

# 14<sup>th</sup> ANNUAL REPORT 2005-2006



**Premium  
Capital Market &  
Investments Limited**



**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

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**Board of Directors** : Shri S. K. Bandi Chairman  
Shri S. R. Bohra Director  
Shri Vinay F. Kothari Director  
Shri Sumerchand Jain Director  
Shri Bhavesh Jain Director

**Auditors** : Airen, Saluja & Hablani  
Chartered Accountants  
210, Sapna Chamber,  
12/1, South Tukoganj,  
Behind Hotel Shreemaya,  
Indore (M.P.)

**Registered Office** : 401, Starlit Tower, 29, Y. N. Road,  
INDORE 452 003  
Tel.: 2536127, 2433348  
Fax : (0731) 4066309



## **PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

### **NOTICE**

NOTICE is hereby given that 14th Annual General Meeting of the Premium Capital Market & Investments Limited will be held at 401, Starlit Tower, Y. N. Road, Indore (M.P.) 452003, on Thursday, the 28th day of September, 2006 at 10.00 A.M. to transact the following businesses:

#### **I. ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31st March, 2006 and report of the Directors and Auditors thereon.
2. To appoint a director in place of Shri Sumerchand Jain, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Bhavesh Jain, Who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the auditors and to fix their remuneration.

**By Orders of the Board**

**For : Premium Capital Market & Investments Ltd.**

**Indore**

**18th August, 2006**

**S.K.BANDI**

**Director**

#### **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Register of Members and Share Transfer Book of the Company will remain closed from 25.09.06 to 28.09.2005 (both days inclusive).
- 3 a) Members are requested to notify immediately any change of address;  
(i) to their Depository Participants (DPs) in respect of their electronic share accounts; and  
(ii) to the Company's Share Transfer Agents in respect of their physical share folios, if any.  
b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
4. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:  
a) the change in the residential status on return to India for permanent settlement.  
b) the particulars of NRE Account with a Bank in India, if not furnished earlier.
5. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
6. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
7. Members desires of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
8. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with ~~with DP~~ members/investors



## **PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

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- having their depository account. The ISIN No. for the Equity Shares of the Company is INE 555D01019 In case of any query/difficulty in any matter relating thereto may be addressed to the Share Transfer Agents Ankit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chouraha A.B.Road, Indore (M.P.).
9. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down load from the website of the Department of Company affairs.
10. Pursuant to the recommendation of SEBI Committee on Corporate Governance for re-appointment of the retiring directors, a statement containing details of the concerned directors is attached hereto.

### **STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT/RE-APPOINTMENT**

<b>NAME AND DESIGNATION OF APPOINTEE</b>	<b>AGE/ YEARS</b>	<b>QUALIFICATIONS</b>	<b>EXPERTISATION/ EXPERIENCE</b>	<b>DATE OF RE-APPOINTMENT/ APPOINTMENT</b>	<b>OTHER DIRECTORSHIPS HELD</b>
Shri Bhavesh Jain	28	B. Com., ACA	Finance Consultant & Corporate Law	14-10-05	Nil
Shri Sumerchand Jain	60	Graduate	-	27-03-04	Nil

**By Orders of the Board  
For Premium Capital Market & Investments Ltd.**

**Indore  
18th Aug, 2006**

**S. K. Bandi  
(Director)**



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## PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED

### DIRECTORS' REPORT

To,  
The Members,  
Premium Capital Market and Investments Limited

The Directors present their 14th Annual report on the business and operations of the Company along with the Audited Balance Sheet and Profit & Loss Accounts for the year ended 31st March, 2006.

#### FINANCIAL RESULTS :

Financial Results of the company for the year under review along with the comparative figures for previous year are as follows:

	(Rs in Lakhs)	
	2005-06	2004-05
Total Income from operations	9.58	12.73
Profit (Loss) before tax and depreciation	2.35	(-) 17.66
Less: Depreciation	1.72	2.02
Profit (Loss) before Tax	<u>0.63</u>	<u>(-) 19.68</u>
Previous year's adjustment	-	-
Provision for Tax	-	-
	<u>0.63</u>	<u>19.68</u>
Add: Balance brought forward from previous year	(-) 363.04	<u>343.36</u>
Losses carried to Balance Share	(-) 362.41	<u>(-) 363.04</u>
Earning Per Share	<u>0.01</u>	<u>(0.30)</u>

#### DIVIDEND :

Looking into the heavy business losses suffered by the Company, it is not possible for the management to recommend any dividend for the year under review.

#### REVIEW ON OPERATIONS :

Total revenue has been reduced to Rs. 9.58 Lacs from Rs. 12.73 Lacs in the previous year. The company incurred a loss of Rs. 0.98 Lacs from Future & Option Trading as compared to Loss of Rs. 1.33 Lacs in the previous year.

The Company's funds blocked with sundry debtors and advances made by the Company, for which necessary legal proceedings were already initiated by the Company which are under various stages. Though, in absence of the liquidity of funds the Company could generate comparative better results during the year under review.

#### INTERNAL CONTROL SYSTEM & THEIR ADEQUACY :

The company has reasonable system of internal control comprising authority levels and the powers, supervision, checks, policies, and the procedures. The Audit Committee consists of Shri S.R. Bohara (Chairman of the Audit Committee), Shri Sumerchand Jain (Director) & Shri Vinay F. Kothari (Director). The said Committee review the adequacy of internal control system and the Compliance thereof.

Further the annual financial statement of the company are reviewed and approved by the committee and placed before the Board for the consideration. The committee also reviewed the internal control system during the year.

#### SHARE CAPITAL & LISTING :

The Equity Share of the Company can also be kept in Electronic form your Company has obtained connectivity from the Central Depository Services Ltd (CDSL) and National Depository Services Ltd (NSDL) to provide facilities to all members and investors to hold the Company's shares in Dematerialised form.



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## **PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

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Company's Equity Shares are listed with the Stock Exchange, Mumbai, M.P. & Ahmedabad. In view of the SEBI (Delisting of Securities) Guidelines, 2003 application has been made with the M.P. and Ahmedabad Stock Exchange for delisting which is under consideration. Therefore, Company Shares will be listed only with the BSE, where the Equity shares of the Company being traded generally.

Your Company is regular in payment of Annual Listing Fee to the Stock Exchanges.

### **DIRECTORS :**

The Board consists of executive & non executive directors including independent directors who have wide & varied experience in different disciplines of Corporate functioning.

Shri Bhavesh Jain was appointed as the additional director of the Company w.e.f. 14th October 2005 in category of the independent director of the company. The company has received notice u/s 257 of the companies Act, 1956 for proposing his candidature for the appointment as the Director of the Company. Your Director recommend to pass the resolution for his appoint as the Director of the Company.

Shri Sumerchand Jain, Director of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

### **PUBLIC DEPOSITS :**

In view of the Directions of the RBI issued on 2nd January, 1998 your Company has neither accepted nor invited any deposit from the General Public. There is no outstanding amount of matured deposits remain unpaid at the end of the financial year.

### **DIRECTORS RESPONSIBILITY STATEMENT :**

In accordance with the provisions of Section of 217(2AA) of the Companies Act, 1956 your directors state that :

- \* In the preparation of accounts, the applicable accounting standards have been followed.
- \* Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the company as at the end of March 31, 2006 and the profit of the company for the year ended on that date.
- \* Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- \* The annual accounts of the company have been prepared on a going concern basis.

### **AUDITORS REPORT :**

The Auditors in their report have referred to the Notes forming part of the Accounts, considering the principle of the materiality, the notes are self explanatory and need no comments.

### **AUDITORS :**

Comments of the Auditors in their Annual Report and the notes forming part of the Accounts, are self explanatory and needs no comment. M/s Airen Saluja & Hablani, Chartered Accountants , Auditors of your Company retires from the office of the Auditors at the ensuing Annual General Meeting. The Company has obtained a Certificate from them in accordance with the provisions of Section 224(1B) of the Company's Act 1956 confirming their eligibility for re-appointment as the auditors of the Company.

Your directors recommend to appoint M/s Airen Saluja & Hablani, Chartered Accountants as the Auditors of the Company to hold office till the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of directors of the Company.



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## **PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

### **CORPORATE GOVERNANCE :**

Your Company is committed to good Corporate Governance Practice and follows the principles of fair representation and full disclosure in all its dealings and communications, thereby protecting the rights and interests of all its shareholders. The Company's goal is to find creative & productive ways of delighting its stakeholders, i.e. investors, customers and associates, while fulfilling the role of a responsible Corporate representative committed to the best practices.

Your Company has complied with the mandatory requirements of clause 49 of the listing agreement within the stipulated time. A report on the Corporate Governance have been annexed to the Director's Report.

### **PERSONNEL :**

The Company continued to have cordial relationship with its employees during the year under review.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION :**

Particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board of Director) Rule 1988 are not applicable to the Company as it has no manufacturing activities during the year under review. The Company has no earnings or outflow of any foreign exchange.

### **PARTICULARS OF EMPLOYEES :**

Particulars of the employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) rules, 1975 are not applicable since, none of the employee of the Company is drawing more than Rs. 24,00,000/- P.A. or Rs. 2,00,000/- P.M. for the part of the year under review.

### **ACKNOWLEDGEMENT :**

Your Directors wish to place on record their sincere appreciation and acknowledge with the gratitude for the assistance, co-operation and encouragement by valued customers, suppliers, bankers, shareholders and employees of the Company and look forward for their continued support.

**For & On Behalf of the Board**

**Indore**

**Dated : 18th August, 2006**

**S.K.BANDI  
DIRECTOR**



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

**CORPORATE GOVERNANCE REPORT  
REPORT OF COMPLIANCE WITH CLAUSE 49  
OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES**

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

The Company's Philosophy on the code of Governance envisages the attainment of the highest level of transparency, accountability and equity in all factes of its operations and in all its interactions with its stakeholders, employers, the government & lenders.

**2. BOARD OF DIRECTORS :**

**(i) Details of Directors :**

The Company is having Five directors in the Board and having optimum composition of the 4 independent director in the Board of Directors of the Company .Details of the Directors of the Company as at 31st Mrach,2006 are as Under :

Directors	Executive/ Non Executive/ Independent	No. of outside Directorship held		No.of outside Positions held		Committee
		Public	Private	Member	Chairman	
Shri S.K.Bandi	Chairman	-	2	-	-	-
Shri Bhavesh Jain	ED/Independent	-	-	-	-	-
Shri S.R.Bohra	NED/Independent	-	-	-	-	-
Shri Vinay F.Kothari	NED/Independent	-	-	-	-	-
Shri Sumerchand Jain	NED/Independent	-	-	-	-	-

**(ii) Details of Board Meetings held during the year :**

During the financial year 2005-06 there was total Eight meetings of the Board of Directors of the Company. Detail regarding the date, venue & Strength of the Board of Directors present at the respective meeting are as under :

Date of Board Meetings	Name of Directors Present at Meeting	Total Strength of the Board	No of Directors Present
20thMay, 2005	SKB,RSS,SRB,VK	5	4
30thMay, 2005	SKB,RSS,SRB,VK	5	4
17th June, 2005	SKB,RSS,VK	5	3
29th July, 2005	SKB,RSS,SRB,VK,SCJ	5	5
15th Sep., 2005	SKB,VK, SCJ,SRB	5	4
14th October, 2005	SKB,BJ,SCJ	5	3
10th March, 2006	SKB,BJ,SCJ,SRB	5	4
28th March, 2006	SKB,BJ,SRB,VK	5	4

**3. AUDIT COMMITTEE:**

**(A) BRIEF DESCRIPTION OF TERMS OF REFERENCE :**

- (a) Oversight of the Company's financial reporting and the discloser of its financial information.
- (b) Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other services.
- (c) Review with the management the annual/half yearly financial statement before submission to the Board, focusing primarily on :
  - (i) any changes in accounting policies and practices:



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## **PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

- (ii) major accounting entries based on exercise of judgement by management;
  - (iii) qualification in draft audit report;
  - (iv) significant adjustments arising out of audit;
  - (v) the going concern assumption;
  - (vi) compliance with Accounting Standards, Stock Exchange and legal requirements concerning financial statement; and
  - (vii) any related party transactions.
- (d) Hold discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- (e) Review the Company's financial and risk management policies and the adequacy of Internal control system.
- (f) Review the adequacy of accounting records maintained in accordance with the provisions of the Companies Act 1956.
- (g) Review the Performance of Statutory Auditors and recommend their appointment & remuneration to the Board, considering their independence & effectiveness.
- (h) Perform other activities consistent with the Company's Memorandum & Articles, the Companies Act, 1956 and other Governing Laws.

### **(B) Composition of Committee and Number of Meetings held :**

S. No.	Name	Designation	Position in Committee
1	Shri S.R. Bohra	Director	Chairman
2	Shri Vinay F. Kothari	Director	Member
3	Shri Sumerchand Jain	Director	Member

The Statutory Auditors and Whole time Director of the Company were also invited by the Committee to express their views in the Meeting.

During the year under review, the Audit Committee of the Board met 4 times viz. 12th May, 2005, 14<sup>th</sup> September, 2005, 20<sup>th</sup> December, 2005 & 20th March, 2006 to deliberate on various matters.

## **4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :**

### **A) Brief description of terms of reference :**

The Company has a "Shareholders Grievance & Transfer Committee" at the Board level to look into the redressing of Shareholders & investors complaints like :

- a) Transfer of Shares, transmissions and delay in confirmation in D-mat of shares.
- b) Non receipt of Annual Report etc.

The Committee oversees the performance of the the Registrar and Share Transfer Agent and recommend measure for overall improvement in the quality of investor services.

### **B) Composition of Committee and number of meetings held :**

S. No.	Name	Designation	Position in Committee
1	Shri S.R. Bohra	Director	Chairman
2	Shri Vinay F. Kothari	Director	Member
3	Shri Bhavesh Jain	Director	Member

During the year under review, the Shareholders Greivance & Transfer Committee of the Board met four times viz. 20<sup>th</sup> July, 2005, 14<sup>th</sup> October, 2005, 16<sup>th</sup> Feb, 2006 & 22th March, 2006.



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## **PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

- (i) Name & Designation of Compliance Officer : Shri S. R. Bohra  
(ii) No. of Shareholders complaints received : 6  
(iii) No. of complaints solved during the year : 6  
(iv) No. of complaints pending at the end of the year : Nil

The Company has given powers to implement transfer, transmission & D-mat of shares to the Share Transfer Agents and to resolve the relating problems as professional agency. The Committee need only specific nature of complaints not resolved within a period of 15 days from the date of its receipts.

### **5. REMUNERATION COMMITTEE :**

#### **(A) Brief Description of terms of reference :**

The terms of reference of the Committee are to review and recommend compensation payable to the executive directors. The Committee also ensures that the policy of the Company provides for performance oriented incentives to managements. Composition of Committee and number of meetings held :

S.No.	Name	Designation	Position in Committee
1	Shri R.S. Bohra	Director	Chairman
2	Shri Vinay F. Kothari	Director	Member
3	Shri Sumerchand Jain	Director	Member

During the year under review, there was only one meeting of the Remuneration Committee held on 20<sup>th</sup> April, 2005.

### **6. GENERAL MEETING :**

Location and time, where last three AGMs held :

Financial Year	2002-2003	2003-2004	2004-2005
Date	26 <sup>th</sup> Sept., 2003	9 <sup>th</sup> Sept., 2004	22 <sup>nd</sup> Sep., 2005
Time	10.00 A.M.	10.00 A.M.	10.00 A. M.
Venue	205, City Centre, 570, M.G.Road, Indore (M.P)	205, City Centre, 570, M.G.Road, Indore (M.P)	401, Starlit Tower 29, Y. N. Road, Indore (M.P)

### **7. DISCLOSURES :**

(i) Related Party Transactions made by the Company have been discussed in the Notes to Accounts for the year ended 31<sup>st</sup> March, 2006. The Register of Contracts containing transactions in which directors are interested is placed before the Board regularly for its approval.

(ii) During the last three years there was no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets.

### **8. MEANS OF COMMUNICATION :**

Quarterly results of the Company are published in leading newspapers such as Dainik Avantika. The results were promptly submitted to the Stock Exchanges where the shares of the Company are listed. The Management Discussion and Analysis have been given in the Director's Report.

### **9. GENERAL INFORMATION TO SHAREHOLDERS**

- (i) Date Time and Venue of Annual General Meeting : 28th September, 2006  
at 10.00 A.M.  
at 401, Starlit Tower  
Y.N.Road, Indore(M.P)



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## PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED

(ii) Financial Calendar :

First Quarter Results	On 30st July, 2005
Second Quarter Results	On or before 31st October, 2005
Third Quarter Results	On or before 31st January, 2006
31st March, 2006	On or before 30th April, 2006

(iii) Dates of Books Closure :

From 25-9-06 to 28-9-06

(iv) Lising on Stock Exchanges :

The Stock Exchanges of Madhya Pradesh\*  
Bombay Stock Exchanges Ltd.  
Ahemdabad Stock Exchange\*

\* The application with the M.P. and Ahemdabad Stock Exchanges for delisting in Under consideration.

(V) Stock Code :

The Stock Exchange, Madhya Pradesh	:	N.A.
The Stock Exchange, Ahemdabad	:	N.A.
The Stock Exchange, Mumbai	:	511660

(VI) Demat ISIN No. for CDSL and NSDL : INE555D01019

(VII) Stock Market Data : Bombay Stock Exchange Ltd., Mumbai

High & low during each month in the last Financial Year :

Month	Highest(Rs.)	Lowest(Rs.)
April,05	3.05	1.29
May,05	3.59	2.36
June,05	4.10	2.42
July,05	4.25	2.02
Aug,05	5.89	2.89
Sept,05	6.82	4.25
Oct,05	4.75	2.91
Nov,05	2.77	1.77
Dec,05	1.74	1.30
Jan,06	1.47	1.19
Feb,06	1.36	1.23
Mar,06	1.45	1.16

(VIII) Share Transfer System :

Shareholders/Investors' Greivance Committee also approves share transfer and meets at frequent intervals. The Company's Share Transfer Agents Ankit Consultancy Pvt. Ltd. process these transfers. Share transfers are registered and returned within a period of 15 days from the date of Receipt, if the documents are cleared in all respects. In case where share are transferred after sending notice to the transferors, in compliance of applicable provisions, the period of transfer is reckoned from the date of expiry of the notice.

(IX) Dematerialisation / Rematerialisation :

Based on a SEBI directive, Company's Shares are traded in electronic (demat) form. As on 31st March, 2006, the Company's 3527980 shares are held by shareowners in dematerialised form comprising of NSDL & CDSL aggregating 53.83% of the Equity Share Capital.



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

**(X) Distribution of Shareholding as on 31st March, 2006 :**

Shareholding of Nominal Value of Rs.	No. of Owners	% of Share holders	No. of Share	% to Total
Up to 1000	14327	89.0	1431577	21.8
1001-2000	492	3.05	98045	1.50
2001-3000	325	2.02	96966	1.48
3001-4000	202	1.96	80675	1.23
4001-5000	154	0.96	76925	1.17
5001-10000	318	1.97	250261	3.88
10001 & Above	287	1.79	4519251	68.94
<b>TOTAL</b>	<b>16105</b>	<b>100.00</b>	<b>6553700</b>	<b>100.00</b>

**(XI) Categories of Shareholders as on 31st March, 2006 :**

Sr. Category	No. of Shares Held	% of Shareholding
<b>A Promoters Holding</b>	2954900	45.09
1) Promoters		
Indian Promoters	2954900	45.09
Foreign Promoters	_____	_____
2) Persons acting in Concert	_____	_____
<b>SUB TOTAL</b>	<b>2954900</b>	<b>45.09</b>
<b>B. Non Promoters Holding</b>	3598800	54.91
3) Institutional Investors	_____	_____
a. Mutual Funds & UTI	149200	2.28
b. Banks, Financial Institutions, Companies (Central/State Govt./ Non-Govt. Institutions )	_____	_____
c. FII's	_____	_____
<b>SUB TOTAL</b>	<b>149200</b>	<b>2.28</b>
4) Others		
a. Private Corporate Bodies	106458	1.62
b. Indian Public	2588942	39.50
c. NRI/OCBs	754200	11.51
d. Any Other	_____	_____
<b>SUB TOTAL</b>	<b>3449600</b>	<b>52.63</b>
<b>GRAND TOTAL</b>	<b>6553700</b>	<b>100.00</b>

**(XII) Address for Communication :**

Shareholders should address their correspondence to the Company's Share Transfer Agent Aakit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chauraha, A.B. Road, Indore (M.P.) and may also contact at the Registered office of the Company.

By Order of the Board  
For PREMIUM CAPITAL MARKET & INVESTMENTS LTD

Place : Indore  
Date : 18th August, 2006

S.K. BANDI  
DIRECTOR



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

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**CERTIFICATE OF STATUTORY AUDITORS  
ON CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**

**To  
The Board of Directors  
Premium Capital Market and Investments Ltd.**

We have examined the compliance of conditions of Corporate Governance procedures as stipulated in Clause 49 of Listing Agreement entered into by the company with the Stock Exchanges, for the financial year beginning 1st April, 2005 and ending on 31st March, 2006.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit or an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for review and the information and explanations given to us by the company. Based on such review, in our opinion, the Corporate Governance Report of the company, referred to above, reflects on a fair basis the status of compliance by the company with the Clause 49 of the Listing Agreement of the Stock Exchanges, relating to Corporate Governance, for the FY 2005-06 and that no investors grievances is pending for a period exceeding one months against the Company as per the records mentioned by the Share Department/Share Transfer Agent of the Company.

We further state that such compliance is neither an assurance or 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, AIREN SALUJA & HABLANI  
CHARTERED ACCOUNTANTS**

**Place : Indore  
Date : 28th June, 2006**

**SANJAY KUMAR AIREN  
PARTNER**



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

**AUDITORS REPORT**

**The Share Holders,**

**M/S PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED, INDORE (M.P)**

Ladies & Gentleman,

- 1) We have Audited the attached Balance-sheet of M/s. PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED : INDORE as at 31st March 2006 and also the Profit & Loss Account and cash flow statement for the year ended on that date annexed therto. 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.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes, examining on 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 the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies Auditors Report Order, 2003 issued by the Central Government, in terms of section 227 (4) (a) of the companies Act, 1956 we give in a annexure a statement on the matters specified in paragraph 4 & 5 of the said order to the extent applicable to the company.
- 4) Further to our comments in the annexure referred above, we report that:-
  - a. 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.
  - b. In our opinion proper books of accounts as required by the law, have been kept by the company so far as appears from our examination of the books.
  - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with books of accounts.
  - d. In our opinion the Balance-sheet and Profit & Loss Account dealt with by this report complies with the Accounting Standards referred to, in sub-section (3C) of Section 211 of the Companies Act,1956.
  - e. On the basis of written representations received from the Directors as on 31.03.2006 and taken on record by the Board of Directors, we report that none of the Director is disqualified from being appointed as Director in terms of the provisions of Section 274 (1) (g) of the Companies Act, 1956 on the said date.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to notes given there on, give the information's required by the Companies Act, 1956 in the manner so required and give a true and fair view :
    - (i) In the case of Balance Sheet, of the state of affairs of company as at 31st March, 2006 and
    - (ii) In the case of Profit and Loss Account, of the Profit of the company for the year ended on that date.
    - (iii) In so far it relates to the Cash flow statement, of the cash flows of the Company for the year ended on that date.

**For, AIREN SALUJA & HABLANI  
CHARTERED ACCOUNTANTS**

**Indore  
28th June, 2006**

**SANJAY KUMAR AIREN  
PARTNER**



Premium

## **PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

### **ANNEXURE TO THE AUDIT REPORT**

(As 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 situations of its fixed assets.  
(b) As explained to us all assets have been physically verified by the management at reasonable intervals during the year, no material discrepancies have been noticed on such verification as compared to the books records.  
(c) No substantial part of fixed assets has been disposed-off by the company during this year hence there is no effect on going concern.
- ii. (a) The clause regarding finished goods and raw material is not applicable to the company being not a manufacturing or trading company.  
(b) The clause regarding physical verification of stocks is not applicable to the company being not a manufacturing or trading company.  
(c) The clause regarding material discrepancies in stock is not applicable to the company being not a manufacturing or trading company.
- iii. (a) The Company has taken secured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act. There are total number of Five parties from whom have taken and amount outstanding as on 31.03.2006 is of Rs. 2.43 Lacs. The maximum outstanding during the year was Rs. 5.74 Lacs.  
(b) The rate of interest and other terms and conditions of the loan taken by the company from the parties covered in the register maintained u/s 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the company.  
(c) The repayment of principal amount and interest is generally regular.  
(d) The Company has given amount of Rs. 137.41 Lacs to Director and their relatives concerns. There are total five parties and amount outstanding as on 31st March 2006 is Rs. 67.01 Lacs. The Maximum outstanding during the year was of Rs. 143.83 Lacs. The terms and conditions and rate of interest of such loan has not been stipulated, hence we are unable to comment upon the above transaction.
- iv. According to the information's and explanations given to us, there are, in our opinion, adequate internal control procedure commensurate with size of company and nature of its business for the purchase of inventories, fixed assets and for the sale of goods/services. As observed by us, there is no continuing failure to correct major weakness in the internal control.
- v. (a) As informed and explained to us, transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, have been entered.  
(b) In our opinion and according to the information and explanations given to us, transactions of purchase of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies Act, 1956, aggregating during the year to Rs. 5 Lacs or more in respect of each party are made at the prevailing market price.
- vi. As informed and explained to us the company has not taken any deposit covered u/s 58-A of the Companies Act, 1956.
- vii. As informed and explained to us the Company has an internal audit system commensurate with its size and nature of business.
- viii. As informed and Explained to us, the Central Government has not prescribed maintenance of cost records u/s 209 (i) (d) of the Companies Act, 1956.



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

- ix. (a) According to information and as per explanations given to us there is no undisputed amount outstanding as on 31.3.06 in respect of income-tax, sales tax, excise duty, customs duty, Provident Fund, ESIC, Investor Education and Protection Fund, Sales Tax, Service Tax, Cess and any other statutory dues which were due for more than six months from the date they become payable.
- (b) As informed and explained to us there is no disputed amount in respect of Sales tax, Income Tax, Custom Duty, Wealth Tax, Exciseduty, Service Tax or Cess.
- x. The Accumulated losses of the company are not less than fifty percent of the net worth of the company. In this financial year the company has not incurred cash losses but in the immediate preceding financial year the company has incurred cash losses of Rs. 1080214/-.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues of Financial institutions, Banks or debenture holders.
- xii. As informed and explained to us the Company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures and other similar securities during the year under audit.
- xiii. As informed and explained to us the Provisions of any Special Statute applicable to chit fund nidhi, mutual benefit/ society are not applicable to company.
- xiv. As informed and explained to us the Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other securities and that timely entries have been made therein. All shares/debentures and other securities have been held by the company in its own name and/or pending for transfer as they are market deliveries except to the extent of exemption if any, granted under section 49 of the Companies Act, 1956. There are some shares which could not be transferred in the name of the company due to some reasons beyond the control of the company and as informed to us the company is in the process of getting it transferred from the respective persons.
- xv. As informed and explained to us the company has not given any type of guarantee for loans taken by others from Bank or any financial institution.
- xvi. The company has not taken any term loan during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that, no funds raised for short term basis have been utilized for Long Term Investments.
- xviii. The Company has not made any preferential allotment of shares during the year.
- xix. No debenture have been issued by the company during this year.
- xx. The Company has not raised any money by way of public Issue during the year.
- xxi. As informed and explained to us no frauds on or by company has been noticed or reported during the year.

**For, AIREN SALUJA & HABLANI  
CHARTERED ACCOUNTANTS**

**Place : Indore  
Date : 28th June, 2006**

**SANJAY KUMAR AIREN  
PARTNER**



Premium

**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

**BALANCE SHEET AS ON 31st MARCH, 2006**

1. SOURCES OF FUND	SCHEDULES	AS AT	AS AT
		31-3-2006	31-3-2005
		(RS.)	(RS.)
<b>SHAREHOLDER'S FUND :</b>			
SHARE CAPITAL	A	65537000	65537000
RESERVES & SURPLUS	B	241534	241534
		<u>65778534</u>	<u>65778534</u>
<b>LOAN FUNDS :</b>			
SECURED LOANS	C	242551	574279
UNSECURED LOANS		0	0
		<u>242551</u>	<u>574279</u>
		<u>66021085</u>	<u>66352813</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS :</b>			
GROSS BLOCK		4341426	4859526
LESS: DEPRECIATION		<u>3399119</u>	<u>3482563</u>
NET BLOCK	D	942307	1376963
INVESTMENTS	E	4342240	3753445
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>			
SUNDRY DEBTORS	F	10223095	11366075
CASH & BANK BALANCE	G	1187684	406329
OTHER CURRENT ASSETS	H	2312047	2339047
LOANS & ADVANCES	I	15773861	17335281
		<u>29496687</u>	<u>31446732</u>
LESS:CURRENT LIABILITIES & PROVISION	J	<u>5001274</u>	<u>6528798</u>
NET CURRENT ASSETS		24495413	24917934
PROFIT & LOSS A/C (Dr. Balance)		36241125	36304471
MISCELLANEOUS EXPENDITURE	K	0	0
(to the extent not written off or adjusted)			
		<u>66021085</u>	<u>66352813</u>
NOTES ON ACCOUNTS	M		
FORMING INTEGRAL PART OF BALANCE SHEET			

As per our report of even date annexed

For Airen Saluja & Hablani  
Chartered Accountants,

For and on behalf of the Board

Sanjay Kumar Airen  
(Partner)

S. K. Bandi  
(Chairman)

Vinay F. Kothari  
(Director)

Place : Indore

Date : 28.06.2006



Premium

**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH 2006**

	YEAR ENDED 31.03.2006 (Rs.)	YEAR ENDED 31.03.2005 (Rs.)
<b><u>INCOME</u></b>		
INCOME FROM OPERATIONS	986840	1350000
DIVIDEND (GROSS)	9881	19205
BROKERAGE & INCENTIVE	-	2022
INTEREST	8947	39658
SUNDRY A/C WRITTEN OFF	23152	-
PROFIT ON SALE OF SHARE	26863	-5131
FUTURE & OPTION TRADING PROFIT (LOSS)	-98129	-132753
	<u>957554</u>	<u>1273001</u>
<b><u>EXPENDITURE:</u></b>		
ADMINISTRATIVE EXPENSES L	714551	833297
DEPRECIATION	172007	202323
MISC. EXPENDITURE WRITTEN OFF	-	637981
LOSS ON SALE OF FIXED ASSETS	7650	12800
BAD DEBTS WRITTEN OFF	-	34961
SEBI TURNOVER FEES	-	1519918
	<u>894208</u>	<u>3241280</u>
NET PROFIT / (LOSS) BEFORE TAX	63346	-1968279
PROVISION FOR TAX	0	0
NET PROFIT / (LOSS) AFTER TAX	63346	-1968279
BALANCE B/F FROM PREVIOUS YEAR	-36304471	-34336192
AMOUNT AVAILABLE FOR APPROPRIATION	-36241125	-36304471
<b><u>APPROPRIATIONS</u></b>		
TRF. TO RESERVE U/S 45IC OF RBI ACT	0	0
BALANCE CARRIED TO BALANCE SHEET	<u>-36241125</u>	<u>-36304471</u>

Earning Per Share (Note No.16)

(Face Value of Rs.10/- per Share) Rupees

Basic and Diluted Earning Per Share

0.01

(0.30)

SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES ON ACCOUNT FORMING M  
INTEGRAL PART OF BALANCE SHEET

As per our report of even date annexed

For Airen Saluja & Hablani  
Chartered Accountants,

For and on behalf of the Board

Sanjay Kumar Airen  
(Partner)

S. K. Bandi  
(Chairman)

Vinay F. Kothari  
(Director)

Place : Indore

Date : 28.06.2006



Premium

**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

**SCHEDULE A TO M FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

<b>SCHEDULE : A SHARE CAPITAL</b>	<b>AS AT 31-3-2006</b>	<b>AS AT 31-3-2005</b>
<b>AUTHORISED CAPITAL</b>		
1,00,00,000(1,00,00,000) EQUITY SHARES OF RS. 10/- EACH	<u>100000000</u>	<u>100000000</u>
<b>ISSUED,SUBSCRIBED &amp; PAIDUP CAPITAL</b>		
65,53,800 (65,53,800) EQUITY SHARES OF RS. 10/- EACH	65538000	65538000
LESS: CALLS IN AREEAR	<u>1000</u>	<u>1000</u>
	<u>65537000</u>	<u>65537000</u>
<b>SCHEDULE :B</b>		
<b>RESERVE &amp; SURPLUS</b>		
Reserve U/s 45IC of RBI Act	241534	241534
	<u>241534</u>	<u>241534</u>
<b>SCHEDULE : C</b>		
<b>SECURED LOANS</b>		
From Directors & Shareholders (Against shares)	242551	574279
Total	<u>242551</u>	<u>574279</u>
<b>SCHEDULE : F</b>		
<b>SUNDRY DEBTORS</b>		
Sundry Debtors (Unsecured & Considered good) Exceeding Six Months	11150423	12293403
Others	-	-
	<u>11150423</u>	<u>12293403</u>
Less : Provision for N.P.A.	927328	927328
	<u>10223095</u>	<u>11366075</u>

**SCHEDULE 'D'**

**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	RATE OF DEPRN	AS ON 1.4.2005	ADDITION DURING THE YEAR	SALE/TR. DURING THE YEAR	TOTAL ASON 31.03.06	DEPRN UPTO 01.4.05	DEPRE. FOR THE YEAR	DEPRN ON SALE OF ASSETS	DEPRN UPTO 31.3.06	NETBLOCK AS ON 31.3.06	NETBLOCK AS ON 31.03.05
Computer	16.21	1861799	0	0	1861799	1720177	26179	0	1746356	115443	141622
Computer Software	4.75	139100	0	0	139100	58226	6607	0	64833	74267	80874
Furniture & Fixtures	6.33	2205632	5000	523100	1687532	1405217	106821	255450	1256588	430944	800415
Vehicles	9.50	29100	0	0	29100	21887	2765	0	24652	4449	7213
Misc Fixed Assets	4.75	623895	0	0	623895	277055	29635	0	306690	317205	346840
<b>TOTAL</b>		<b>4859526</b>	<b>5000</b>	<b>523100</b>	<b>4341426</b>	<b>3482562</b>	<b>172007</b>	<b>255450</b>	<b>3399119</b>	<b>942307</b>	<b>1376964</b>
<b>TOTAL PREVIOUS YEAR</b>		<b>4980424</b>	<b>183500</b>	<b>304398</b>	<b>4859526</b>	<b>3536838</b>	<b>202323</b>	<b>256598</b>	<b>3482563</b>	<b>1376963</b>	<b>1443586</b>



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

**SCHEDULE - 'E'**

**INVESTMENT:**

(1) LONG TERM INVESTMENTS	AS AT 31.03.06		AS AT 31.03.05	
	NO. OF SHARES	AMOUNT Rs.	NO. OF SHARES	AMOUNT Rs.
<b>(A) QUOTED SHARES (fully paid up)</b>				
Ambuja Agro Industries	1000	19180	1000	19180
ANJ Solvent (Ind) Ltd	43110	431100	43110	431100
ATV Project Ltd	500	14950	500	14950
A.PPower Tools Ltd	97800	978000	97800	978000
Chambal Fertilizer	700	15966	700	15966
Cochin Minerals	2000	39143	2000	39143
DCL Polysters	200	4710	200	4710
Decan Hospital	400	4000	400	4000
D.S. Sancheti	1500	19885	1500	19885
EBRS Pharmacueticals Ltd	200	10250	200	10250
Gujarat Sidhi Cement	0	0	1000	14525
G.R. Magnets	900	12530	900	12530
Harshwardhan Chemicals	300	3900	300	3900
IFCI Ltd	1400	26997	400	14512
Ispat Industries Ltd	0	0	450	26800
Ispat Profile	807	17210	807	17210
I.G. Petro	3800	391753	3800	391753
Jindal Vijay Nagar	1500	19662	1500	19662
Keynote Corp. Ser. Ltd	2500	300000	2500	300000
Mahendra Cement Ltd	1500	12750	1500	12750
Manglore Ref. Petro Ltd	200	9750	200	9750
Maya Spinners Ltd	200	2120	200	2120
Nagarjun Fertilizers Ltd	0	0	1500	44920
Nirlon Ltd	500	4000	500	4000
Olympia Capital	4000	50205	4000	50205
Olympia Industries	500	6650	500	6650
Olympia Management	1000	12250	1,000	12250
PF Mix International	1000	17425	1000	17425
Pitty Cement Ltd	300	4199	300	4199
Radhe Developers	100	5000	100	5000
Sanghi Polysters Ltd	10000	262446	10000	262446
Satkar Electronics	2500	31963	2500	31963
Sunflag Iron & Steel	135	4050	135	4050
Sup. Oriented Film Ltd	1000	42782	1000	42782
Tirupati Starch	500	7625	500	7625
Vatsa Corporation	500	10525	500	10525
Videocon Appliance	25	5125	25	5125
Vidula Chemicals	200	6000	200	6000
<b>SUB TOTAL (A)</b>		<b>2804101</b>		<b>2877861</b>



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

**B. UNQUOTED SHARES (Fully Paid up)**

Premium Global Securities Ltd.	1200000	1200000
Premium Global Comm. & Der. Pvt. Ltd.	600000	-
Sudarshan H&R Cent. Ltd.	-	50000
Girnar H & D Pvt Ltd.	10000	10000
Alaska Cap. Market P Ltd	5000	5000
<b>SUB TOTAL (C)</b>	<u>1815000</u>	<u>1265000</u>
<b>TOTAL (A)+(B)</b>	<u>4619101</u>	<u>4142861</u>
LESS: Provision for Diminution in Market Value	577804	577804
<b>TOTAL</b>	<u><u>4041297</u></u>	<u><u>3565057</u></u>

**CURRENT INVESTMENTS**

**QUOTED SHARES (Fully paid up)**

	AS AT 31.03.06		AS AT 31.03.05	
	NO. OF SHARES	AMOUNT Rs.	NO. OF SHARES	AMOUNT Rs.
3I infotech Ltd.	100	17861	0	0
Apollo Tyre	100	7800	100	7800
ATV Project	50	108	50	108
Autorider finance	50	90	50	90
Bihar Alloys	200	400	200	400
Birla Century	100	800	100	800
Can Bonus	200	2100	200	2100
Central India Polyster	2000	23469	0	0
Chokhani International	100	525	100	525
DCL Polyster Ltd.	100	300	100	300
Deepak Fertilizer	100	1400	100	1400
G.G. Automative	100	600	100	600
G.R. Magnets	50	170	50	170
Gujarat Siddhi Cement	1000	18953	0	0
HDFC Bank	300	16385	300	16385
ICICI	50	2360	50	2360
International Comptech	200	800	200	800
ION Exchange	250	12946	250	12946
Jay Balaji Sponge Ltd.	1000	55079	0	0
Jaiprakash Associates	300	143890	0	0
J.K. Udaipur Udhog	100	700	100	700
JBF Industries	400	28651	5000	329706
J.P. Industries Ltd	100	4188	100	4188
KJMC Financial Services	500	9752	500	9752
Kitply Industries	0	0	1000	5980
Manglam Cement Ltd.	1000	139293	0	0
Maars Software	0	0	1000	3733



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

MID Industries	600	800	600	800
Motoral (I) Ltd.	2000	9288	2000	9288
M.P. Glychem	1000	4966	1000	4966
Mukati Transformers	400	1180	400	1180
Nav Bharat Ent.	1300	7300	1300	7300
Octogon Industries Ltd.	100	200	100	200
Panchmahal Cement	500	250	500	250
Ranbow Paper	0	0	200	6997
Reliance Natural	1000	30714	0	0
Shree Precoated Cement	10	160	10	160
Surya Agro Oil Ltd.	1000	2000	1000	2000
Tata Consultancy Service	10	16881	0	0
Taurus Star	600	2761	600	2761
Tisco	50	9076	50	9076
Tinplate Telecom	0	0	250	13842
Toor Spinners	25000	62506	25000	62506
Uni Min	0	0	100	1980
Vasta Industries	200	700	200	700
		<u>637403</u>		<u>524850</u>
LESS: Provision for Diminution in Market Value		<u>336459</u>		<u>336459</u>
		<u>300944</u>		<u>188391</u>
Long Term Investment		<u>4619101</u>		<u>4142861</u>
Current Investment		<u>637403</u>		<u>524850</u>
<b>TOTAL INVESTMENTS</b>		<u>5256504</u>		<u>4667711</u>
LESS : Provision for Diminution in Market Value		<u>914263</u>		<u>914263</u>
<b>TOTAL</b>		<u>4342240</u>		<u>3753448</u>



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

<b>SCHEDULE : G</b>	<b>AS AT</b>	<b>AS AT</b>
<b>CASH &amp; BANK BALANCES</b>	<b>31-3-2006</b>	<b>31-3-2005</b>
(Cash Balance taken and certified by Management)		
Cash in hand, Indore	96512	316667
	96512	316667
Balance with Scheduled Banks		
In Current Accounts	1091172	89662
In Deposit Accounts	0	0
	1187684	406329
<b>SCHEDULE : H</b>		
<b>OTHER CURRENT ASSETS:</b>		
Receivable against		
Capital goods	2312047	2339047
Lease Rent Receivable	4210600	4210600
Interest Receivable	5332765	5332765
	11855412	11882412
LESS :		
Prov. for unrealised Lease Rent	4210600	4210600
Prov. for Interest receivable	5332765	5332765
	2312047	2339047
<b>SCHEDULE : I</b>		
<b>LOANS &amp; ADVANCES(Given)</b>		
Secured Loans	3727556	3727556
Less: Provision for N.P.A.	1031561	1031561
	2695995	2695995
Unsecured Loans (Considered good)	0	0
	0	0
Advance (Recoverable in cash or kind or for value to be received)	12039784	13599754
	12039784	13599754
Sundry Deposits	1038082	1039532
	1038082	1039532
(a+b+c+d)	15773861	17335281



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

<b>SCHEDULE : J</b>	<b>AS AT</b>	<b>AS AT</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>31-3-2006</b>	<b>31-3-2005</b>
Sundry Creditors(Other than SSI)	3819432	4825515
Interest Suspense A/c	1181842	1703283
	<u>5001274</u>	<u>6528798</u>
<b>SCHEDULE : K</b>		
<b><u>MISCELLANEOUS EXPENDITURE</u></b>		
(To the extent not written off)		
Public Issue, Preliminary & Pre-Operative expenses		
Opening Balance	-	637981
Less: W/off during the year	-	637981
	<u>-</u>	<u>0</u>
<b>SCHEDULE : L</b>		
<b><u>ADMINISTRATIVE &amp; GENERAL EXPENSES</u></b>		
Telephone & Trunkcall Expenses	-	2340
Printing & Stationery	56385	20499
Salary & Allowances	24915	168188
Share Transfer Fees	62631	26450
Conveyance Expenses	-	2200
Advertisement	-	17789
Office & General exp.	3075	8928
Travelling Expenditure	-	68160
Postage & Courier	67860	69640
Computer Stationery & Maintenance	1500	9188
Legal & Professional charges	342451	37841
Professional Tax	2500	-
Insurance	-	592
Investment written off	50000	-
Repairs & Maintenance	-	42840
Data Entry Charges	-	101209
Office Rent	24000	126882
STT (Delivery)	8659	-
STT (Square up)	4321	-
Director Remuneration & Allowance	36000	80889
VSAT Expenses	-	12500
Audit Fees	8100	8100
Internet Exp.	1200	8305
Other Expenses	1754	1211
(Include Seminar Exp. & D-mat Chrg.)		
Bank Charges	4200	4546
Listing Fees	15000	15000
	<u>714551</u>	<u>833297</u>



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## **PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

### **SCHEDULE - M**

#### **NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES**

##### **A. INCOME RECOGNITION :**

1. Dividend Income accounted for on receipt basis.
2. Interest and other income are accounted for on accrual basis except for not performing assets.
3. SEBI Turnover fees is being accounted for on payment basis.

##### **B. EXPENSES :**

It is the policy of the company to provide all the known expenses on accrual basis except as state elsewhere in the notes to the accounts.

##### **C. FIXED ASSETS :**

Fixed Assets are stated at Historical cost less depreciation.

##### **D. DEPRECIATION :**

Depreciation on Fixed assets has been provided on straight line method on Pro-rata basis as per the rates prescribed in schedule XIV to the Companies Act 1956.

##### **E. VALUATION OF INVESTMENTS :**

(a) Long term Investments are valued at cost. However the management is of the view that the shortfall of Rs. 25.08, Lacs between the aggregate book value of long term investment in quoted share and aggregate market value as at 31st March, 2006 is temporary & in view of management provision of Rs. 5.77 Lacs is sufficient.

Current investment are valued at cost and no further provision was necessary to be made for diminution in the market value as at the end of year.

##### **F. AMORTISATION POLICY :**

Public Issue Expenses Preliminary & pre-operative expenses are amortise over a Period of 10 years on pro-rata Basis.

##### **G. BORROWING COSTS:**

Borrowing cost that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs were eligible for capitalisation during the financial year.

##### **H. RETIREMENT BENEFITS:**

The company has not provided for Retirement benefits as in the opinion of management provisions of provident fund, Gratuity, Leave encashment are not applicable to the company.

##### **I. NOTES TO THE ACCOUNTS & ADDITIONAL INFORMATION PURSUANT TO PART 2ND & 3RD OF SCHEDULE SIXTH OF THE COMPANIES ACT, 1956.**

###### **1. Information Relating to Directors' Remuneration :**

	<b>2005-04</b>	<b>2004-2005</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
a. Remuneration	<b>36000</b>	<b>80889</b>
b. Allowances	<b>----</b>	<b>----</b>
<b>Total</b>	<b><u>36000</u></b>	<b><u>80889</u></b>

c. As no commission is payable to directors, the computation of net profit as per section 340 of the Company Act, 1956 is not furnished.



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

2. Auditors Remuneration :
- |                      |                |                  |
|----------------------|----------------|------------------|
|                      | <b>2005-06</b> | <b>2004-2005</b> |
|                      | <b>(Rs.)</b>   | <b>(Rs.)</b>     |
| Statutory Audit Fees | <b>8100</b>    | <b>8100</b>      |
3. The Company has not made provision for Income tax for this year due to losses (Previous Year Rs. NIL) under the income Tax Act, 1961, as per expert advice taken in this respect.
4. Expenditure in foreign currency :
- |                        |                |                |
|------------------------|----------------|----------------|
|                        | <b>2005-06</b> | <b>2004-05</b> |
|                        | <b>(Rs.)</b>   | <b>(Rs.)</b>   |
| Travelling Expenditure | <b>NIL</b>     | <b>NIL</b>     |
5. Earning in foreign Currency : **NIL** **NIL**
6. Unreconciled Inter Branch reconciliation Account Rs. 38,083 (Dr.) and NSE Accounts Rs. 36,082 (Dr.) for earlier years grouped under the head of account Advances.
7. In the opinion of Board of Directors, the Current Assets i.e. Sundry Debtors Loans and Advances and Other Current Assets as at the end of the year 31.03.2006 have a value on realisation in the ordinary course of the business at least equal to the amount at which these are stated.
8. Secured loans from Directors & Shareholders in the opinion of management, on the basis of expert advise taken by them, are not falling under public deposits.
9. Contingent liabilities not provided for : **NIL** **(NIL)**

10. Related Party Disclosures:

SL. NO.	NAME OF THE RELATED PARTY	RELATION	NATURE OF TRANSACTION	TRANSACTION AMOUNT (Rs.)
i.	S.K.BANDI	DIRECTOR	OFFICE RENT PAID	24000
			CONSULTANCY FEES	200000
			ON A/C PAYMENTS	3922000
			ON A/C RECEIPTS	1265000
			CLOSING BALANCE	2596998 (Dr.)
ii.	SUSHMA BANDI	RELATIVE OF DIRECTOR	ON A/C PAYMENTS	3100000
			ON A/C RECEIPTS	930000
			CLOSING BALANCE	2170000 (Dr.)
iii.	R.S.SHEKHAWAT	DIRECTOR	REMUNERATION	4250
iv.	BHAVESH JAIN	DIRECTOR	REMUNERATION	31750
v.	GAURAV BANDI	RELATIVE OF DIRECTOR	ON ACCOUNT PAYMENT	2850000
			ON A/C RECEIPTS	2050000
			CLOSING BALANCE	637129 (Dr.)
vi.	PREMIUM GLOBAL ASSOCIATE SECURITIES P. LTD. COMPANY		ON A/C PAYMENTS	3869838
			ON A/C RECEIPTS	2776625
			BROKERGE ON NSE TRANSACTION	14372
			SALE OF FURMITURE & FIXTURE	260000
			CLOSING BALANCE	750000 (Cr.)



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

vi.	PREMIUM OUT SOURCING	DIRECTORS' RELATIVE CONCERN	ON A/C PAYMENT ON A/C RECEIPTS CLOSING BALANCE	5000 1257000 (Dr.)
vii.	NEHA BANDI	RELATIVE OF DIRECTORS'	ON ACCOUNT PAYMENT CLOSING PAYMENT	85882 Nil
viii.	DIVYA BANDI	RELATIVE OF DIRECTORS'	ON A/C PAYMENTS CLOSING BALANCE	46974 Nil

13. Previous year figures are regrouped/rearrange wherever necessary to confirm with current year classification. Amount rounded off to nearest of Rupee.

14. Debit and Credit Balance of Parties are subject to confirmation from concerned parties.

15. Provision for Deferred Tax Assets not made as company is running in Losses and there is no virtual certainty that in near future sufficient taxable income will be available .

16. Earning Per Share:  
(Figures in Bracket shows Loss)

YEAR	2005-06	2004-05
[Net Profit (Loss) after Tax for the year used as the Numerator]	63346	(1961667)
Weighted average number of Equity Shares- used as Denominator	6553800	6553800
Basic and Diluted Earning Per Share (Rupee)	0.01	(0.30)

17. Additional information pursuant to Part IV of Schedule VI of The Company Act, 1956, are as per annexures.

As per our report of even date annexed

**For Airen Saluja & Hablani  
Chartered Accountants,**

**For and on behalf of the Board**

**Sanjay Kumar Airen  
(Partner)**

**S. K. Bandi  
(Chairman)**

**Vinay F. Kothari  
(Director)**

Place : Indore

Date : 28.06.2006



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**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDING ON 31ST MARCH, 2006**

	2005-06	2004-05
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before interest,tax and Extra-ordinary items	63346	-1968278
<b>ADJUSTMENTS FOR :-</b>		
Depreciation	172007	202323
Misc. Expenses amortised	0	637981
Bad debts Written off	0	34961
Interest Income	-8947	0
Dividend	-9881	-19205
Loss/(Profit) on sale of investment	-26863	5131
Future & Option Trading Loss / (Profit)	98129	0
Provision for Dim in Current Inv.	0	0
Loss on sale of Fixed Assets	7650	12800
Operating Profit before Working Capital Changes	<u>295441</u>	<u>-1094287</u>
<b>ADJUSTMENTS FOR :-</b>		
Decrease in Trade and Other Receivable	2731400	691902
Increase/Decrease in Trade Payables and other Liabilities	<u>-1527524</u>	<u>1131484</u>
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<u>1499317</u>	<u>729099</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-5000	-183500
Sale of Fixed Assets	260000	35000
Net Decrease / (Increase) in investment	-588795	613422
Interest Income	8947	0
Dividend received	9881	19205
Profit (Loss) from trading in share	26863	-5131
Future & Option Trading Loss / (Profit)	-98129	0
<b>NET CASH USED IN INVESTING ACTIVITY (B)</b>	<u>-386233</u>	<u>478996</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance Charged paid	0	0
Secured Loans Increase (Decrease)	-331728	-997430
Proceeds from Bank Borrowings	0	0
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<u>-331728</u>	<u>-997430</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)</b>	<u>781355</u>	<u>210665</u>
Cash and Cash Equivalents as at the commencement of the year	406329	195664
Cash and Cash Equivalents as at the end of the year	<u>1187684</u>	<u>406329</u>
Net Increase as Disclosed above	<u>781355</u>	<u>210665</u>
Note : All figures in brackets are outflows		

For and on behalf of the Board

Place : Indore  
Date : 28-06-06

S. K. Bandi  
Chairman

Vinay F. Kothari  
(Director)



Premium

**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

To  
**The Board of Directors  
Premium Capital Market and Investments Ltd.  
INDORE**

We have verified the attached Cash Flow Statement of PREMIUM CAPITAL MARKET AND INVESTMENTS LIMITED complied from the audited annual financial statement for the year ended on 31st March 2006 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

**For, AIREN SALUJA & HABLANI,  
Chartered Accountants**

**Indore  
28.06.2006**

**SANJAY KUMAR AIREN  
PARTNER**

**INFORMATION STATEMENT PURSUANT TO PART IV OF  
SCHEDULE VI OF THE COMPANIED ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S CENTRAL BUSINESS PROFILE**

**I. Registration details :-**

Registration No.	<table border="1"><tr><td>1</td><td>0</td><td>-</td><td>0</td><td>7</td><td>1</td><td>7</td><td>8</td></tr></table>	1	0	-	0	7	1	7	8	State Code	<table border="1"><tr><td>1</td><td>0</td></tr></table>	1	0
1	0	-	0	7	1	7	8						
1	0												
Balance sheet Date	<table border="1"><tr><td>3</td><td>1</td><td>0</td><td>3</td><td>2</td><td>0</td><td>0</td><td>6</td></tr></table>	3	1	0	3	2	0	0	6				
3	1	0	3	2	0	0	6						

**II. Capital raised during the year  
(Amount is Rs. 000)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III. Position of Mobilisation and deployment of funds :-**

(amount in Rs. 000)													
Total Laibilities	<table border="1"><tr><td>6</td><td>6</td><td>0</td><td>2</td><td>1</td></tr></table>	6	6	0	2	1	Total Assets	<table border="1"><tr><td>6</td><td>6</td><td>0</td><td>2</td><td>1</td></tr></table>	6	6	0	2	1
6	6	0	2	1									
6	6	0	2	1									
		Source of funds											
Paid-up capital	<table border="1"><tr><td>6</td><td>5</td><td>5</td><td>3</td><td>7</td></tr></table>	6	5	5	3	7	Reserve & Surplus	<table border="1"><tr><td>0</td><td>0</td><td>2</td><td>4</td><td>1</td></tr></table>	0	0	2	4	1
6	5	5	3	7									
0	0	2	4	1									
Secured Loan	<table border="1"><tr><td>0</td><td>0</td><td>2</td><td>4</td><td>3</td></tr></table>	0	0	2	4	3	Unsecured Loan	<table border="1"><tr><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>	0	0	0	0	0
0	0	2	4	3									
0	0	0	0	0									
<b>APPLICATION OF FUNDS</b>													
Net Fixed Assets	<table border="1"><tr><td>0</td><td>0</td><td>9</td><td>4</td><td>2</td></tr></table>	0	0	9	4	2	Investments	<table border="1"><tr><td>0</td><td>4</td><td>3</td><td>4</td><td>2</td></tr></table>	0	4	3	4	2
0	0	9	4	2									
0	4	3	4	2									
Net Current Assets	<table border="1"><tr><td>2</td><td>4</td><td>4</td><td>9</td><td>5</td></tr></table>	2	4	4	9	5	Misc. Expenditure	<table border="1"><tr><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>	0	0	0	0	0
2	4	4	9	5									
0	0	0	0	0									
Accumulated Losses	<table border="1"><tr><td>3</td><td>6</td><td>2</td><td>4</td><td>1</td></tr></table>	3	6	2	4	1							
3	6	2	4	1									

**IV. Performance of Company  
(Amount in Rs. 000)**

Total Income	<table border="1"><tr><td>0</td><td>0</td><td>9</td><td>5</td><td>7</td></tr></table>	0	0	9	5	7	Total Expenditure	<table border="1"><tr><td>0</td><td>0</td><td>8</td><td>9</td><td>4</td></tr></table>	0	0	8	9	4
0	0	9	5	7									
0	0	8	9	4									
Loss before Tax	<table border="1"><tr><td>0</td><td>0</td><td>0</td><td>6</td><td>3</td></tr></table>	0	0	0	6	3	Loss after tax	<table border="1"><tr><td>0</td><td>0</td><td>0</td><td>6</td><td>3</td></tr></table>	0	0	0	6	3
0	0	0	6	3									
0	0	0	6	3									
Earing per share (Rs.)	0.01	Dividend rate (%)	NIL										

**V. Generic Names of three Principal:- N.A.**

**Service of the Company  
(as per monetary terms)**

**Note :** The amounts in the Balance-sheet, Profit & Loss Account and Cash Flow Statement are rounded off to the nearest of rupee.



**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**

**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**  
401, STARLIT TOWER, 29, Y. N. ROAD, INDORE 452 003

**PROXY FORM**

I/We ..... of ..... In the district of ..... being a member/members of the above named company, here by appoint ..... of ..... in the district of ..... or failing him/her ..... of ..... in the district of .....

as my/our proxy to attend and vote for me/us on my/our behalf at the 14th ANNUAL GENERAL MEETING of the Company to be held on September 25<sup>th</sup> 2006 and at any adjournment there of.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2006  
Signature \_\_\_\_\_

**(Affix  
Rupee1  
Revenue  
Stamp)**

**Reference Folio No.  
No. of Shares**

**Note :-**

- (a) The form should be signed accrossed the stamp as per specimen signature registered with the comany.
- (d) This Form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.

-----**(Tear Here)**-----

**PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED**  
401, STARLIT TOWER, 29, Y. N. ROAD, INDORE 452 003

**ATTENDANCE SLIP**

(To be handed over the entrance of the meeting hall)

I/We hereby record my/ presence at the 14th ANNUAL GENERAL MEETING held at 401, STARLIT TOWER, 29, Y. N. ROAD, INDORE 452 003 on September 25<sup>th</sup> 2006.

Full name of Member (in block letters) .....

Reg. Folio No. .... No. of Shares held .....

Full name of Proxy (in block letters) .....

Signature of the Member's / Proxy's/Proxies, Present .....

Please complete and sign. this attendance slip and and over at the entrance of the meeting hall, only Member (s) or their proxies with this attendance slip will be allowed entry to the meeting.

**BOOK POST  
PRINTED MATTER**

To. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**If Undelivered please return to :  
PREMIUM CAPITAL MARKET & INVESTMENTS LIMITED  
Registered Office : 401, STARLIT TOWER, 29, Y. N. ROAD, INDORE 452 003**