Balance)	2.85	16.10

NOTE : Figures in Brackets represent deduction and outflows

For and on behalf of the Board

Sd/-
(R.K. Singhania) Managing Director

Sd/-
(Harjeet S. Arora) Director

Place : Ludhiana
Date : 30.04.09

AUDITORS CERTIFICATE

We have verified the attached cash flow statement of PRIME INDUSTRIES LIMITED derived from the audited financial statements and the books and records maintained by the company for the year ended 31st March, 2009 and found the same to be drawn in accordance therewith and requirements of Clause 32 of the Listing Agreements with stock exchanges.

For Manjeet Singh & Co.
Chartered Accountants

Date : 30.04.2009
Place : LUDHIANA

Sd/-
(Manjeet Singh)
Prop.
Membership No. 088759



PRIME INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV TO SCHEDULE VI TO THE COMPANIES ACT, 1956

L Registration Details																																																																																									
Registration No.										1	2	6	6	2	State Code			1	6																																																																						
Balance Sheet Date										3	1	-	0	3	-	2	0	0	9																																																																						
										Date		Month		Year																																																																											
II. Capital Raised during the year (Amount in Rs. Thousand)																																																																																									
Public Issue					Right Issue					Bonus Issue					Private Placement																																																																										
NIL					NIL					NIL					NIL																																																																										
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)																																																																																									
Total Liabilities										1					0					6					9					4					2																																																						
Total Assets										1					0					6					9					4					2																																																						
SOURCE OF FUNDS																																																																																									
Paid-up-Capital					Reserves & Surplus					Secured Loans					Unsecured Loans																																																																										
7					8					6					3					3					1					6					2					2					6																																												
Deferred Liability										2					6					1					6																																																																
APPLICATION OF FUNDS																																																																																									
Net Fixed Assets					Investments					Net Current Assets					Misc. Expenditure																																																																										
1					7					7					8					8					3					5					3					7					5					5					8					2					9					6					NIL														
Accumulated Losses										NIL																																																																															
IV. Performance of Company (Amount in Rs. Thousand)																																																																																									
Turnover					Total Expenditure					Profit / Loss Before Tax					Profit / Loss After Tax																																																																										
4					4					7					6					1					4					6					8					1					5					2					0					5					4					1					8					8					5				
Earning Per Share in Rs.										0					0					0					NIL																																																																
Dividend Rate %										NIL																																																																															
V. Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)																																																																																									
Item Code No.		1 5 1 6 2 0																																																																																							
Product Description		V A N A S P A T I																																																																																							
Item Code No.		1 5 1 4																																																																																							
Product Description		R E F I N E D O I L																																																																																							
Item Code No.		2 8 0 4 4 0 0 0																																																																																							
Product Description		O X Y G E N																																																																																							