

# PRIME SECURITIES LIMITED

A financial and  
restructuring solutions  
company



ANNUAL REPORT 2016-17



## INTRODUCTION



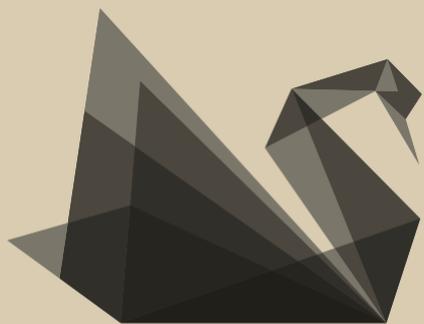
Prime Securities Limited reported a record year in 2016-17.

The Company reported consolidated revenues of ₹19.58 crores and consolidated post-tax profit (including one-time write-backs) of ₹20.12 crores.

This profitable growth was the result of the Company transforming its operating model.

From a fund-based approach to a fee-based business.

Enhancing business sustainability.



BLACK SWANS AND  
PRIME SECURITIES



## Black Swan.

More than a living creature; a term derived from the Latin ('a rare bird in the lands and very much like a black swan') that presumed that all swans would be white, and hence standing for a statement of impossibility.

And then something unexpected happened: Dutch explorers saw black swans in Western Australia in the late seventeenth century, making a number of people turn the phrase around to stand for something completely unforeseen.

Author Nassim Nicholas Taleb's 2007 book *The Black Swan* wrote of undirected and unpredicted events influencing financial markets from the outside - Internet, personal computer, World War I, collapse of the Soviet Union and September 2001 attacks.

Since then, Black Swans have come to stand for completely surprising events, events with large effect and rationalised only by hindsight.

A series of Black Swans have caught a number of companies off guard; their competitiveness has been affected; a number of them are in need of urgent restructuring.

At Prime Securities, our business model is directed in helping companies restructure to erstwhile health through innovative solutions.

Since we believe that the convergence of a large number of sweeping variables will only increase business uncertainty, the operating model of Prime Securities will continue to be relevant.

*Strengthening business sustainability.*



BUTTERFLIES AND  
PRIME SECURITIES



There is a theory that something as seemingly inconsequential as a butterfly flapping its wings in, say, India, could cause a tornado in California.

The inter-relatedness of things indicates that small changes in one region can have large effects in another.

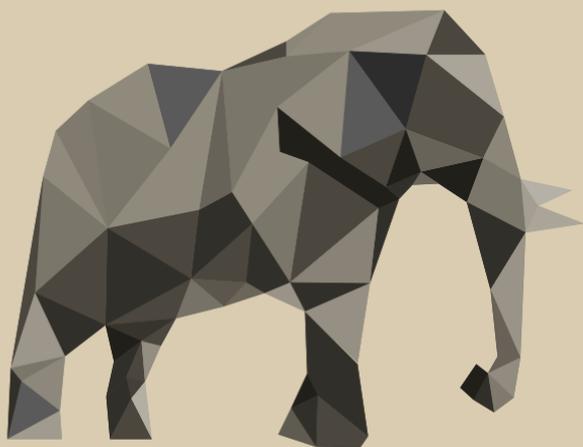
In a globalised world, the Butterfly Effect is increasingly relevant. Labour law changes in one region could affect the competitiveness of an entire country half the world away. A decrease in anti-dumping duties in one country could affect ground level incomes in half a dozen countries. An increase in the tax structure of one country could put people out of work in others.

A number of Indian companies have been affected by the Butterfly Effect influenced by trends across regions, countries and continents. With their competitiveness affected, these companies now need to restructure their financial and operating models to return to erstwhile health.

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At Prime Securities, we work closely with such companies affected by the Butterfly Effect. As the essence of globalisation endures, marked by cross-border business, the need for companies to restructure will only enhance our relevance.

*Widening our opportunity canvas.*



## ELEPHANTS AND PRIME SECURITIES



In the corporate world, companies that are large and sluggish are referred to as elephants.

There is a growing perception that elephants have no place in the corporate world.

At Prime Securities, we are deeply interested in elephants.

We study elephants, we track the reasons that make them sluggish, we engage in simulation exercises ('what if...') on what change in critical variables could make these elephants dance again.

We have taken this interest ahead. We engage in non-mandated pitches at such companies. Explaining how a change in their Balance Sheet structure could unleash corporate value. And, more specifically, impressing upon them how we could help make that a reality.

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At Prime Securities, we work with a singular focus in helping companies restructure. We generate attractive fee income; in a number of cases, our engagements have been referred to peer companies.

*Helping us grow our business.*

# THE HEALTH OF OUR BUSINESS

**Consolidated Revenues from operations**  
(₹ crores)



**Consolidated PAT**  
(₹ crores)



**Consolidated EPS**  
(per share of FV ₹5)



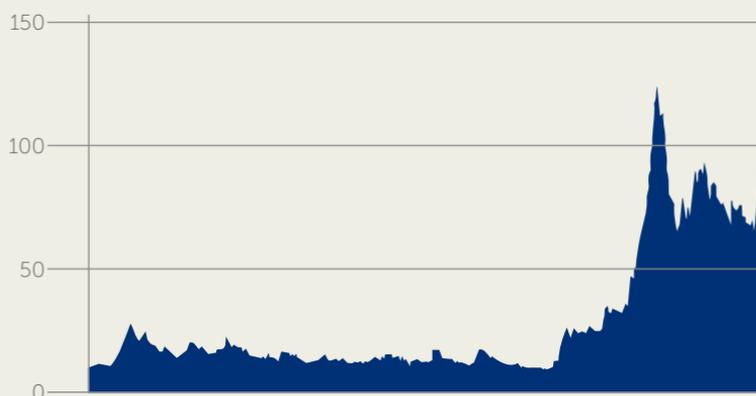
\* FY 2013-15 was for a period of 18 months from (01-10-2013 to March 31, 2015)

Balance Sheet ratios	2013-15*	2015-16	2016-17
Earnings per share	(5.75)	5.36	7.60
Book Value per share	(5.52)	(0.15)	0.92

Profitability ratios	2013-15*	2015-16	2016-17
EBIDTA margin (%)	-	57.20	77.10
Net profit margin (%)	-	136.40	118.70
Return on capital employed (%)	-	5.77	66.73
Return on equity (%)	-	-	827.60
Debt/Equity	-	-	6.98

## Market capitalisation

(₹ crores) (April 2014 to March 2017)



Above ratios are based on Consolidated Financial Accounts

\* FY 2013-15 was for a period of 18 months from  
(01-10-2013 to March 31, 2015)

## CHAIRMAN'S OVERVIEW



There are three messages that I wish to communicate in my overview to shareholders in this report.

**One**, the year 2016-17 was a watershed in our existence, the impact of which is only beginning to get increasingly visible in our financials.

**Two**, the completely reincarnated Prime Securities has virtually no connection with its conventional fund-based business.

**Three**, the Company's fee-based business is increasingly relevant to the rapidly evolving business landscape.

Earlier this report provided a short primer on 'Black Swan' events that affect companies deeply because they are outliers and therefore lie outside the realm of traditional expectations. Past evidences do not predict those events and they carry significant impact. Nassim Nicholas Taleb, the author of this concept, summarises the 'Black Swan' as "rarity, extreme and retrospective predictability": the hindsight explains it perfectly but it is impossible to predict prospectively. But, these supposedly once-in-a-hundred-year events, have been happening all the time, subjecting companies and their managements to unsettling turbulence.

Some of these events, with increasing frequency, have been explained by the 'Butterfly Effect', the other concept discussed earlier.

Globalisation, engendered under trade agreements in the last two decades, has created fast pathways to transmit the changes in distant markets and to create disturbances (also opportunities) in different geographies. India hasn't been immune. While Indian businesses certainly enjoyed the fruits of comparative advantages of lower labour costs, it is now time to be upstaged by similar disadvantages in many industries including core industries. For example, massive increase in steel making capacities in China led to scale economies and low prices. Free markets led to large imports that affected Indian steel makers adversely. By the time anti-dumping duties were levied recently, many companies were laid low with massive unserved debts.

These developments show no signs of abating, with

national governments trying to protect their industry and employment in respective countries. Some US economists are now talking of a prospect of reorder of global trade blocks, with the US on one side and all others on the receiving end of a likely imposition of border entry tax by the Trump administration. Developments in our neighbourhood, like the One Belt One Road (OBOR) initiative by China, are expected to be as disruptive, with no way of predicting the likely outcome.

Dr. Pippa Malmgrain, an authority on geopolitics, in her recent lecture, has expounded the view that China is being upstaged by, of all nations, Mexico. According to Dr Malmgrain, Mexican wage rates are 30% lower than those in China. She calls Mexico the new China. And that is why, she says, One Road (of OBOR) is connecting to Mexico. And as if on cue, the Chinese manufacturing companies are making investments, right in the American neighbourhood.

India's direct exports to the USA account for nearly 9% of its total exports. The Chinese manufacturing sector at the doorstep of



Globalisation, engendered under trade agreements in the last two decades, has created fast pathways to transmit the changes in distant markets, to create disturbances (also opportunities) in different geographies.

the USA would certainly impact Indian companies exporting to America. Changes in the business environment seem to be never ending.

But such frequent changes take their toll. Managements of companies suffer from stress, their stamina is dented and they suffer innovation fatigue, having to contend with endless disturbances. The productivity of employees takes a knock as a result. And all this translates into financial stress and in many companies with structural weaknesses, a severe stress. This has been showing up as inability to service debts taken during earlier, quieter times. Survival requires, as an MIT professor put it in another context, Will, Skill and Velocity. Company managements desperately need support and in some instances life-saving support.

This is where Prime Securities is now positioned: to serve those companies that are in a strategic grid-lock,

where the size of the served markets does not necessarily support out-sized Balance Sheets and where financial weakness, by its very nature, compounds over time.

Prime Securities has, in recent times, been stepping into difficult situations to shore up management Will, bring Skills to special situations and work with unprecedented speed to provide the Velocity needed to escape dire situations. In many instances, over the last eighteen months or so, Prime Securities has made *suo moto* approaches to several managements in distress and such efforts have paid off and are clearly visible in its results.

Helping companies restructure their debt and help reshape their Balance Sheets is a large opportunity. But it is no cake walk, as every situation is distinctive in itself and does not lend to templatised solutions. Solutions require diverse skills, understanding of and sensitivity to conflicting interests, ability to think on one's feet and act with sheer speed. And all this has to be accomplished with the smallest possible team that ensures effective co-working and keeps expense ratios well within limits, that ensure

substantial returns to the Company's shareholders.

Prime Securities team is as lean, mean, frugal, multi-tasking and lethally effective, as the Special Forces (SF) of the Indian army; like the SF troopers they are ready to go into uncharted territory and pull companies out of special situations.

Last but not the least, Prime Securities has repositioned itself as a specialised consulting company that will additionally help companies in distress to find their voice and reshape the narrative. This also helps companies to effectively communicate with stake-holders whose support is necessary to not only extricate themselves out of a current situation, but also in moving forward.

Prime Securities continues to look to the future with growing optimism, buoyed in large measure with recent successes. For this, it would like to thank its network of relationships with corporates, banks, NBFCs, other advisors and private equity funds, that have helped in keeping the opportunities flowing in.

**Pradip Dubhashi,**  
*Chairman & Independent Director*

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Over **5000**

Quantum (₹ crores) of debt we helped mobilise, 2016-17

## HOW WE INTEND TO ENHANCE VALUE AT PRIME SECURITIES



In the competitive world of financial services in India, the two kinds of companies that can generate attractive sustainable surpluses are large intermediaries with a prominent brand cum attractive economies of scale or knowledge-led players with a competitive advantage.

At Prime Securities, we believe that we belong to the second category.



We believe that we possess a business model that is relevant and sustainable across market cycles.

As business uncertainty increases, there will always be the need for specialised consultancies to provide restructuring services.

At Prime, we evolved our business model in the last couple of years in response

to this growing need. We believe that the transition was timely; fund-based businesses in the financial services sector compete in over-crowded markets. These businesses are generally marked by declining margins, challenged by growing competition on the one hand and more importantly, technology-driven competition that is virtually eroding sectoral margins on the other. The evident reality is that financial intermediaries need to graduate their businesses from asset-based and cash-based models to knowledge-driven models; there is a growing room for comprehensive one-stop solutions over piecemeal and patchwork solutions; there is a greater role for solutions woven around knowledge and innovation.

This evolving market is widening the space for fee-based consultancies like Prime Securities. There

is a greater willingness to remunerate for specialised advice; there is a greater traction to pay progressively higher for corporate-critical interventions; there is a growing willingness to re-engage the solution provider in retainerhip contracts; there is an evident reality of satisfied clients referring these consultancies to peer companies.

At Prime Securities, we believe that such a model is as profitable as it is scalable. The business of fee-based consultancy does not leverage the resources of the Balance Sheet in any way; such business usually report high Return on Equity; the businesses are usually marked by a large excess of free cash over the need to redeploy in sustaining business growth.

In an environment where the opportunity is vast, the scalability of the business

is usually derived from the progressive scaling of the team. Prime Securities is attractively placed in this regard; with adequate cash reserves available to be able to recruit more professionals; the Company's considerably lower expense ratio indicates the possibility of translating revenue growth into margins and surplus accretion.

As a value-focused company, the management of Prime Securities did not announce any dividend for 2016-17, selecting to conserve resources with the objective of rewarding shareholders through alternative means at appropriate junctures over the foreseeable future.

**N. Jayakumar,**  
*Managing Director*

## 5 ELEMENTS OF OUR STRATEGY





# 5

## WAYS IN WHICH WE TRANSFORMED OUR DNA

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We were a capital-intensive business once.

We are a knowledge-driven company today.

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We were a company with dispersed business focus.

We are a company with a singular focus today.

We were a company that largely in-sourced capabilities once.

We are a company that is selecting and recruiting talent today.

We were a company that worked across a small slice of the value chain.

We are a company that provides an extended solution today.

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We were a company that worked in a generic business.

We are a company engaged in an innovation-driven business today.

# WHAT MAKES PRIME SECURITIES DIFFERENT

At Prime Securities, we believe that we are building a differentiated financial intermediation company.

**Singular focus:** We are engaged in a single business vertical (corporate restructuring), making it possible to provide a brutal focus over companies with dispersed management bandwidth.

**Apex of the service pyramid:** We are engaged in the providing services that address the apex of the consulting pyramid in terms of organisational criticality, fees and repeat engagement possibility.

**Leading the client:** We describe our service as 'two steps ahead', making it possible to lead clients than merely follow a script.

**Boutique:** We believe that we possess all the advantages arising out of our smallness; the ability to respond with speed; the ability to share knowledge across our organisation resulting in every member of the team being on the same capabilities page.

**Passionate:** We are driven by a greater need to do things through a combination of the most unlikely variables that most clients, experts and observers would consider improbable, leading to enduring solutions.

**Culture:** We embrace complex assignments; we are ever punching above our weight with the conviction that we can draw from our wide network and experience to create a win-win solution.

**Domain knowledge:** We bring to the client's table a judicious combination of a competence across domains (manufacturing, engineering and finance), making it possible to provide a sensitised solution.

**Ideation and execution:** We combine competence in being able to conceive an innovative solution for the client and lender as well as the discipline to implement an (effective solution).

**Recurring revenues:** We believe that one successful solution for a client holds the potential for a number of assignments through business referral or retainership engagements.

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## 5 ELEMENTS OF OUR STRATEGY

We expose ourselves to new ideas and developments, making it possible to offer customised and contemporary solutions

We possess a wide exposure to financial instruments, enhancing our operational flexibility

We pride on our network extensiveness, making it possible to reach out to the right resources in the shortest time

We possess an insight into regulatory direction related to our business

We understand entrepreneurs and what drives them

**Non-mandated:** We do not wait for clients to come to us with mandates of what help they need; we have reversed the paradigm by researching companies where we perceive that a structuring exercise will unleash significant value followed by non-mandated presentations to those managements (pre-empting competition).

**Seamless:** We are able to seamlessly use debt and equity ideas at our disposal in creating a restructuring solution for the benefit of our client companies and their lenders as opposed to peer consulting companies that work with debt or equity (compartmentalised).

**Fee focus:** We enjoy a complete focus on fee-based services and revenues that do not consume Balance Sheet resources in any way.

**People-light:** We leverage a wide network of business affiliates who possess complementary domain knowledge (taxation etc.), making it possible for us to selectively outsource than recruit.

## 8 REASONS WE ARE OPTIMISTIC OF OUR BUSINESS DIRECTION

The incidence of non-performing assets among Indian banks is increasing	An increasing number of banks are applying stringent filters in recognising bad loans	There is a regulatory openness in encouraging players to step forward and acknowledge bad loans on their books	The number of businesses needing restructuring is large
The competence related to corporate risk identification and analysis is still nascent in India	Most companies need ongoing course correction as opposed to one-time restructuring	The incidence of innovation-driven restructuring consultancies is low in India	There is a greater evidence of manufacturing and marketing knowledge (over the financial) within companies

## CASE STUDY 1



# HOW PRIME HELPED A PROMINENT CASH- STRAPPED CLIENT TOWARDS RECOVERY

A Western India company with a turnover of more than ₹3000 crores was faced with a problem. The Company's core business was robust; however, as a result of high debt on its books, cash flows were stretched.

The Company sought Prime's intervention to restructure its financials.

Prime conducted a comprehensive assessment and proposed a part conversion of the debt into equity, a part waiver by lenders, staggered interest repayment schedule and a part equity infusion.

The result is that the client company got a breather; it was able to kick-start a virtuous cycle of liquidity, business growth and profitability.

Thanks to Prime's restructuring intervention, the client is looking forward to a full-fledged recovery across the foreseeable future.

## HOW PRIME HELPED A MEDIA COMPANY CAPITALISE ON AN OPPORTUNITY

A leading media company operating in one of the leading cities of India needed to mobilise more than ₹100 crores to bid for fresh license fees.

After repeated attempts at resource mobilisation, the Company approached Prime.

Prime arranged with a bank to provide debt. The challenge now lay in the bank needing a pledge on the shares of the parent company in addition to a charge on the immovable assets as collateral against the debt (since the license could not be assigned to the lender). When even this amount appeared inadequate, it appeared that the deal would fail.

Prime responded with an out-of-the-box solution Prime attracted a private investor who invested in the operating company's equity. Prime also convinced the private investor to offer blue chip securities as lien from his portfolio with an adequate margin over the loan amount.

A proposition that at one time looked improbable was turned into a reality following Prime's can-do attitude.

The media company went on to acquire the license at a fraction of the prevailing value in one of the largest urban markets of the country.

# HOW WE DO BUSINESS AT PRIME SECURITIES

## The sectoral context in which we work

**Black swans:** The black swan theory is a metaphor that describes the disproportionate role of high-profile, hard-to-predict and rare events beyond normal expectations. There has been an increase in the number of such unforeseen events over the last couple of decades, increasing global uncertainty.

**Restructuring opportunity:** As business environments have transformed with speed, companies have in increasingly recognised the need to restructure their operations, Balance Sheets and business directions to survive.

**Debt cost differential:** India suffers from a higher debt cost than most developed countries, creating an operating handicap warranting immediate and extensive correction.

**Increasing NPAs:** There are a number of loan assets on the books of banks that are suspect, needing to be corrected for the benefit of the bank, company and shareholders.

**Government intent:** There is a growing government focus on penalising loan defaulters, enhancing the criticality of loan (and corporate) restructuring.

**Environment:** The market for financial advisory services is maturing in India, enhancing deal inflow and increasing fee structure.

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## What makes Prime different

**Niche:** Prime embraces challenging corporate restructuring mandates marked by lower competition and higher fees.

**Non-mandated route:** Prime focuses on non-mandated deals pitched at companies where it perceives attractive values that can be unleashed as a result of restructuring, marked by a high pitch success rate (nearly 90% of the Company's revenues are derived through non-mandated pitches).

**Experience landscape:** The management has been exposed to the capital markets for three decades; ensuring rich exposure to market cycles, situations and market participants.

**Fee-based:** Prime's remuneration is based on fees paid by companies needing to be restructured; the Company has a reasonably attractive benchmark in minimum fees, justifying its engagement.

**Lowest expense-revenue ratio:** Prime enjoys possibly one of the lowest expense ratios within its niche, translating into high margins and business sustainability.

**Network:** Prime enjoys an extensive network of financial institutions, corporate managements, private equity players, capital market intermediaries and peers, translating into superior recruitment on the one hand and access to an attractive deal flow.

**Intellectual property:** Prime enjoys rich intellectual property and respect through its ability to transform complex restructuring cases into win-win propositions through innovation.

**People-lightness:** Prime's is a people-light business where the core solution is in-sourced while the

peripheral supports are selectively outsourced to domain experts in the areas of taxation etc.

### Performance outcomes

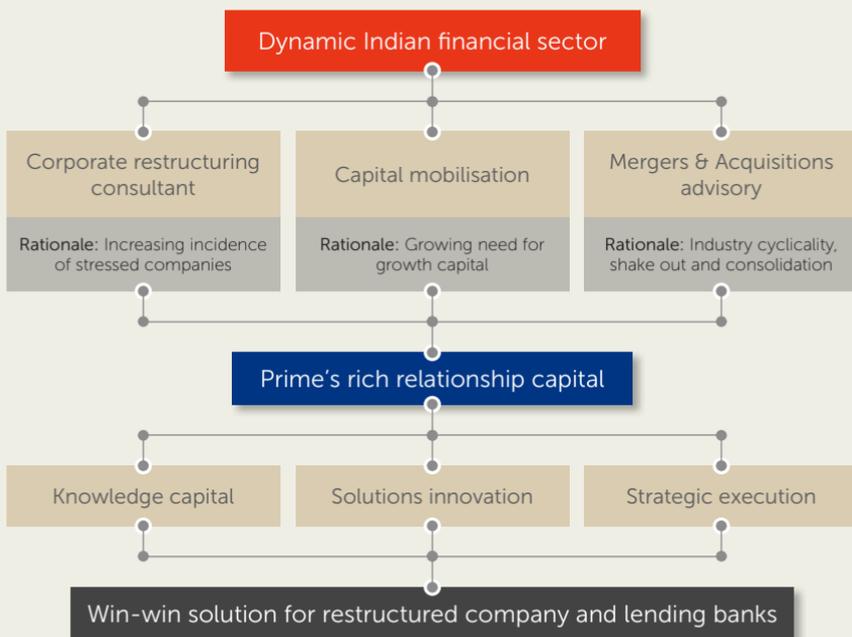
**Lumpy:** Even as our deal inflows have been continuously growing, our revenues and profits may often be lumpy quarter-on-quarter based on certain delays in assignment closures or

advances being reported in the following quarter.

**RoNW:** Prime reported a RoNW of 827.60% in 2016-17, an improvement over 4,337.90% in 2015-16 in response to the fee-based nature of the business.

**EBITDA margin:** Prime increased its EBITDA margin from 57.20% in 2015-16 to 77.10% in 2016-17.

**Per person productivity:** Prime reported a per person productivity (measured through pre-tax profit divided by number of employees as at year-end) of ₹0.74 crores in 2015-16 that increased to ₹1.24 crores in 2016-17.



## BOARD OF DIRECTORS

### Mr. Pradip Dubhashi

*Chairman & Independent Director*

Mr. Dubhashi holds a BE in Electrical Engineering and a post graduate diploma in Management from XLRI, Jamshedpur. He held senior executive positions in SICOM, Mahindra Group and Venky Group. He has in-depth knowledge of various industries such as, engineering, cement, chemicals and specialities, software and biotechnology. He has consulted for both Indian as well as foreign

companies. He was also nominated on the boards of directors of various companies including as a nominee director of financial institutions. He has attended several courses conducted by IIM Ahmedabad, IEEE, NCST, ASCI, among others in advanced topics in finance, management and technology areas.

### Mr. N. Jayakumar

*Managing Director*

Mr. Jayakumar joined Prime Securities in 1993. He holds a B.Tech in Mechanical Engineering from IIT Delhi (1978-83) and an MBA from IIM Ahmedabad (1983-85). Prior to joining Prime, he was head of the Investment Banking Group at Citibank, having

previously spent several years in money markets and securities trading. He is a recognised face on various business TV channels and fora for equity research, wealth management, private equity, wealth restructuring, Indian economy and stock markets.

### Mr. Anil Dharker

*Independent Director*

Mr. Dharker holds degrees in Mathematics and Engineering from London University and occupied a position on the academic staff of the University of Glasgow. He also served as a consultant in a Mumbai architectural firm. He has been editor of the some of India's best known publications, such as *The Illustrated Weekly of India*, *The Independent* and

*Mid-Day*. He has been a columnist for many of India's leading newspapers such as *The Times of India*, *The Economic Times*, *The Hindu* and *DNA*. He has also been a columnist for *Gulf News* and *Khaleej Times*. He has also written for *The Independent* (London), *The Scotsman* (Edinburgh), *The Glasgow Herald*, *Foreign Policy* and other publications.

**Ms. Alpana Parida**

*Independent Director*

Ms. Alpana graduated from IIM Ahmedabad in 1985 and has a degree in Economics from St. Stephens College, Delhi University. Ms. Parida serves as the President of DY Works, India's oldest and largest branding firm headquartered in Mumbai with offices in Delhi and Singapore. Previously, She served as head of marketing at Tanishq.

She has more than two decades of experience in retail and marketing communications in the US and in India. She conducts branding workshops for large corporates. She has been an Independent Non-Executive Director at Cosmo Films Limited since February 2014.

**Mr. S. R. Sharma**

*Independent Director*

Mr. Sharma graduated from IIT Delhi as a Chemical Engineer and received his post graduate diploma in management, PGDM from IIM Ahmedabad. He has a wide and varied experience across multiple sectors including industrial and speciality chemicals, FMCG and

financial services. He was based in Japan for nine years where he worked for Shinsei Bank. He has specialised in the transformation of both customer-facing business processes and post transaction operations by leveraging the use of IT.

## MANAGEMENT TEAM

### Mr. Vineet Suri

*Director & Head of Corporate Finance*

Mr. Suri started his career with Citibank in Mumbai and has over two decades of experience in banking. He has been primarily focused on debt financing during his tenure with top banks based in Mumbai, London, Riyadh and Bahrain. Vineet has worked on a

variety of transactions encompassing corporate, project and structured finance for clients spread across India, Central and Eastern Europe, the Middle East and Africa. Vineet is a chartered accountant from the Institute of Chartered Accountants of India.

### Mr. Nikhil Shah

*Chief Financial Officer*

Mr. Shah has been associated with Prime Securities Limited since June 2003. He has a vast experience of more than 20 years in the field of accountancy. He is responsible for overseeing the entire accounting as well as taxation operations of Prime

Group. Mr. Shah is a qualified chartered accountant affiliated to the Institute of Chartered Accountants of India. Prior to his association with Prime, he was associated with Microtex India Limited as Manager - Accounts.

### Mr. Ajay Shah

*VP Legal / Company Secretary*

Mr. Shah joined Prime Securities Limited in July 2001 as a Company Secretary and Compliance Officer and is presently the Vice President - Legal & Company Secretary. He has hands on experience of more than 15 years in the streams of legal, corporate secretarial compliance. In addition to the compliances under the corporate laws with specific impetus on secretarial compliance and corporate governance, he is also responsible

for compliances with the rules and regulations applicable to stock broker, portfolio manager and depository activities as well as for drafting legal agreements and contracts, reporting to the management, statutory bodies and stakeholders of Prime Group. He is a qualified chartered secretary affiliated to the Institute of Company Secretaries of India. Prior to joining Prime, he was associated with Asian Star Company Limited as Company Secretary.

**Mr. Apurva Doshi**

*VP Corporate Finance*

Mr. Doshi joined Prime Securities in 2007. He has over 12 years of experience, principally as an investment banker. His skill lies in financial and business analysis, negotiations, valuation, business planning and financial advisory. Prior to joining Prime Securities, Apurva worked with Crisil Research & Information Services Ltd, an S&P company, as a Research analyst for around two years tracking

the automobile sector. He began his career at Stratcap Securities, as an equity research analyst and tracked the automobile and cement sectors. He has a post graduate diploma in Business Administration (PGDBA) in Finance from Chetana's Institute of Management & Research and Masters in Commerce (M. Com.) from Mumbai University.

**Mr. Rachit Goel**

*VP Corporate Finance*

Mr. Goel has over 10 years of experience as an Investment Banker and joined Prime Securities in June 2016. Prior to joining Prime, Rachit has worked with HSBC as an Associate Director across various sectors as part of their investment banking and capital

markets team. He has experience in deal origination, financial modelling, due diligence, funding and strategic acquisition/exit for large corporates. He is an MBA (Finance) and did his Bachelors in Commerce (Hons.) from University of Delhi.

# BLACK SWANS EVERYWHERE

## Staggering global growth

5.5%

Global Real GDP  
growth,  
1961-1970



3.8%

Global Real GDP  
growth,  
2001-2015

3.5%

World Real GDP  
growth per  
capita, 1961-1970



2.2%

World Real GDP  
growth per  
capita, 2001-2015

## Terrorist attacks

2,508

Global terror  
fatalities,  
2001-2006

3,284

Global terror  
fatalities,  
2007-2011

9,537

Global terror  
fatalities,  
2012-2013

28,708

Global terror  
fatalities,  
2014-15

## Large companies disappearing

29

Number of companies that fell off the  
*Fortune* 500 list, 2016

250+

Number of companies that have  
disappeared from *Fortune* 500 since  
2000

## Growing automation

1.5-1.75

Number of industrial robots (million) the world over

4-6

Projected number of industrial robots (million) the world over, 2025

0.94-1.76

Projected % reduction in employment-to-population ratio, 2025

1.3 -2.6

Projected % reduction in wage growth, 2015-2025

80

Average number of employees per factory, early 1980s

60

Average number of employees per factory, 2014-15

(Source: Acemoglu and Restrepo)

(Source: International Federation of Robotics)

## Weak inflation rates

0

%, Japan

1

%, Eurozone

1.6-1.7

%, the US

## Platform-driven services increasing

2.6

Value (US\$ trillion) in market capitalisation worldwide of the top 15 public 'platform' companies

## Increasing bankruptcy

49

Corporate debt in emerging markets, including India (% of GDP), 2005

55

Corporate debt in emerging markets, including India (% of GDP), 2015

## Rising NPAs in Indian banks

1,759

Gross NPAs (₹ billion),  
2013

5,504

Gross NPAs (₹ billion),  
2016

3.4

Gross NPAs as % of total  
gross advances, 2013

8

Gross NPAs as % of total  
gross advances, 2016

88

Public sector banks as % of  
gross NPAs, 2013

91

Public sector banks as % of  
gross NPAs, 2016

9.6

Scheduled commercial  
banks' gross bad loan  
ratio (%), March 2017

10.2

Scheduled commercial  
banks' gross bad loan  
ratio (%), March 2018E

14.2

Scheduled public sector  
banks' gross bad loan  
ratio (%), March 2018E

18

Quantum of net NPAs  
as a percentage of  
public sector banks'  
net worth, 2012

76

Quantum of net NPAs  
as a percentage of  
public sector banks'  
net worth, 2016

51

India's corporate  
debt-to-GDP ratio,  
31 March 2016

72

The US's corporate  
debt-to-GDP ratio,  
31 March 2016

105

European Union's  
corporate debt-to-GDP  
ratio, 31 March 2016

## Progressive globalisation

100

Annual reduction  
in import-  
weighted average  
tariff (bps) for  
all economies  
between 1986  
and 1995

50

Annual reduction  
in import-  
weighted average  
tariff (bps) for  
all economies  
between 1996  
and 2008

100

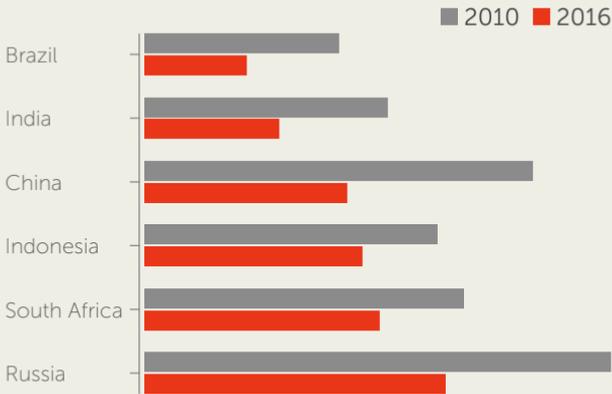
Annual reduction  
in import-  
weighted average  
tariff (bps) for  
emerging and  
developing  
economies since  
2008

20

Annual increase  
in import-  
weighted average  
tariff (bps)  
for advanced  
economies since  
2008

## Indian corporates' ability to meet interest expenses is among the lowest

India is the second lowest in a list of 18 emerging market countries mentioned in the IMF report. Key countries reproduced below.



Calculated as a ratio of EBITDA to interest expense

Source: International Monetary Fund Global Financial Stability Report

Corporate debt worth ₹6.7 trillion faces the risk of default as nearly half of the top 500 corporate borrowers in India may be unable to refinance their debt that matures in fiscal 2017. The report warns that of the ₹6.7 trillion worth of debt, about ₹4.6 trillion could already be delinquent. The top 500 borrowers form 32.1% of the total banking system's outstanding loan as of 31 March 2015 and in fiscal 2017, could still make up for 25-30% of the banking sector's assets, the rating agency estimates.

Source: India Ratings and Research

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Pradip Dubhashi,  
Chairman (DIN: 01445030)

Mr. N. Jayakumar,  
Managing Director (DIN: 00046048)

Ms. Alpana Parida,  
Director (DIN: 06796621)

Mr. Anil Dharker,  
Director (DIN: 00117871)

Mr. S. R. Sharma,  
Director (DIN: 03096740)

## REGISTERED OFFICE

1109/1110, Maker Chambers V,  
Nariman Point, Mumbai 400021

Tel: +91-22-61842525

Fax: +91-22-24970777

E-mail: prime@primsec.com

## STATUTORY AUDITORS

Gandhi & Associate LLP  
Chartered Accountants

## BANKERS

IndusInd Bank Limited

ICICI Bank Limited

HDFC Bank Limited

Bank of India

## CORPORATE IDENTITY NUMBER

L67120MH1982PLC026724

## 34TH ANNUAL GENERAL MEETING

Monday, September 25, 2017

@ 10.00 a.m. at

Victoria Memorial School for the Blind

Tardeo Road, Opp. Film Centre, Near Bharat  
Petroleum Petrol Pump, Mumbai 400034

## KEY MANAGERIAL PERSONNEL

Mr. Vineet Suri,  
Director - Corporate Finance

Mr. Nikhil Shah,  
Chief Financial Officer

Mr. Ajay Shah,  
VP - Legal & Company Secretary

Mr. Apurva Doshi,  
VP - Corporate Finance

Mr. Rachit Goel,  
VP - Corporate Finance

## REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited

C-101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai, 400083

Tel: +91-22-49186270,

Fax: +91-22-49186060

E-mail: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

## INTERNAL AUDITORS

K.V.S. & Company

Chartered Accountants

## ISIN/LISTING OF EQUITY SHARES

ISIN: INE032B01021

Scrip Code: NSE (PRIMESECU)

BSE (500337)

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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 34<sup>th</sup> Annual General Meeting of the Members of Prime Securities Limited will be held on Monday, September 25, 2017 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp. Film Centre, Near Hindustan Petroleum Petrol Pump, Mumbai 400034 to transact the following business:

### ORDINARY BUSINESS

#### 1. Adoption of Audited Financial Statements

To receive, consider and adopt:

- a) The Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2017 together with the Reports of the Board of Directors and Auditors thereon; and
- b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2017 together with the Reports of the Auditors thereon;

#### 2. Re-appointment of Director

To appoint a Director in place of Mr. N. Jayakumar (DIN: 00046048), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

#### 3. Ratification of Appointment of Statutory Auditors

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors)

Rules, 2014 (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) and pursuant to the approval by the Members at their 32<sup>nd</sup> Annual General Meeting held on September 21, 2015, the appointment of M/s. Gandhi & Associates LLP, Chartered Accountants (Firm Registration No. 102965W/W100192) as the Statutory Auditors of the Company, be and is hereby ratified, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors plus Reimbursement of Service Tax and out-of-pocket expenses.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

### SPECIAL BUSINESS

#### 4. Remuneration to Mr. N. Jayakumar as Managing Director

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provision(s), read with Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in

force) and the Articles of Association of the Company and the recommendation of the Nomination and Remuneration Committee, the consent of the Company, be and is hereby accorded to the payment of remuneration to Mr. N. Jayakumar (DIN: 00046048) w.e.f. January 1, 2017 for the remainder of his term as Managing Director of the Company, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the notice with liberty and power to the Board of Directors (hereinafter referred to as the "Board" which expression shall also include the Nomination and Remuneration Committee of the Board), in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** where in any financial year during the continuance of his tenure as a Managing Director, the Company is required to obtain the Central Government's approval under the provisions of the Companies Act, 2013 for the payment of remuneration, the maximum remuneration permissible for payment to Mr. N. Jayakumar under the provisions of sections 196 and 197 of the Companies Act, 2013 read

with Schedule V to the said Act or the maximum limit as may be notified from time to time, be paid till the receipt of the approval of the Central Government.

**RESOLVED FURTHER THAT** on receipt of the approval of the Central Government, the amount of remuneration on the terms as approved by the Central Government, as reduced by such amount of the Remuneration already paid for the period for which the Central Government's approval is sought, be paid to Mr. N. Jayakumar, Managing Director, in lump sum and that after the date of the approval, Mr. N. Jayakumar be paid the remuneration as per the terms and conditions approved by the Central Government.

**RESOLVED FURTHER THAT** pursuant to the provisions of the Articles of Association of the Company, the Managing Director of the Company shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit and also, to make such alterations and modifications, as may be required within the limits of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time.

## Notes

1. An Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Annual General Meeting forms part of this Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than 50 Members and holding in the aggregate not more than 10% of the total Share Capital of the Company. Members holding more than 10% of the total Share Capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Members. Proxies in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the time of commencement of the Annual General Meeting. Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by an appropriate Resolution / Authority, as applicable. A Proxy Form forms part of this Annual Report.
3. Corporate Members intending to send their Authorised Representatives to attend the Annual General Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution authorising their representative to attend and vote in their behalf at the Annual General Meeting along with the specimen signatures of the authorised representatives.
4. In case of joint holders attending the Annual General Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. In terms of Section 152 of the Companies Act, 2013, Mr. N. Jayakumar (DIN: 00046048) retires by rotation at the meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company recommends his re-appointment. The details of Directors proposed to be re-appointed as required in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meeting, issued by the Institute of Company Secretaries of India, is furnished as annexure to this Notice.
6. The Register of Members and share Transfer Books of the Company will remain closed from Wednesday, September 20, 2017 to Monday, September 25, 2017 (both days inclusive).
7. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the Members at the Registered Office of the Company on all working days (except Saturdays, Sundays and public holidays) between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
8. Members / Proxies should bring the enclosed Attendance Slip duly filled in, for attending the Annual General Meeting, along with the Annual Report. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Annual General Meeting to facilitate identification of Membership at the Annual General Meeting.
9. Members holding shares in physical form are requested to consider converting their holding in dematerialised form. The Members are requested to contact the

- Registrar and Share Transfer Agent of the Company for assistance in this regard.
10. For all matters relating to the Change in Address, ECS mandates, Bank details, Nomination, Power of Attorney, etc., the Members are requested to approach the Registrar and Shares Transfer Agent of the Company in case of shares held in physical form and to their respective Depository Participants in case of shares held in electronic form.
  11. Members holding shares in physical form may obtain the Nomination Form from the Registrar and Share Transfer Agent of the Company and the Members holding shares in the electronic form may obtain the Nomination Form from their respective Depository Participants.
  12. Pursuant to the provisions of Section 20, 101 and Section 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, Companies are permitted to serve Annual Report and other communication through electronic mode to those Members who have registered their email address with either the Company or the Depository Participants. Members, who have not registered their email address so far, are requested to do so immediately, so that they can receive the Annual Report and other communications from the Company electronically, by registering their email address with the Registrar and Share Transfer Agent of the Company in case shares are held in physical form and with their respective Depository Participants in case shares are held in electronic form. Members, who have registered their email address, are entitled to receive such communications in physical form upon request.
  13. The Company has designated an exclusive e-mail id (prime@primesec.com) for redressal of Investor Complaints / Grievances. In case you have any queries / complaints or grievances, then please write to us at email id (prime@primesec.com).
  14. Members desirous of asking any questions at the Annual General Meeting, are requested to send in their questions so as to reach the Company at least 7 days before the Annual General Meeting so that the same can be suitably replied.
  15. Pursuant to the provisions of Section 124 of the Companies Act, 2013 (Section 205A of the Companies Act, 1956) read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') including any statutory modification(s) or re-enactment thereof for the time being in force, dividend which remains unpaid or unclaimed for a period of seven (7) years from the date of its transfer to the unpaid dividend account of the Company would be transferred to Investor Education and Protection Fund ("IEPF"). Accordingly, the Company has transferred to the IEPF all Unclaimed Dividend upto Final Dividend 2007-08 and no Dividend has been declared thereafter, which has remained unclaimed for a period of Seven Years.  
  
Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with IEPF Rules including any statutory modification(s) or re-enactment thereof for the time being in force, the Company is required to transfer all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years to the demat account of the IEPF Authority in such manner as may be prescribed under the IEPF Rules. The Shareholders may please note that the Company shall transfer the concerned shares held by them in physical or demat form to the demat account of the IEPF Authority by the due date, as may be applicable, as per the procedure prescribed under the IEPF Rules.
  16. The Annual Report of the Company circulated to the members of the Company, is also available on the website of the Company (www.

- primsec.com) and on the website of the Stock Exchanges.
17. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of Annual Report to the Annual General Meeting.
  18. Route map showing directions to reach to the venue of the 34<sup>th</sup> Annual General Meeting is given at the end of this Annual Report.
  19. Voting Options
    - a) Pursuant to the provisions of Section 108 of Companies, Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company is pleased to provide to its Members the facility to exercise their right to vote on Resolutions proposed to be considered at the Annual General Meeting by electronic means through "Remote e-voting" (i.e. the Members may cast their vote using an electronic voting system from a place other than the venue of the Annual General Meeting). The Company has availed the services of National Securities Depository Limited ("NSDL") for providing e-voting facility to the Members.
    - b) The facility for voting, either through e-voting system or through Ballot Form / Polling Paper shall also be made available at the venue of the Annual General Meeting. The Members attending the Annual General Meeting, who have not already cast their vote through remote e-voting, shall be able to exercise their voting rights at the venue of the Annual General Meeting. The Members, who have already casted their vote through remote e-voting, may attend the Annual General Meeting but shall not be entitled to cast their vote again at the venue of the Annual General Meeting.
    - c) The process and manner for remote e-voting is as under:
      - A) In case a member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company / Depository Participants(s)]:
        - (i) Open e-mail and open PDF file viz; "Prime Securities Limited e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for e-voting. Please note that this password is an initial password.
        - (ii) Launch internet browser by typing URL: <https://www.evoting.nsdl.com>.
        - (iii) Click on Shareholder – Login
        - (iv) If you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password / PIN for casting your vote.
        - (v) If you are logging in for the first time, please enter your user ID and password provided in the PDF file attached with the email as initial password. Click Login.
        - (vi) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vii) Home page of remote e-voting opens. Click on remote e-voting > Active voting Cycles.

(viii) Select "EVEN 107205" of "Prime Securities Limited". Now you are ready for remote e-voting as cast vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer through e-mail to saurabhshah361@gmail.com with a copy marked to evoting@nsdl.co.in.

B) In case a member receives physical copy of the notice of annual general meeting and attendance slip [for members whose e-mail IDs are not registered with the Company / Depository Participant(s) or requesting physical copy]:

(i) Initial password is provided at the bottom of the attendance slip for the annual general meeting:

"EVEN 107205" USER ID  
PASSWORD / PIN

(ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast your vote.

d) Other Instructions:

- 1) In case of any queries, you may refer the frequently asked questions (FAQs) for members and e-voting user manual for members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no: 1800-222-990.
- 2) You can also update your mobile number and email id in the user profile details of the folio, which may be used for sending future communications.
- 3) The remote e-voting period will commence at 9.00 a.m. on Friday, September 22, 2017 and will end at 5.00 p.m. on Sunday, September 24, 2017. During this period, members of the Company, holding shares either in physical form or in electronic form, as on the Cut-off date, i.e. Monday, September 18, 2017, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- 4) The voting rights of Members shall be in proportion to their shares of the paid-up Equity Share Capital of the Company as on the Cut-off date, i.e. Monday, September 18, 2017.
- 5) A person whose names appear in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date, i.e. Monday, September 18, 2017, shall only be entitled to vote on the Resolutions set forth in this Notice either by way of remote e-voting or

through e-voting system / ballot form / polling paper at the venue of the Annual General Meeting.

- 6) Any person who acquires shares of the Company and becomes members of the Company after dispatch of this notice and holding shares as on the Cut-off date, i.e. Monday, September 18, 2017, may obtain the login ID and password by sending an email to prime@primesec.com or evoting@nsdl.co.in by mentioning their folio no. / DP ID & Client ID. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you don't remember your password, you can reset your password by using "forget user details / password" option available on evoting@nsdl.co.in or "Physical User Reset Password" option available on www.evoting.nsd.com or contact NSDL at the following Toll Free No.: 1800-222-990.
- 7) Mr. Pramod S. Shah of M/s. Pramod S. Shah & Associates, Practising Company Secretaries (Membership No. FCS 3804), has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- 8) At the Annual General Meeting, at the end of the discussion on the Resolutions on which voting is to be held, the Chairman shall with the assistance of the Scrutiniser, order voting for all those Members who are present but have not cast their vote electronically using the remote e-voting facility.
- 9) The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the Annual General Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall not later than 48 hours of conclusion of the Annual General Meeting, submit a Consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.
- 10) The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.
- 11) The results declared along with the Report of the Scrutiniser shall be placed on the website of the Company (www.primesec.com) and on the website of NSDL (www.evoting.nsd.com) immediately after the result declared by Chairman or a person authorized by him in writing and the same shall be communicated to the Stock Exchanges where shares of the Company are listed.

Registered Office:  
1109/1110, Maker Chamber V,  
Nariman Point, Mumbai 400021  
CIN: L67120MH1982PLC026724  
Email: prime@primesec.com  
Website: www.primesec.com  
April 6, 2017

By Order of the Board of Directors

**Ajay Shah**  
**Vice President – Legal**  
**& Company Secretary**  
(ACS-14359)

## EXPLANATORY STATEMENT PURSUANT SECTION 102 OF THE COMPANIES ACT, 2013

The following Explanatory Statement sets out all the material facts relating to the Special Business mentioned at item no. 4 of the accompanying notice.

### Item No. 4

The Board of Directors of the Company ("the Board"), at its meeting held on January 14, 2016, had re-appointed Mr. N. Jayakumar as Managing Director of the Company for a further period of Five Years w.e.f. February 11, 2016 in accordance with Article 119 of the Articles of Association of the Company. Mr. N. Jayakumar had refrained from drawing any remuneration from the Company since December 2012 in view of adverse financial situation of the Company then. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company has approved, subject to the approval of the Members of the Company, the payment of remuneration to Mr. N. Jayakumar, Managing Director, w.e.f. from January 1, 2017 for the remainder of his term as the Managing Director, in light of substantial bettering of Company's prospects in last few quarters.

Mr. N. Jayakumar is associated with the Company since 1992 and he was designated as a President of the Company since 2002. He is a qualified professional with expertise in Corporate Finance and Investment Management and has vast experience in advising in areas of financial restructuring, evaluation of business plans / joint venture proposals / acquisitions, fund raising and strategic alliances. He is with the Company for more than 25 years handling corporate relationships. Before joining the Company, he had 7 years experience in Citibank, N.A. as Vice President, Head – Merchant Banking Group & Corporate Finance, India.

The main terms of appointment, remuneration, prerequisites, etc. as set out

in the Memorandum of Understanding entered into between the Company and Mr. N. Jayakumar, which are subject to the approval of the Members of the Company, are as follows:

### Term

Period of Appointment – Five years effective February 11, 2016

### Salary

- a) Basic Salary upto a maximum of Rs. 11,00,000/- per month w.e.f. January 1, 2017, with authority to the Board or a Committee thereof to fix the salary within the said maximum amount.

### Prerequisites

- a) Use of the Company's car with a driver or alternatively the Company will maintain at its expense a car belonging to the Managing Director and will also reimburse the salary of the driver as per the rules of the Company.
- b) Reimbursement of Company car running and maintenance expenses reasonably incurred by Mr. N. Jayakumar exclusively for the business of the Company;
- c) Reimbursement of Medical expenses actually incurred by Mr. N. Jayakumar and his family;
- d) Company's Contribution to Provident Fund as per the rules;
- e) Benefit of a Company Group Mediclaim Policy;
- f) Gratuity as per the Gratuity Scheme of the Company;
- g) Reimbursement of Travelling and Entertainment expenses reasonably incurred by him exclusively for the business of the Company;
- h) Leave on full remuneration as per the rules of the Company for the time being in force but not exceeding one month's

privilege leave for every 12 months service;

Perquisite shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

### Performance Bonus

Performance Bonus as may be recommended by Nomination and Remuneration Committee and decided by the Board of Directors based on the Net Profits of the Company in a particular year subject to the overall ceiling limit laid down under Section 196, 197, 203 of the Companies Act, 2013.

The perquisites namely contribution to Provident Fund, Gratuity and encashment of leave shall not be included in the computation of the ceiling on remuneration.

Notwithstanding anything hereinabove, where in any Financial Year during the currency of his tenure as Managing Director, the Company has no Profits or its Profits are inadequate, the Company will pay remuneration by way of salary and perquisite as above subject to the ceiling specified under Schedule V to the Companies Act, 2013.

The following additional information as required by Schedule V to the Companies Act, 2013 is given below:

### 1) General Information:

#### a) Nature of Industry:

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

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

Not applicable as the Company is an existing Company.

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

Not applicable.

#### d) Financial performance based on given indicators - as per Audited Financial Statements for the Year ended March 31, 2017:

Particulars	Rs in Lacs
Total Revenues	676.60
Net Profit / (Loss) after Tax (as per Profit & Loss a/c)	(155.50)

#### a) Foreign investments or collaborations, if any:

Not applicable.

### 2) Information about the Appointee:

#### a) Background details:

Mr. N. Jayakumar, aged 56 years, Bachelor of Technology, Mechanical Engineering (I.I.T. Delhi) (1978-1983) & P.G.D.M. (MBA), IIM Ahmedabad (1983-1985). He is associated with the Company since 1992 and he was designated as a President of the Company since 2002. He a qualified professional with expertise in Corporate Finance and Investment Management and has vast experience in advising in areas of financial restructuring, evaluation of business plans / joint venture proposals / acquisitions, fund raising and strategic alliances. He is with the Company for more than 25 years handling corporate relationships. Before joining the Company, he had 7 years experience in Citibank, N.A. as Vice President, Head - Merchant Banking Group & Corporate Finance, India. As a Managing Director, he shall carry out such functions, exercise such powers and perform such duties as the Board shall from time to time in its absolute discretion determine and entrust to him. Subject to the superintendence, control and direction of the Board, he shall have the general control of the business of the Company and be vested with the management and day-to-day affairs of the Company.

**b) Past Remuneration**

Mr. N. Jayakumar has been appointed as Managing Director of the Company w.e.f. February 12, 2011. For the Financial Year ended on March 31, 2017, the Company has paid Rs. 34.80 lacs as remuneration to Mr. N. Jayakumar.

**c) Recognition or Awards:**

Nil

**d) Job profile and his suitability:**

Same as above in item no a) hereinabove.

**e) Remuneration proposed:**

The Company proposes to pay the remuneration to Mr. N. Jayakumar as per the resolutions proposed to be passed by the Members in the Annual General Meeting of the Company.

**f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of Mr. N. Jayakumar, the responsibilities shouldered by him and industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in the companies.

**g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Besides the remuneration proposed to be paid to him, Mr. N. Jayakumar do not have any other pecuniary relationship with the Company.

**a) Reasons for loss or inadequate profits:**

The Company is mainly involved in the Corporate Advisory and Investment Banking. The business of the Company and its performance is linked to capital market conditions. Uncertain conditions prevailing in the capital markets over the last few years have resulted in performance leading to inadequate profits.

**b) Steps taken or proposed to be taken for improvement:**

The Company has been continuously enhancing its client list. The Company has made significant strides in establishing stronger client relationships. The Company is focusing on providing innovative business solutions to its clients in the area of fund raising and merger and acquisitions.

**c) Expected increase in productivity and profits in measurable terms:**

With better capital market conditions and increased client relationships, the Company is expected to step up the revenues and profits substantially in future.

The Memorandum of Understanding entered into between the Company and Mr. N. Jayakumar is available for inspection to the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays.

Except Mr. N. Jayakumar, none of the Directors or any Key Managerial Personnel of the Company or relatives of any of them are, in any way, concerned or interested in this resolution.

The Board of Directors recommends this resolution for approval by the Members of the Company by a Special Resolution.

**3) Other Information:**

Registered Office:  
1109/1110, Maker Chamber V,  
Nariman Point, Mumbai 400021  
CIN: L67120MH1982PLC026724  
Email: prime@primsec.com  
Website: www.primsec.com  
April 6, 2017

By Order of the Board of Directors

**Ajay Shah**  
**Vice President – Legal**  
**& Company Secretary**  
(ACS-14359)

## Details of Director seeking re-appointment at the Annual General Meeting

(Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of Director	Mr. N. Jayakumar
DIN	00046048
Date of Birth	December 31, 1960
Date of First Appointment on the Board	February 12, 2011
Expertise in Specific Functional Area	Mr. N. Jayakumar is associated with the Company since 1992 and he was designated as a President of the Company since 2002. He is a qualified professional with expertise in Corporate Finance and Investment Management and has vast experience in advising in areas of financial restructuring, evaluation of business plans / joint venture proposals / acquisitions, fund raising and strategic alliances. He is with the Company for more than 25 years handling corporate relationships. Before joining the Company, he had 7 years experience in Citibank, N. A. as Vice President, Head - Merchant Banking Group & Corporate Finance, India
Qualifications	B. Tech. (Mechanical Engineering), I.I.T. Delhi (1978-1983), PGDM (MBA), IIM Ahmedabad (1983-1985)
Directorship held in other Companies	Prime Broking Company (India) Limited Primesec Investments Limited Prime Research & Advisory Limited Prime Commodities Broking (India) Limited Primary Cuisine Private Limited Judith Investments Private Limited Gateway Entertainment Limited
Membership / Chairmanship of Committees of the Board of other Companies in which he is a Director	Chairman of Audit Committee of Prime Broking Company (India) Limited
Disclosure of Relationship inter-se between Directors, Manager and other Key Managerial Personnel	There is no inter-se relationship between Mr. N. Jayakumar, other Members of the Board and Key Managerial Personnel of the Company.
Shareholding in the Company	Mr. N. Jayakumar, along with persons acting in concert with him, holds 4,863,569 Equity Shares of the Company representing 18.34% of the total Shareholding of the Company.

# DIRECTOR'S REPORT

Dear Members,

Your Directors are pleased to present their 34<sup>th</sup> Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ended March 31, 2017.

## FINANCIAL HIGHLIGHTS

(Rs. in lacs)

Particulars	Consolidated		Standalone	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Total Revenues	1,957.65	2,328.20	676.60	1,983.97
Total Expenses	403.56	530.79	358.54	463.86
Profit / (Loss) before Extraordinary Items & Tax	1,554.09	1,797.40	318.06	1,520.11
Extraordinary Items	1,049.66	(314.11)	(473.56)	(52.61)
Profit / (Loss) before Tax	2,603.75	1,483.29	(155.50)	1,467.50
Tax Expenses	591.88	63.72	Nil	63.30
Profit / (Loss) after Tax	2,011.87	1,419.58	(155.50)	1,404.20
Profit / (Loss) brought forward from previous year	(11,197.80)	(10,882.78)	(2,792.92)	(4,197.12)
Balance carried to Balance Sheet	(9,185.93)	(9,463.20)	(2,948.42)	(2,792.92)

## BUSINESS REVIEW & PROSPECTS

The period under review has been eventful and we are cautiously optimistic about the future. The Government of India took a number of path breaking initiatives. Notable milestones were the Demonetization initiative, the passage of GST legislation by the Parliament, preparations for its eventual introduction and the notification of the Insolvency & Bankruptcy Code, 2016, that has ushered in a focused effort to resolve the vexatious problem of non-performing assets (NPAs). Taken together, these three initiatives are a strong beginning on the path of reform that will free up productive assets, be a great push for the 'ease of doing business' and catalyze fresh flows of capital. Events in the past year have captured the imagination of the global investment community and capital flows, both foreign and even more notably domestic, have been very buoyant. For your company, this

has given a fresh impetus to deal flow, for restructuring of loans as well as businesses - this being the central activity of your company.

We have been fortunate to have had a normal monsoon in the year under review (and with some luck, in the current year as well). Food production has been at a record level and this has helped keep inflation subdued. We are hopeful that the RBI will take this into account in its interest rate policies and give growth a fresh impetus. Globally, crude oil prices have been stable at around \$50 per barrel and this has permitted the Government to manage the fiscal deficit effectively while spending remains buoyant. The stable macro-economic condition is a boon and augurs well for future economic growth. Globally, the consensus is that accommodative monetary policies will continue in the face

of tepid inflation data and the developed world has begun growing strongly again. All this will underpin a fresh surge of activity among Indian firms and generate a good deal flow for your company.

We thank our customers for reposing their faith in us and are committed to providing innovative, tailor-made solutions to them. A mark of a satisfied customer is their desire to refer us to others. A lot of our business is through referrals and follow-on assignments with the same clients.

The Brokerage business has been closed. The Bombay High Court admitted NSE's winding up petition against Prime Broking and our appeals to the Division Bench of the Bombay High Court and an SLP filed in the Supreme Court against this order, were rejected. We will cooperate fully with the Court in completing this process.

With this, your company will now focus solely on its Corporate Finance business, with emphasis on ideas and execution and will not need to place its Balance Sheet at risk.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the provisions of the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report giving a detailed account of the state of affairs of the Company is annexed as Annexure "1" to this Report.

## DIVIDEND AND RESERVES

The Board of Directors has not recommended any Dividend on Equity Shares for the Year under review. During the Year, no amount from Profit was transferred to General Reserve.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. N. Jayakumar, Managing Director, retires

by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed under Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure) Regulations, 2015.

Appropriate Resolution for re-appointment is being placed before you for your approval at the ensuing Annual General Meeting. The information on the particulars of Director seeking re-appointment, as required under SEBI (Listing Obligations and Disclosure) Regulations, 2015, is given in the Notice of the Annual General Meeting, forming part of this Annual Report.

Mr. N. Jayakumar, Managing Director, Mr. Nikhil Shah, Head – Accounts & Finance and Mr. Ajay Shah, Company Secretary are the key managerial personnel and there is no change in the same during the Year.

## NUMBER OF BOARD AND COMMITTEE MEETINGS CONDUCTED DURING THE YEAR

During the year under review, Five Board and Audit Committee Meetings were conducted on May 3, 2016, May 17, 2016, July 26, 2016, October 4, 2016 and January 3, 2017. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## BOARD EVALUATION

Annual performance evaluation of the Board of Directors, its Committees and all the Directors individually have been done in accordance with the performance evaluation framework adopted by the Company. The performance evaluation framework sets out the performance parameters as well as the process of the performance evaluation. Pursuant to the

provisions of the Companies Act, 2013, a separate Meeting of Independent Directors was held during the Year to review (i) performance of the Non-Independent Directors and the Board of Directors as a whole (ii) performance of the Board Committees (iii) performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors (iv) the assess the quality, quantity and timeliness of flow of information between the Management and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform its duties.

#### **POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION, ETC**

The Company has adopted a policy on remuneration of Directors, Key Managerial Personnel and other employees, which also lays down the criteria for selection and appointment of Board Members and Board diversity. The details of this policy are explained in the Corporate Governance Report forming part of this Annual Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Sections 134(3) (c) of the Companies Act, 2013, with respect to the Directors' Responsibilities Statement, your Directors confirm that:

1. In preparation of the Annual Accounts for the Year ended March 31, 2017, the applicable Accounting Standards read with the requirements set out under Schedule III to the Companies Act, 2013, have been followed and there are no material departures from the same;
2. They have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the Profits/(Loss) of the Company for the Year ended on that date;

3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the Annual Accounts on a "Going Concern" basis;
5. They have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and are operating effectively; and
6. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **CORPORATE GOVERNANCE AND CODE OF CONDUCT**

Pursuant to Regulation 34(3) of the SEBI (Listing Obligations and Disclosures) Regulations, 2015, a Report on Corporate Governance and a Certificate from the Statutory Auditors, confirming compliance by the Company of the conditions of Corporate Governance is annexed as Annexure "2" to this Report.

Pursuant to the provisions of Regulation 17(5)(a) of the SEBI (Listing Obligations and Disclosures) Regulations, 2015, your Company has also laid down a Code of Conduct for its Board Members and Senior Management Personnel. All the Directors and the Senior Management Personnel have affirmed compliance with the said Code of Conduct. A declaration by the Managing Director regarding compliance by Board Members and Senior Management Personnel with the Code of Conduct for the year ended March 31, 2017 forms part of the Report on Corporate Governance.

#### **CONSOLIDATED FINANCIAL STATEMENT**

The Audited Consolidated Financial Statements has been prepared in accordance with the generally accepted

accounting principles in India (Indian GAAP) to comply with the Accounting Standards notified under section 133 and other relevant provisions of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, as applicable and shows the financial information of the Company and its Subsidiaries as a single entity, after elimination of minority interest, if any. As required under provisions of the Companies Act, 2013, as applicable, the Audited Consolidated Financial Statements of the Company and all its Subsidiaries together with Auditor's Report thereon forms part of this Annual Report.

During the period, the Consolidated Revenues were Rs. 1,957.65 lacs as compared to Rs. 2,328.20 lacs in the previous period, which comprises Merchant Banking and Advisory Fees of Rs. 1,695.50 lacs, Gain / (Loss) on Sale of Investments, Derivatives and other transactions of Rs. 220.84 lacs and Income from Dividend, Interest & Other Income of Rs. 41.31 lacs. The Consolidated Net Profit / (Loss) after Tax & Extraordinary Items for the year under review was Rs. 2,011.87 lacs as compared to Rs. 1,419.58 lacs in the previous period.

## SUBSIDIARY COMPANIES / JOINT VENTURES

Pursuant to Section 129(3) of the Companies Act, 2013 read with the Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the Audited Financial Statements of the Subsidiaries / Associate Companies for the year ended March 31, 2017 is given in Form AOC-1 as an annexure to the Consolidated Financial Statements of the Company forming part of this Annual Report.

The policy for Determining Material Subsidiaries has been placed on the website of the Company ([www.primesec.com](http://www.primesec.com)). Separate Audited Financial Statements of each of the Subsidiaries are available on the website of the Company ([www.primesec.com](http://www.primesec.com)) and will also be kept open for inspection by any shareholder of the

Company at the registered office of the Company and the same will also be made available to the shareholders seeking such information at any point of time.

The summary of the performance of the subsidiaries is given below:

### Prime Broking Company (India) Limited

The Consolidated Financial Statement for the Year ended March 31, 2016 included Financial Results of a Subsidiary viz. Prime Broking Company (India) Limited. In opinion of the Management, the said Subsidiary operates under severe long-term restrictions which significantly impairs its ability to transfer funds to the Parent Company and therefore having failed to meet test for Consolidation, the Consolidated Financial Statement for the Year ended March 31, 2017 does not include Financial Results of Prime Broking Company (India) Limited.

### Primesec Investments Limited

Primesec Investments Limited ("PIL") was incorporated in November 2007 to carry on Investment activities. During the Year under review, PIL earned revenues of Rs. 1,261.67 lacs as compared to Rs. 249.69 lacs in the previous year. This includes Advisory Fees of Rs. 1,232.50 lacs, Gain / (Loss) on Sale of Investments and Interest & Dividend Income of Rs. 29.17 lacs. During the year, PIL incurred Net Profit / (Loss) after Tax of Rs. 2,157.10 lacs as compared to Rs. (20.45) lacs in the previous year.

### Prime Research & Advisory Limited

Prime Research & Advisory Limited ("PRAL") has during the Year under review earned revenues of Rs. Nil as compared to Rs. Nil lacs in the previous year. PRAL did not undertake any activities during 2016-17. During the Year under review, PRAL incurred Net Profit / (Loss) after Tax of Rs. (2.79) lacs as compared to Rs. (1.24) lacs in the previous year.

### Prime Commodities Broking (India) Limited

Prime Commodities Broking (India) Limited ("PCBIL") was incorporated in 2006 to carry

on Broking and other related activities in the Commodities Markets. During the Year under review, PCBIL earned revenues of Rs. 27.57 lacs as compared to Rs. 28.71 lacs in the previous year. During the Year under review, PCBIL earned a Net Profit after tax of Rs. 13.07 lacs as compared to Rs. 3.39 lacs in the previous year.

The Company has not entered into any Joint Ventures.

### **EXTRACT OF THE ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9 as per provisions of Section 92 of the Companies Act, 2013 and the Rules made thereunder is annexed as Annexure "3" to this Report.

### **RELATED PARTY CONTRACTS & ARRANGEMENTS**

In accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures) Regulations, 2015, the Company has formulated a Policy on Related Party Transactions and a copy of the same is available on the website of the Company ([www.primesec.com](http://www.primesec.com)). The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions with Related Parties and also deals with Material Related Party Transactions.

All Related Party Transactions are placed before the Audit Committee for necessary review and approval. As required by the Company's policy, the Company takes prior omnibus approval of the Audit Committee for transactions with Related Parties, which are repetitive in nature and / or are entered into in the ordinary course of business and are on an arm's length basis.

All transactions entered into by the Company with Related Parties during the Financial Year were in ordinary course of business and are on an arm's length basis. Disclosure pursuant to the Accounting Standards on Related Party Transaction has been made in the notes to the Audited

Financial Statement. No Material Related Party Transaction were entered into during the Year by the Company and accordingly, the disclosure of Contracts or Arrangements with Related Parties in accordance with the provisions of Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

### **DEPOSITS**

Your Company has not accepted any Fixed Deposits under Chapter V of Companies Act, 2013, during this Financial Year and as such, no amount on account of principal or interest on Deposits from public was outstanding as on March 31, 2017. The Company has no Deposit which is not in compliance with the provisions of Chapter V of the Companies Act, 2013 and as the Companies (Acceptance of Deposit) Rules, 2014.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Company has constituted Corporate Social Responsibility ("CSR") Committee, consisting of Mr. Pradip Dubhashi, Independent Director, Ms. Alpana Parida, Independent Director and Mr. N. Jayakumar, Managing Director, pursuant to the provisions of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company has also formulated CSR Policy and the same is available on the website of the Company ([www.primesec.com](http://www.primesec.com)). In view of the absence of profits for the preceding three Financial Years, the Company is not falling within the preview of the provisions of Section 135(5) of the Companies Act, 2013 pertaining to CSR spending. However, the Company has voluntarily spent an amount of Rs. 5 lacs towards the CSR objectives in terms of CSR policy of the Company.

### **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

Particulars of Loans, Guarantees and Investments made by the Company

pursuant to the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Audited Financial Statements forming part of this Annual Report.

### VIGIL MECHANISM

The Company has established a Vigil Mechanism (Whistle Blower Policy) for Directors and Employees to report genuine concerns, which provides for adequate safeguards against victimization of persons who avail of such a mechanism. A copy of the Whistle Blower Policy is available on the website of the Company ([www.primesec.com](http://www.primesec.com)).

### AUDITORS AND AUDITORS' REPORT

M/s. Gandhi & Associates LLP, Chartered Accountants (Firm Registration No: 102965W/W100192), were appointed as Statutory Auditors, for a term of Four years, commencing from the Financial Year 2015-16, subject to ratification by Members at every Annual General Meeting. A certificate from them has been received, to the effect that their appointment as Statutory Auditors of the Company, if ratified at the ensuing Annual General Meeting, would be in accordance with the applicable provisions of Section 139 and 141 of the Companies Act, 2013 and rules framed thereunder, as amended from time to time.

Report given by the Auditors on the Audited Financial Statements of the Company forms part of this Annual Report. Observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further explanation.

### SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company has appointed M/s. Pramod Shah & Associates, Company Secretaries (C.P. No. 3804), to undertake the Secretarial Audit for the year ended March 31, 2017. The Secretarial Report given by the Secretarial Auditor is annexed as Annexure "4" to this Report.

### MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

Except as disclosed elsewhere in this Report, no material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which this Financial Statements relate and the date of this Report.

### EMPLOYEES

Disclosures with respect to the remuneration of Directors and Employees as required under Section 197(12) of the Companies Act, 2013 and the Rule 5(1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure "5" to this Report.

The Company had 7 employees as on March 31, 2017. The information on Employees particulars as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), forms part of this Report. In terms of Section 136 of the Companies Act, 2013, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding the aforesaid Annexure. The said information is available for inspection by the Members at the Registered Office of the Company as per the details mentioned in notice of the 34<sup>th</sup> Annual General Meeting on any working day of the Company up to the date of the 34<sup>th</sup> Annual General Meeting. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

None of the Employee of the Company is a Relative of any Director of the Company.

## EMPLOYEE STOCK OPTION SCHEMES

The Company presently has two Employee Stock Option Schemes viz. Employee Stock Option Scheme 2007 (ESOS 2007) and Employee Stock Option Scheme 2009 (ESOS 2009). The Compensation Committee of the Board of Directors had granted, to eligible Employees / Directors of the Company and Subsidiary Companies 999,000 and 1,485,000 options pursuant to ESOS 2007 and ESOS 2009 respectively.

The disclosures in accordance with the provisions of the Section 62(1)(b) of Companies Act, 2013 read with the Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 (as amended from time to time), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out as Annexure "6" to this Report. The shares arising out of exercise of Employee Stock Options are allotted in the name of the respective Employees and accordingly, the provisions relating to disclosure of voting rights not exercised directly by the Employees are not applicable.

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

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

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

## LISTING & LISTING FEES

The equity shares of the Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited and the Listing Fees for the Year 2017-18 have been duly paid.

## GENERAL DISCLOSURES

Your directors state that during the year under review:

1. The Business Responsibility Reporting as required pursuant to the provisions of Regulation 34(2) of the SEBI (Listing Obligations and Disclosures) Regulations, 2015 is not applicable to your Company.
2. No Equity Shares with Differential Rights, as to Dividend, Voting or otherwise, were issued.
3. No Equity Shares (including Sweat Equity Shares) were issued to Employees of the Company under any Scheme.
4. The Company has not resorted to any Buy-back of its Equity Shares during the Year under review.
5. Managing Director of the Company has not received any Remuneration or Commission from any of its Subsidiaries.
6. No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the Going Concern status and Company's operations in future.

## ACKNOWLEDGEMENTS

The board wishes to place on record its sincere appreciation for the hard work put in by the Company's Employees at all levels in this difficult environment. The Board of Directors also wishes to thank the Company's Members, Bankers and all other business associates for their unstinted support during the year.

For and on behalf of the Board of Directors

Mumbai  
April 6, 2017

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

## MANAGEMENT DISCUSSION & ANALYSIS

### A. Industry Structure & Developments

The period under review (April 2016 to March 2017) saw the Government take a number of key policy initiatives - steps taken against black money through Demonetization and those against the crippling effects of Non Performing Assets (NPA) in the Indian Banking industry. The Government sent out a powerful message with the notification of the Insolvency & Bankruptcy Code, 2016 and the constitution of the National Company Law Tribunal and the National Company Law Appellate Tribunal. This should usher in a fast track resolution of the vexatious problem of NPAs and free up banks to fresh lending and provide the impetus the economy needs, as well as demonstrably improving the ease of doing business.

Perhaps the most significant policy initiative the Government took was in piloting the GST legislation through Parliament and in preparing for its roll out. Though the roll out is barely a few months old at the time of this writing, the early signs are positive. Gone are the long queues at border and city check posts and the adoption of the new regime has been smooth. This will be another powerful tail wind for the growth of economic activity.

Petroleum prices have remained stable and volatility has been low. The new initiative to fix pump prices daily will bring us in line with global practice. A good monsoon and a bountiful crop have helped keep inflation low. The fiscal deficit has been managed very well and a base for strong economic growth has been set.

Tremendous progress has been made by the government on unlocking stuck, incomplete Infrastructure projects. Recent data points to robust growth in Infrastructure investments. The power

sector has made rapid strides with power generation shortfalls having been reduced dramatically. All this points to a robust level of industrial growth in the coming year.

Infrastructure has been one of the bright spots in the economy. Road construction has received a strong fillip through policy measures and aggressive steps to debottleneck projects. India now generates enough power for its present needs. Coal linkages for power plants have seen strong improvement. The UDAY bond scheme has helped state electricity boards to set right their finances and while the last mile distribution remains a troubled spot, the addition of capacity to the national grid has allowed for shifting of production across regions allowing for a better balance.

We had noted last year that the real estate market remained stressed. It continues to experience stress even as it adjusts to the introduction of the Real Estate Regulation Act (RERA). This is a customer friendly step, with the goal of increasing customer confidence by the Government and will help stabilize and generate new demand in the market.

Retail interest in the equity markets remains strong and robust mutual fund flows from Tier 2 and 3 towns have been a positive surprise and a source of stable capital flows. These inflows have significantly offset the moderate to large FII outflows that have persisted as a result of concerns on the elevated valuation levels of the stock markets.

Global economic policy remains benign with expectations building up that the US Fed, the European Central Bank (ECB) and the Bank of Japan (BOJ) will continue to keep an 'easy' stance. This will support and underpin global capital flows and India's

status, as a destination of choice remains stronger than ever. Economic activity, though subdued, looks to be accelerating and this should augur well for our export activity. FDI flows remain robust.

Last year, we had noted that the opportunity space for the corporate finance group was growing. The deal flow has been robust and we expect it to remain so. Deals involving restructuring of balance sheets, resolution of NPAs in conjunction with banks and the corporate sector, fund raising for unlisted and mid-cap corporates and debt/equity syndication transactions continue to be the centre of plate offering.

## **B. Opportunities & Threats**

We are handling a number of restructuring mandates and continue to see robust deal flow. At the same time, we have been able to help our customers restructure and raise fresh debt funding for their operations. What has been notable has been our ability to add value to a number of key (financial services) industry players. The heartening trend we see is repeat and referral business.

The revival in select, high quality mid-cap names will be a source of increasing deal flow, for fund-raising and M&A activity, as this segment has been our focus since inception.

Risk Management has become a major issue for institutions and organizations, as the underlying risks in the economy and sectors within, have risen quite dramatically in the last few years. It is now commonplace to see a vibrant company and one that is on the brink of default, both survive and subsist in the same industry. These are new, uncharted waters which both, lenders and investors, are coming to terms with.

Global inter- linkages have been a reality for some time now and bring the possibility of global contagion to our shores. From dumping of products, to acquisition of enterprises by international players, firms are experiencing a continually evolving

landscape. In a different vein, witness the phenomenal success of Patanjali in the FMCG business. Disruptive forces and events bring an impact almost with no lag. Firms need to be proactive and nimble. Our endeavor is to continually provide advice and support to our customers and help them navigate the treacherous landscape.

## **C. Segment-wise or Product-wise Performance**

The Company operates only in the advisory business. Its subsidiary has been in the business of brokerage for institutional and high net worth clients, an activity which has now been shut down.

## **D. Outlook**

Our pipeline of transactions has been robust and we continue to add new mandates across industry segments. These include business and Balance Sheet restructuring assignments as well as for equity and debt raisings. Our hallmark has been innovation and in creative solutions to knotty issues that our customers face. We benefit from referrals through satisfied customers and in the repeat business we get.

The focus of the Reserve Bank of India and the banks on recovering NPAs has increased considerably. Flow of mandates to help clients in restructuring balance sheets, developing revival plans and in seeking out new investment have increased across industry segments. We have successfully closed several mandates and we look to continue that effort.

## **E. Risks & Concerns**

The National Stock Exchange Group (NSE) had filed a winding up petition against Prime Broking Company (India) Limited (PBCiL) that we had opposed. The Bombay High Court has admitted NSE's petition. We appealed this order, first, before the Division Bench of the Court and then by filing a Special Leave Petition. Unfortunately we did not succeed. We have closed down

the brokerage business and PBCIL will be wound up.

As we articulated last year, our new mantra is "Return on Time, Effort, Intellectual Property and Network", with Capital being the aspirational output. We continue to focus on the corporate finance and advisory business and do not expect to have to leverage our balance sheet. In fact, we do not need to use Capital for any of our activity, other than the establishing and running of infrastructure (people, office space and travel).

We continue to add talent, opportunistically, to our team and we are confident of being able to build up the team to service the mandate pipeline.

#### **F. Internal Control Systems & Their Adequacy**

Your Company's Internal Control System and procedures were consciously reviewed during the year and systems and procedures were corrected wherever found to be inadequate to the Company's size, the nature of its business and the endemic business environment. The internal control systems lay down the policies, authorization and approval procedures.

The adequacy of the internal control systems has been reported by the auditors under the Companies (Auditor's Report) Order, 2003.

#### **G. Discussion on Financial Performance**

The consolidated Revenues of the Company were Rs. 1,957.65 lacs for the financial year under review as against previous year Rs. 2,328.60 lacs. Consolidated Profit after Tax was at Rs. 2,011.87 lacs as against Profit after Tax of Rs. 1,419.58 lacs.

The company has been able to restructure its debt substantially and has reached very advantageous settlements with its creditors. We have been able to reduce debt to very manageable levels and remain on track to be debt free in the next 12-18 months.

The company's subsidiary performance has been greatly affected as a result of the actions of the NSE in shutting down the broking business, as also the resultant legal processes that have been taken up.

#### **H. Material Development in Human Resources / Industrial Relations Front, Including Number of People Employed**

We continue to grow our pipeline of transactions in the corporate advisory business and will add people as needed. Fortunately, with several firms closing shop, there is talent in the market available to be hired as the business volumes grow.

#### **CAUTIONARY STATEMENT**

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

# REPORT ON CORPORATE GOVERNANCE

[Pursuant to regulation 34(3) read with Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

## MANDATORY REQUIREMENTS

### 1. Company's Philosophy on Corporate Governance

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

### 2. Board of Directors

#### Composition and Category

The Board of Directors ("the Board") of the Company currently comprises of an

optimum combination of Executive and Non-Executive Directors, in compliance of the requirement of the provisions of Regulation 17(1)(a) of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.

As of the Year ended March 31, 2017, the Board of Directors had Five Directors, comprising of Four Non-Executive & Independent Directors and One Executive Director. The Chairman of the Board is a Non-Executive and Independent Director.

There is no relationship between Directors inter-se.

The Composition of the Board, Directorship / Committee position in other companies as on March 31, 2017, number of meetings held and attended during the Financial Year 2016-17 are as follows:

Name	Category (#)	Board Meetings during 2016-17		Attendance at last Annual General Meeting ("AGM") held on September 19, 2016	Other Directorships in India (*)	Committee positions in India (**)	
		Held	Attended			Member	Chairman
Ms. Alpana Parida	NED-I	5	4	No	4	1	Nil
Mr. Anil Dharker	NED-I	5	5	Yes	Nil	Nil	Nil
Mr. N. Jayakumar	MD	5	5	Yes	5	1	1
Mr. Pradip Dubhashi	NED-I	5	5	Yes	4	4	2
Mr. S. R. Sharma	NED-I	5	5	Yes	2	Nil	Nil

# NED-I means Non-Executive & Independent Director, MD means Managing Director.

\* Excludes Alternate Directorships, Directorships in Private / Foreign Companies and interest in Firms / other bodies.

\*\* Includes Memberships of only Audit and Stakeholders' Relationship Committee of Public Limited Companies other than Prime Securities Limited.

**Notes:**

- (a) None of the Directors of the Company hold Directorships in more than 7 listed companies, in compliance of the requirement of the provision of Regulation 25(1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.
- (b) None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are Director, in compliance of the requirement of the provision of Regulation 26(1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.
- (c) All the Directors have furnished the necessary disclosure regarding their Directorship and Committee Membership.

**Board Meetings**

During the Financial Year 2016-17, 5 Board Meetings were held on May 3, 2016, May 17, 2016, July 26, 2016, October 4, 2016 and January 3, 2017.

The gap between two Board Meetings did not exceed 120 days. Further the Company has adopted and adhered to the Secretarial Standards prescribed by the Institute of Company Secretaries of India ("ICSI") as approved by the Central Government.

Agenda papers containing all necessary information / documents are made available to the Board / Committees in advance to enable the Board / Committees to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as a part of Agenda Papers, the same are tabled at the meeting or / and the presentations are made by the concerned managers to the Board, subject to compliance with legal requirements. Considerable time is spent by the Directors on discussions and deliberations at the Board / Committee Meetings.

The information as specified in Schedule II of LODR is regularly made available to the Board, whenever applicable, for discussion and consideration.

**Number of Shares and Convertible Instruments held by Non-Executive Directors:**

None of the Non-Executive Director is holding any Equity Shares or Convertible Instruments of the Company.

**Familiarisation Programme for Directors**

At the time of appointing a Director, a formal letter of appointment is given, which inter alia explains the role, function, duties and responsibilities expected of him / her as a Director. The Director is also explained in detail the compliance required from him / her under the applicable acts, rules and regulations and affirmation is obtained. Managing Director also interacts with the Independent Directors regularly to familiarise them with the Company's operations. Also, on an ongoing basis as a part of Agenda of Board and Committee Meetings, the Company makes detailed presentation to

the Directors about the operations of the Company and its subsidiaries. The details of the familiarisation programme for Directors is available on the website of the Company ([www.primesec.com](http://www.primesec.com))

## 1. Committees of Directors

### a) Audit Committee

#### Composition & Meetings

The Audit Committee, which was originally constituted on November 5, 1995, is a qualified and independent committee, consists of the Members who are financially literate and having accounting and related financial management expertise. All the Members possess knowledge of corporate finance, accounts and corporate laws.

The Audit Committee presently comprises of 4 Members and all Members of the Audit Committee including the Chairman are Non-Executive and Independent Directors.

During the Financial Year 2016-17, the Members met 5 times on May 3, 2016, May 17, 2016, July 26, 2016, October 4, 2016 and January 3, 2017. The details of composition and attendance of each Member at the Meeting is given below:

Name	Designation	No. of Meetings Attended	
		Held	Attended
Ms. Alpana Parida	Member	5	4
Mr. Anil Dharker	Member	5	5
Mr. Pradip Dubhashi	Chairman	5	5
Mr. S. R. Sharma	Member	5	5

The Committee invites the Head of the Finance Department, the Managing Director of the Company, the Internal & Statutory Auditors to participate in the meeting. The Company Secretary acts as the Secretary to the Meeting. The Chairman of the Committee was present at the last

Annual General Meeting held on September 19, 2016.

### Terms of Reference

The Audit Committee has been given the powers to deal with matters specified under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 as well as under section 177 of the Companies Act, 2013.

The terms of reference of the Audit Committee are briefly described below:

- Overseeing the Company's financial reporting process and the disclosure of its financial information;
- Recommending to the Board, the appointment / re-appointment of Statutory Auditors, fixation of their remuneration and reviewing and monitoring their independence / performance;
- Approving the payment to Statutory Auditors for any other services rendered by them;
- Reviewing, with the management, the annual / quarterly financial statements and auditor's report thereon before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue / funds utilized for purposes other than those stated in the offer document, the report of the agency monitoring the utilisation of proceeds and recommending the board to take up necessary steps.
- Approving or any subsequent modification of transactions of the Company with Related Parties;
- Scrutiny of Inter-Corporate Loans and Investments;
- Reviewing guidelines for investing surplus funds of the Company;
- Reviewing Investment proposal before submission to the Board;

- j) To review proposal for mergers, demergers, acquisitions, carve-outs, sale, transfer of business / real estate and its valuation report and fairness opinion, if any, thereof.
- k) Valuation of Undertakings or Assets of the Company;
- l) Evaluating internal financial controls and risk management systems;
- m) Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- n) Reviewing the adequacy of Internal Audit function, if any, including the structure of the Internal Audit department, staffing and frequency of Internal Audit and the performance of Internal Auditors;
- o) Discussing with Internal Auditors of any significant findings and follow up there on;
- p) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- q) Discussing with Statutory Auditors the nature and scope of audit before the audit commences as well as post-audit discussion to ascertain any area of concern;
- r) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
- s) Reviewing the functioning of the Whistle Blower mechanism;
- t) Approval of appointment of CFO after assessing the qualifications, experience and background of the candidate;
- u) To appoint valuers for the valuation of any property, stocks, shares, debentures, securities or goodwill or any other Assets or net worth of a Company or liability of the Company under the provision of the Companies Act, 2013;
- v) To ensure proper system of storage, retrieval, display, or printout of the electronic records;
- w) Such other functions as is mentioned in the terms of reference of the Audit Committee.

#### Internal Auditors

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

#### b) Nomination and Remuneration Committee

##### Composition & Meetings

The Nomination and Remuneration Committee presently comprises 3 Members and all Members of the Nomination and Remuneration Committee including the Chairman are Non-Executive and Independent Directors.

During the Financial Year 2016-17, the Members met once on January 3, 2017. The details of composition and attendance of each Member at the Meeting is given below:

Name	Designation	No. of Meetings Attended	
		Held	Attended
Mr. Anil Dharker	Chairman	1	1
Mr. Pradip Dubhashi	Member	1	1
Mr. S. R. Sharma	Member	1	1

The Company Secretary acts as the Secretary to the Meeting. The Chairman of the Committee was present at the last Annual General Meeting held on September 19, 2016.

## Terms of Reference

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

The terms of reference of the Nomination and Remuneration Committee are briefly described below:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other Employees;
- b) Formulation of criteria for Evaluation of Independent Directors and the Board;
- c) Devising a policy on Board diversity;
- d) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- e) Recommending extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

## Remuneration Policy

The Remuneration Policy of the Company is performance driven and is structured to motivate Employees, recognize their merits & achievement and promote excellence in their performance. The Remuneration Policy of Company is displayed on the website of the Company ([www.primesec.com](http://www.primesec.com))

- a) The Managing Director / Whole-Time Director of the Company is paid remuneration by way of Salary, Perquisites and Allowances (fixed component) and Commission (variable component) as approved by the Shareholders in Annual General Meeting and the payment in excess of the limits envisaged under the provision of the Companies Act, 2013 is subject to approval of the Central Government.
- b) Non-Executive & Independent Directors are paid Sitting Fees for attending Board and Committee Meetings. Non-Executive & Independent Directors are also entitled to receive Commission within the ceiling of 1% per annum of the Net Profits of the Company (computed in accordance with the provisions of Section 198 of the Companies Act, 2013 and the Rules framed thereunder from time to time), as approved by the Shareholders of the Company at their Annual General Meeting held on September 19, 2016.

## Details of Remuneration paid to all Directors:

Name	Fixed Salary	Commission	Sitting Fees	Total
Ms. Alpna Parida	Nil	Nil	100,000	100,000
Mr. Anil Dharker	Nil	Nil	190,000	190,000
Mr. N. Jayakumar *	3,480,324	Nil	Nil	3,480,324
Mr. Pradip Dubhashi	Nil	Nil	160,000	160,000
Mr. S. R. Sharma	Nil	Nil	140,000	140,000

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

Presently, Mr. N. Jayakumar, along with persons acting in concert with him, is holding 4,863,569 Equity Shares of the Company representing 18.34% of the total Shareholding of the Company. None of the other Directors of the Company holds any Equity Shares in the Company.

Non-Executive and Independent Directors are not entitled to receive Stock Options under Employee Stock Option Scheme.

### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, the Board has carried out the annual evaluation of its own performance, its committees and Independent Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the Managing Director was carried out by the Independent Directors.

### c) Stakeholders Relationship Committee

#### Composition & Meetings

The Stakeholders Relationship Committee presently comprises 3 Members and all Members of the Stakeholders Relationship Committee including the Chairman are Non-Executive and Independent Directors.

During the Financial Year 2016-17, the Members met 4 times on May 3, 2016, July 26, 2016, October 4, 2016 and January 3, 2017. The details of composition and attendance of each Member at the Meeting is given below:

Name	Designation	No. of Meetings Attended	
		Held	Attended
Ms. Alpana Parida	Member	4	4
Mr. Anil Dharker	Member	4	4
Mr. S. R. Sharma	Chairman	4	4

The Company Secretary acts as the Secretary to the Meeting. The Chairman of the Committee was present at the last Annual General Meeting held on September 19, 2016.

### Terms of Reference

The Board of Directors had constituted a Share Transfer Committee to approve transfer of shares and related matters. In line with the recommendations of the Code of Corporate Governance, the Board has re-designated the Committee as "Stakeholders Relationship Committee" and vested the Committee with further powers to monitor and review investors' grievances. The Committee, apart from approving share transfers, transmissions, etc and other related matters, also looks into the redressal of shareholder complaints like non-transfer of shares, non-receipt of annual reports etc.

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

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

## Compliance Officer

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

Summary of Shareholders queries received and replied during the year:

Particulars	Queries / Complaints received	Queries / Complaints Replied to
Transfer Related	18	18
Dividend Related	6	6
Change of Address	14	14
Demat / Remat	9	9
Stop Transfer	11	11
Issue of Duplicate / Loss of Shares	5	5
Transmission	5	5
Miscellaneous	8	8
Total	76	76

## d) Corporate Social Responsibilities Committee

### Composition & Meetings

The Corporate Social Responsibilities Committee presently comprises 3 Members, out of which two Members including the Chairman are Non-Executive and Independent Directors and one Member is Executive Director.

During the Financial Year 2016-17, the Members met once on January 3, 2017. The details of composition and attendance of each Member at the Meeting is given below:

Name	Designation	No. of Meetings Attended	
		Held	Attended
Ms. Alpana Parida	Member	1	1
Mr. Pradip Dubhashi	Member	1	1
Mr. N. Jayakumar	Chairman	1	1

The Company Secretary acts as the Secretary to the Meeting. The Chairman of the Committee was present at the last Annual General Meeting held on September 19, 2016.

## Terms of Reference

The Board of Directors has constituted a Corporate Social Responsibilities Committee as required under Section 135 of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time. The Committee is responsible for recommending to the Board the Corporate Social Responsibilities Policy ("CSR Policy") and the Corporate Social Responsibilities initiatives and it also monitors implementation of the activities undertaken as per the CSR Policy.

## e) Risk Management Committee

The Board of Directors has constituted a Risk Management Committee as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Committee is responsible for framing, implementing and monitoring the risk management plan for the Company. The Risk Management Committee presently comprises three members:

- Mr. S. R. Sharma - Chairman, Independent & Non-Executive Director
- Mr. Anil Dharker - Member Independent & Non-Executive Director
- Mr. N. Jayakumar - Member, Managing Director

The Company Secretary acts as the Secretary to the Committee.

## 4. Meeting of Independent Directors

The Independent Directors on the Board of Directors of Company met once on January 3, 2017 inter alia for the following:

- Review the performance of the Non-Independent Director and the Board of Directors as a whole;

- b) Review the performance of the Chairperson of the Company, taking into account the views of the Executive Directors and Non-Executive Directors;
- c) Assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

## 5. General Body Meetings

(a) Location and Time, where the last Three Annual General Meetings were held:

Financial year	Date	Location of the meeting	Time
2015-2016	September 19, 2016	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2013-2015#	September 21, 2015	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2012-2013 *	March 24, 2014	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.

\* Pursuant to the approval of the Registrar of Companies, the Financial Year ended March 31, 2013 was extended by a period of Six Months upto September 30, 2013 (consisting of 18 months from April 1, 2012 to September 30, 2013) and in view of the same, the approval of the Registrar of Companies was also obtained to extend the date for holding Annual General Meeting upto March 24, 2014.

# Pursuant to the approval of the Registrar of Companies, the Financial Year ended September 30, 2014 was extended by a period of Six Months upto March 31, 2015 (consisting of 18 months from October 1, 2013 to March 31, 2015) and in view of the same, the approval of the Registrar of Companies was also obtained to extend the date for holding Annual General Meeting upto September 23, 2015.

**(b) Whether any Special Resolutions passed in the previous Three Annual General Meetings:**

Special Resolutions were passed by the Shareholders at the 33<sup>rd</sup> Annual General Meeting of the Company for (i) Re-appointment of Mr. N. Jayakumar as Managing Director; (ii) Alteration of Articles of Association; (iii) Place of Keeping Records at the place other than Registered Office; (iv) Payment of Commission to Non-Executive Directors and (v) Service of documents to Member through a particular mode.

Special Resolutions were passed by the Shareholders at the 32<sup>nd</sup> Annual General Meeting of the Company for (i) Borrowing Limits of the Company and (ii) Increase in limits of Investments in other Bodies Corporate by the Company.

No Special Resolutions were passed by the Shareholders at the 31<sup>st</sup> Annual General Meeting of the Company.

All the resolutions, including Special Resolutions, if any, set out in the respective Notices were passed by the shareholders with requisite majority.

**(c) Whether any Special Resolution passed last year through Postal Ballot and the person who conducted the Postal Ballot exercise:**

During the year under review, no Special Resolutions were passed through the Postal Ballot.

**(d) Whether any Special Resolution is proposed to be conducted through Postal Ballot and procedure for Postal Ballot**

No Special Resolutions are proposed to be passed through the Postal Ballot and any Special Resolutions proposed to be passed through Postal Ballot in the Current Year will be done in accordance with the provisions of the prescribed law.

## 6. Disclosures

### (a) Materially significant Related Party Transactions:

There are no materially significant Related Party Transactions entered into during the Financial Year by the Company with its Directors or Management, their Subsidiaries or Relatives that may have a potential conflict with the interests of the Company at large. All Related Party Transactions are at arm's length and in the ordinary course of business. Transactions with the Related Parties are disclosed in notes to the Audited Financial Statements forming part of this Annual Report. The Company has formulated a Policy of dealing with Related Party Transactions, which is available on the website of the Company ([www.primesec.com](http://www.primesec.com)).

### (b) Material Subsidiary:

The Company has formulated a policy for determining Material Subsidiaries, which is available on the website of the Company ([www.primesec.com](http://www.primesec.com)).

### (c) Penalties, strictures for non-compliance:

During the last Three Years, there were no penalties, strictures imposed on the Company, by either the Stock Exchanges or SEBI or any other statutory authorities for non-compliance of any matter related to the Capital Markets.

### (d) Whistle Blower Policy:

The Company has established a Vigil Mechanism (Whistle Blower Policy) for Directors and Employees to report genuine concerns, which provides for adequate safeguards against victimization of persons who avails such mechanism. A copy of the Whistle Blower Policy is available on the website of the Company ([www.primesec.com](http://www.primesec.com)). No personnel of the Company have been denied access to the Audit Committee.

### (e) Code of Conduct for Prohibition of Insider Trading:

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has, inter-alia, adopted a Code of Conduct for Prohibition of Insider Trading duly approved by the Board of Directors of the Company and the Company Secretary has been appointed as the Compliance Officer for the purpose of ensuring compliance with the Code of Conduct.

### (f) Compliance with mandatory and non-mandatory requirements:

The Company has complied with all the mandatory requirements of this clause except as stated otherwise in this report. The extent of adoption of non-mandatory requirements has been stated separately in this report.

## 7. Code of Conduct

The Board of Directors has adopted the Code of Conduct for all Board Members and Senior Management of the Company. The said Code of Conduct has been communicated to all Board Members and Senior Management and they have confirmed the annual compliance with the Code of Conduct. A declaration to that extent signed by Managing Director forms part of this Annual Report of the Company. The Code of Conduct has also been displayed on the website of the Company ([www.primesec.com](http://www.primesec.com)).

## 8. Means of Communication

1. The Board of Directors of the Company approves and takes on record the Quarterly, Half-yearly and Yearly Financial Results in accordance with the provisions of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.
2. The Quarterly, Half-yearly and Yearly Financial Results of the Company, as approved by the Board of Directors of

the Company, are communicated to all the Stock Exchanges, where the shares of the Company are listed and published in the Mumbai edition of Free Press Journal & Navsakti within the stipulated time. The same are not sent individually to each Shareholder.

3. The Company's Financial Results and other official news release are displayed on the Company's website ([www.primesec.com](http://www.primesec.com)).
4. At present, no formal presentations are made to analysts.

## 9. General Shareholder Information

- \* AGM: Date, Time and Venue : Monday, September 25, 2017 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp. Film Centre, Mumbai 400034
- \* Financial Calendar : Financial Year ⇒ April 1, 2017 to March 31, 2018
  - i) First Quarter ending June 30, 2017 ⇒ on or before August 14, 2017
  - ii) Second Quarter & Half-year ending September 30, 2017 ⇒ on or before November 14, 2017
  - iii) Third Quarter & Nine Months ended December 31, 2017 ⇒ on or before February 14, 2018
  - iv) Fourth Quarter and Year ended March 31, 2018 ⇒ during April 2018 to May 2018.
- \* Date of Book Closure : Wednesday, September 20, 2017 to Monday, September 25, 2017 (both days inclusive)
- \* Dividend payment date : N.A.
- \* Listing on Stock Exchanges : The Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India (NSE). The Company has paid the Listing Fees for the Financial Year 2017-2018
- \* Stock Code – Physical : BSE: 500337 / NSE: PRIMESECU
- \* Demat ISIN number for NSDL and CDSL : INE032B01021
- \* CIN : L67120MH1982PLC026724
- \* Market price data: high, low during each month in last financial year : As per Annexure "I"
- \* Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index, etc. : As per Annexure "II"
- \* Registrar and Transfer Agent : Link Intime India Private Limited  
C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400083, Tel: +91-22-49186270, Fax: +91-22-49186060, Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- \* Share Transfer System : The Company Secretary or the Managing Director of the Company are authorised to approve the transfer of share and the same are generally registered / confirmed within 15 days of receipt, provided the documents are clear in all aspects. The said transfers are then noted at the subsequent stakeholder's relationship committee meeting.

- \* Distribution of Shareholding : As per Annexure "III"
- \* Shareholding Pattern : As per Annexure "IV"
- \* Top 10 Shareholders : As per Annexure "V"
- \* Dematerialisation of Shares and liquidity : 94.80% of the total shareholding has been dematerialised as on March 31, 2017
- \* Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact of equity : None
- \* Plant Location : Not Applicable
- \* Address for Correspondence : Shareholders correspondence should be addressed to the Registrar and Share Transfer Agents of the Company, M/s. Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400083, Tel: +91-22-49186270, Fax: +91-22-49186060. The Company has designated an exclusive e-mail id: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in), for redressal of investor complaints / grievances.  
Shareholders holding shares in the electronic form should address all their correspondence to their respective depository participants.

## NON-MANDATORY REQUIREMENTS

### 1. The Board

The Company has a Non-Executive Chairman. The Chairman is not entitled to maintain an office at the Company's expenses. However, the Company reimburses expenses, if any, incurred by him in the performance of his duties.

### 2. Shareholders' Rights

The Quarterly and Half-yearly Results are published in the newspapers in terms of the provisions of Regulation 47 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 and are also available on the website of the Company ([www.primesec.com](http://www.primesec.com)) and the Company is not sending the Quarterly and Half-yearly Results to Individual Shareholder.

### 3. Audit Qualification

Modified and Unmodified Opinions expressed by the Statutory Auditors in their Report are self-explanatory and therefore do not call for any further explanation.

### 4. Separate post of Chairman and CEO

The posts of Chairman and Managing Director are separate.

### 5. Reporting of Internal Auditor

The Company has appointed Internal Auditor pursuant to the provisions of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. The Internal Audit plan is approved by the Audit Committee and the Internal Auditor presents their Internal Audit Report directly to the Audit Committee.

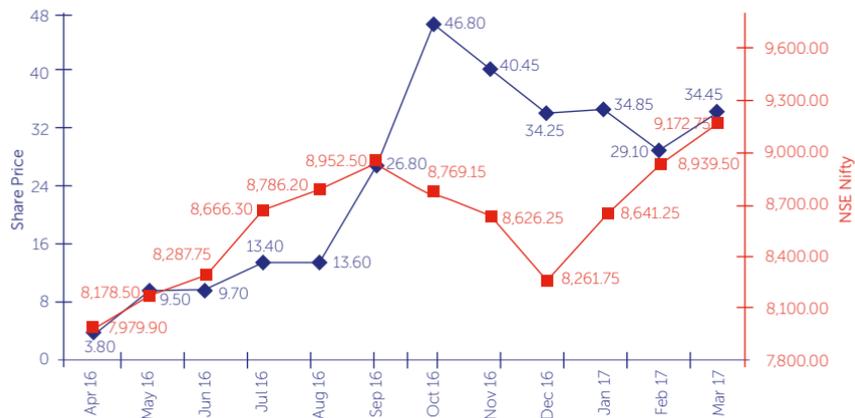
## Annexure I to Report on Corporate Governance

### Market Price Data: High / Low from April 2016 to March 2017

Month	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Nos.)	High (Rs)	Low (Rs)	Volume (Nos.)
April 2016	3.74	3.35	1,02,666.00	3.80	3.30	3,33,772.00
May 2016	9.81	3.51	16,41,602.00	9.50	3.55	15,05,896.00
June 2016	9.76	8.04	9,17,792.00	9.70	8.05	12,52,327.00
July 2016	13.31	9.02	5,12,887.00	13.40	9.00	9,93,453.00
August 2016	13.42	11.53	10,33,243.00	13.60	11.50	17,93,999.00
September 2016	26.50	13.34	43,01,154.00	26.80	13.40	69,60,715.00
October 2016	46.90	27.65	36,02,647.00	46.80	27.60	62,50,109.00
November 2016	40.40	23.85	11,49,970.00	38.45	24.50	16,28,223.00
December 2016	34.15	25.65	13,86,286.00	34.25	25.65	29,82,291.00
January 2017	35.00	27.80	9,69,477.00	34.85	27.70	23,09,618.00
February 2017	29.30	24.50	4,47,206.00	29.10	24.20	9,90,015.00
March 2017	34.45	24.75	6,39,988.00	34.45	24.90	17,31,077.00

## Annexure II to Report on Corporate Governance

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



## Annexure III to Report on Corporate Governance

### Distribution of Shareholding (As on March 31, 2017)

Number of Equity Shares held	Number of Shareholders	Percentage of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 500	21,346	87.57	2,994,425	11.29
501 – 1,000	1,287	5.28	1,075,598	4.06
1,001 – 2,000	673	2.76	1,065,634	4.02
2,001 – 3,000	304	1.25	782,402	2.95
3,001 – 4,000	146	0.60	528,502	1.99
4,001 – 5,000	148	0.60	699,294	2.64
5,001 – 10,000	227	0.93	1,663,691	6.27
Above 10,000	246	1.01	17,705,779	66.78
<b>Total</b>	<b>24,377</b>	<b>100.00</b>	<b>26,515,325</b>	<b>100.00</b>

## Annexure IV to Report on Corporate Governance

### Shareholding Pattern of the Company (As on March 31, 2017)

Category	Number of Shares	% of Share Capital
<b>A Shareholding of Promoter and Promoter Group</b>		
1) Indian	Nil	Nil
2) Foreign	Nil	Nil
<b>Sub-Total</b>	<b>Nil</b>	<b>Nil</b>
<b>B Public Shareholding</b>	<b>146</b>	<b>1.99</b>
1) Institutions	148	2.64
a) Mutual Funds & UTI	10,400	0.04
b) Financial Institutions / Banks	4,052	0.02
c) Foreign Institutional Investors / Foreign Portfolio Investors	339,717	1.28
d) Any Other (Foreign Banks)	900	0.00
<b>Sub-Total</b>	<b>355,069</b>	<b>1.34</b>
2) Non-Institutions		
a) i) Individual Shareholders holding nominal share capital upto Rs.2 lac	10,318,547	38.92
ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lac	11,847,012	44.67
b) Bodies Corporate	2,066,909	7.80
c) Clearing Members	542,057	2.04
d) Hindu Undivided Family	421,837	1.59
e) Non Resident Indians	935,194	3.53
f) Overseas Bodies Corporate	28,600	0.11
g) Trusts	100	0.00
<b>Sub-Total</b>	<b>26,160,256</b>	<b>98.66</b>
<b>Grand Total</b>	<b>26,515,325</b>	<b>100.00</b>

## Annexure V to Report on Corporate Governance

## Top 10 Shareholders of the Company (As on March 31, 2017)

Sr. No.	Name of Shareholder	Category	Number of Shares held	% of Total Equity Share Capital
1.	Judith Investments Private Limited	Public	2,683,497	10.12
2.	N. Jayakumar	Public	2,133,059	8.04
3.	Abhay Agarwal	Public	1,001,000	3.76
4.	Suresh M Hegde	Public	801,828	3.02
5.	Koppara Sajeeve Thomas	Public	750,000	2.83
6.	Bakulesh Trambaklal Shah	Public	500,000	1.89
7.	Chetan Rasiklal Shah	Public	291,000	1.10
8.	Mohit Oswal	Public	290,342	1.09
9.	Wisdom Global Enterprises Ltd	Public	250,000	0.94
10.	Sharad Amritlal Jhaveri	Public	234,898	0.89
Total			8,935,624	33.70

ANNEXURE 3 TO DIRECTOR'S REPORT

## FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2017

(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014)

### I. REGISTRATION AND OTHER DETAILS

- i) CIN L67120MH1982PLC026724
- ii) Registration Date 20-Mar-1982
- iii) Name of the Company Prime Securities Limited
- iv) Category / Sub-Category of Company Limited by Shares of the Company
- v) Address of the Registered office and contact details 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021
- vi) Whether Listed Company Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any Link Intime Private Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400078, Tel: +91-22-25946970, Fax: +91-22-25946969

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of Main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
1	Merchant Banking	Group 649 Class 6499 Sub-Class 64990	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Sections
1	Prime Broking Company (India) Limited, 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U67120MH1994PLC076046	Subsidiary Company	100%	Section 2 (87)
2	Primesec Investments Limited, 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U65990MH2007PLC175947	Subsidiary Company	100%	Section 2 (87)

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Sections
3	Prime Commodities Broking (India) Limited, 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U67120MH2006PLC161313	Subsidiary Company	100%	Section 2 (87)
4	Prime Research & Adviosry Limited, 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U65990MH1993PLC071007	Subsidiary Company	100%	Section 2 (87)
5	Primary Cuisine Private Limited, 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U55101MH2009PTC197818	Associate Company	24%	Section 2 (6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the Year (As on 01-Apr-2016)				No. of Shares held at the beginning of the Year (As on 31-Mar-2017)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the Year (As on 01-Apr-2016)				No. of Shares held at the beginning of the Year (As on 31-Mar-2017)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	100	10,300	10,400	0.04	100	10,300	10,400	0.04	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	100	2,700	2,800	0.01	952	4,000	4,952	0.02	0.01
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)					-	-			
Foreign Portfolio Investors	-	10,300	10,300	0.04	3,29,417	10,300	3,39,717	1.28	1.24
Foreign Banks	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	200	23,300	23,500	0.09	3,30,469	24,600	3,55,069	1.34	1.25
(2) Non-Institutions									
a) Bodies Corporates									
i) Indian	52,36,978	1,80,200	54,17,178	20.46	47,50,406	-	47,50,406	17.92	(2.54)
ii) Overseas	1,89,706	28,600	2,18,306	0.82	-	28,600	28,600	0.11	(0.71)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	86,71,252	11,55,164	98,26,416	37.12	90,75,883	12,42,664	1,03,18,547	38.92	1.80
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,02,36,425	-	1,02,36,425	38.67	90,84,115	79,400	91,63,515	34.55	(4.12)
c) Others (Specify)									

Category of Shareholders	No. of Shares held at the beginning of the Year (As on 01-Apr-2016)				No. of Shares held at the beginning of the Year (As on 31-Mar-2017)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
NBFCs	300	1,300	1,600	0.01	-	-	-	-	(0.01)
Clearing Members	-	-	-	-	5,42,057	-	5,42,057	2.04	2.04
HUFs	-	-	-	-	4,21,837	-	4,21,837	1.59	1.59
Foreign Nationals	7,50,000	-	7,50,000	2.83	9,32,694	2,500	9,35,194	3.53	0.70
Trusts	100	-	100	-	100	-	100	-	-
Sub-total (B) (2)	2,50,84,761	13,65,264	2,64,50,025	99.91	2,48,07,092	13,53,164	2,61,60,256	98.66	(1.25)
*Total Public Shareholding									
(B)=(B)(1)+(B)(2)*	2,50,84,961	13,88,564	2,64,73,525	100.00	2,51,37,561	13,77,764	2,65,15,325	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2,50,84,961	13,88,564	2,64,73,525	100.00	2,51,37,561	13,77,764	2,65,15,325	100.00	0.00

## ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the Year (As on 01-Apr-2016)			Shareholding at the end of the Year (As on 31-Mar-2017)			% Change during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	
Nil								
Total								

## iii) Change in Promoters' Shareholding as on 31-Mar-2017 (please specify, if there is no change)

	Shareholding at the beginning of the Year (As on 01-Apr-2016)		Shareholding at the end of the Year (As on 31-Mar-2017)	
	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
At the beginning of the Year				
Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer / Bonus/ Sweat Equity etc)				
At the end of the Year				

Not Applicable

iv) Shareholding Pattern of top ten Shareholders as on 31-Mar-2017 (other than Directors, Promoters and Holders of GDRs and ADRs)

For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01-Apr-2016)		Shareholding at the end of the Year (As on 31-Mar-2017)	
	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1. Judith Investments Pvt. Ltd.	26,83,497	10.14	26,83,497	10.12
2. Videocon Industries Ltd. (23/09/16 Sale 17,62,565)	17,62,565	6.66	-	-
3. Yes Capital Ventures Pvt. Ltd. (21/10/16 Sale 8,01,828)	8,01,828	3.03	-	-
4. Abhay Agarwal (17/06/16 Purchase 2,53,268) (24/06/16 Purchase 18,317) (29/07/16 Purchase 1,20,000) (05/08/16 Purchase 7,145) (04/11/16 Purchase 1,000)	6,01,270	2.27	10,01,000	3.78
5. Suresh M Hegde (21/10/16 Purchase 8,01,828)	-	-	8,01,828	3.02
6. Koppara Sajeeve Thomas	7,50,000	2.83	7,50,000	2.83
7. Prime Broking Company (I) Ltd. (17/06/16 Sale 2,50,000) (29/07/16 Sale 1,20,000) (05/08/16 Sale 1,92,654)	5,62,654	2.13	-	-
8. Bakulesh Trambaklal Shah (23/09/16 Purchase 5,00,000)	-	-	5,00,000	1.89

For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01-Apr-2016)		Shareholding at the end of the Year (As on 31-Mar-2017)	
	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
9. Mohit Oswal (17/06/16 Purchase 2,42,272) (24/06/16 Purchase 8,493) (30/06/16 Purchase 20,000) (08/07/16 Sale 30,612) (15/07/16 Purchase 26,057) (19/08/16 Purchase 7,196) (26/08/16 Purchase 1,120) (02/09/16 Purchase 474) (09/09/16 Sale 25,000) (07/10/16 Purchase 30,000) (28/10/16 Purchase 1,338) (04/11/16 Purchase 1,500) (11/11/16 Sale 6,537) (25/11/16 Sale 20,000) (02/12/16 Sale 100) (09/12/16 Sale 3,000) (16/12/16 Sale 5,000) (03/02/17 Purchase 5,578) (10/02/17 Purchase 21,019) (17/02/17 Purchase 32,350) (24/02/17 Purchase 2,000) (03/03/17 Sale 12,906) (10/03/17 Purchase 20,000) (17/03/17 Purchase 35,000) (24/03/17 Purchase 24,925) (31/03/17 Purchase 13,862)	-	-	3,90,029	1.47
10. LTS Investment Fund Ltd (28/10/16 Purchase 2,00,000) (31/03/17 Purchase 1,29,417)	-	-	3,29,417	1.24
11. Chetan Rasiklal Shah (05/08/16 Purchase 20,027) (07/10/16 Sale 738) (11/11/16 Sale 16,792) (18/11/16 Sale 2,292) (25/11/16 Purchase 27,180) (09/12/16 Purchase 22,615) (30/12/16 Purchase 2,62,000) (03/03/17 Sale 21,000)	-	-	2,91,000	1.10
12. Wisdom Global Enterprises Ltd.	2,50,000	0.94	2,50,000	0.94
13. Sharad Amrutlal Jhaveri	2,34,898	0.89	2,34,898	0.89

For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year (As on 01-Apr-2016)		Shareholding at the end of the Year (As on 31-Mar-2017)	
	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
14. Global Worth Securities Ltd. (17/06/16 Sale 65,460) (23/09/16 Purchase 3,15,000) (30/09/16 Sale 2,80,000) (21/10/16 Sale 65,000) (28/10/16 Purchase 1,72,232) (04/11/16 Purchase 47,768) (11/11/16 Purchase 20,000) (09/12/16 Sale 1,00,000) (23/12/16 Sale 68,763) (30/12/16 Sale 3,46,237) (06/01/07 Purchase 53,000) (13/01/17 Purchase 503) (20/01/17 Sale 503) (17/02/17 Purchase 40,000) (24/02/17 Sale 22,622) (03/03/17 Purchase 37,622) (10/03/17 Purchase 10,000) (17/03/17 Purchase 5,000) (31/03/17 Purchase 40,000)	3,95,460	1.49	1,88,000	0.71

#### v) Shareholding of Directors and Key Managerial Personnel as on 31-Mar-2017

For Each of the Directors and KMP	Shareholding at the beginning of the Year (As on 01-Apr-2016)		Shareholding at the end of the Year (As on 31-Mar-2017)	
	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1. N. Jayakumar	20,84,759	7.87	20,84,759	7.86
2. Ajay Shah (08/02/17 ESOS allotment 16,600) (23/02/17 Sale 5,000)	-	-	11,600	0.04

#### V. INDEBTEDNESS (Indebtedness of the Company including interest outstanding / accrued but not due for payment) (Rs. in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
Principal Amount	2,788.34	1,639.94	-	4,428.28
Interest due but not paid	-	-	-	-
Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,788.34	1,639.94	-	4,428.28

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	2,377.08	1,019.94	-	3,397.02
<b>NetChange</b>	<b>2,377.08</b>	<b>1,019.94</b>	<b>-</b>	<b>3,397.02</b>
<b>Indebtedness at the end of the financial year</b>				
Principal Amount	411.26	620.00	-	1,031.26
Interest due but not paid	-	-	-	-
Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>411.26</b>	<b>620.00</b>	<b>-</b>	<b>1,031.26</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager

(Rs. in lacs)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
		Managing Director N. Jayakumar *	
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	33.00	33.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.80	1.80
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission		
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5	Others, please specify	Nil	Nil
<b>Total (A)</b>		<b>34.80</b>	<b>34.80</b>
Ceiling as per Section 198 of the Companies Act, 2013		5% of Net Profit / Schedule V	5% of Net Profit / Schedule V

\* For the period from January 1, 2017 to March 31, 2017

## B. Remuneration to other Directors

(Rs. in lacs)

Sr. No.	Particulars of Remuneration	Name of Director				Total Amount
		Pradip Dubhashi	Alpana Parida	Anil Dharker	S. R. Sharma	
1	<b>Independent Directors</b>					
	• Fee for attending board / committee meetings	1.60	1.00	1.90	1.40	5.90
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>1.60</b>	<b>1.00</b>	<b>1.90</b>	<b>1.40</b>	<b>5.90</b>
2	<b>Other Non-Executive Directors</b>					
	• Fee for attending board / committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
"Total (B) = (1+2) Total Managerial Remuneration"		<b>1.60</b>	<b>1.00</b>	<b>1.90</b>	<b>1.40</b>	<b>5.90</b>
Ceiling as per Section 198 of the Companies Act, 2013		1% of Net Profit / Schedule V				

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. in lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
			Ajay Shah	Nikhil Shah	
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	26.03	11.07	37.10
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	1.98	-	1.98
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	<b>Stock Option</b>	-	-	-	-
3	<b>Sweat Equity</b>	-	-	-	-
4	<b>Commission</b>				
	- as % of profit	-	6.00	-	6.00
	- others, specify	-	-	-	-
5	<b>Others, please specify</b>	-	-	-	-
<b>Total (A)</b>		<b>-</b>	<b>34.01</b>	<b>11.07</b>	<b>45.08</b>

## PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Company					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					
Director					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					
Other Officers In Default					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					

## SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,  
Prime Securities Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Prime Securities Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the year ended March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the year ended March 31, 2017 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
  - (c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agent) Regulations, 1993 as amended from time to time;
- (6) Other laws applicable to the Company:
  - (a) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (SS-1 and SS-2);
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under the review, the Company has complied with the provisions

of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period, all the decisions in the Board Meetings were carried unanimously.

We have relied on the representation made by the Company, its Officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company as listed in Annexure II.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines (as mentioned above and listed in Annexure II).

**We further report that** during the audit period, there were no specific events / actions having a major bearing on the Company's affairs.

#### **Annexure I**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

#### **Annexure II**

- (1) Employees Provident Fund Act, 1952 and Rules;
- (2) Professional Tax Act, 1975 and Rules;
- (3) Payment of Gratuity Act, 1972;
- (4) Apprentices Act, 1961;

- (5) Contract Labour (R&A) Act, 1970;
- (6) Employment Exchanges (Compulsory Notification of vacancies) Act, 1959;
- (7) Employees State Insurance Act, 1947;
- (8) Equal Remuneration Act, 1976;
- (9) Income Tax Act, 1961;
- (10) Minimum Wages Act, 1948;
- (11) Payment of Bonus Act, 1965;
- (12) Shop & Establishment Act, 1948;
- (13) Finance Act, 2015;
- (14) Employees Provident Fund & Miscellaneous Provisions Act, 1952.

Place: Mumbai  
Date: April 6, 2017

Pramod S. Shah & Associates  
(Practising Company Secretaries)

Pramod Shah - Partner  
Pramod S. Shah & Associates  
FCS No.: 334  
C P No.: 3804

## ANNEXURE 5 TO DIRECTOR'S REPORT

## DISCLOSURE IN DIRECTORS' REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

Sr. No.	Requirements	Disclosure	
		Name of the Director	Ratio
1.	The ratio of the remuneration of each Director to the Median Remuneration of the Employees of the Company for the Financial Year	N. Jayakumar, Managing Director	6.55 X
		Pradip Dubhashi, Chairman	N.A.
		Alpana Parida, Independent Director	N.A.
		Anil Dharker, Independent Director	N.A.
		<b>S. R. Sharma, Independent Director</b>	<b>N.A.</b>
		1. The Median Remuneration of Employees of the Company was Rs. 20.16 lacs.	
		2. N. Jayakumar was not drawing any salary till December 31, 2016.	
		3. Independent Directors are not paid any remuneration except Sitting Fees, which has not been considered as remuneration.	
		4. Figures have been rounded off wherever necessary.	
		2.	The ratio of the remuneration of each Director to the Median Remuneration of the Employees of the Company for the Financial Year
Pradip Dubhashi, Chairman	N.A.		
Alpana Parida, Independent Director	N.A.		
Anil Dharker, Independent Director	N.A.		
S. R. Sharma, Independent Director	N.A.		
Nikhil Shah, Chief Financial Officer	18.34%		
<b>Ajay Shah, Company Secretary</b>	<b>12.00%</b>		
1. Increase in remuneration is made as per appraisal system and Remuneration and Nomination Policy of the Company.			
2. N. Jayakumar was not drawing any salary till December 31, 2016.			
3. Independent Directors are not paid any remuneration except Sitting Fees, which has not been considered as remuneration.			
3.	The percentage increase in the Median Remuneration of Employees in the Financial Year	During FY 2016, the percentage increase in the median remuneration of employees as compared to previous year was approximately 40.98%.	
4.	The number of Permanent Employees on the rolls of Company	There were 7 employees as on March 31, 2017.	

Sr. No.	Requirements	Disclosure	
		Name of the Director	Ratio
5.	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in remuneration is 12.00% for Employees other than Managerial Personnel and 13.96% for Managerial Personnel.	
6.	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, it is confirmed.	

## ANNEXURE 6 TO DIRECTOR'S REPORT

**Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999**

	Particulars	ESOS 2007	ESOS 2009
a)	Options granted	9,99,000	14,85,000
b)	Pricing formula	Rs. 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs. 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)
c)	Options vested	9,99,000	14,85,000
d)	Options exercised	Nil	Nil
e)	The total number of shares arising as a result of exercise of option	Nil	Nil
f)	Options lapsed	9,59,000	12,71,800
g)	Variation of terms of options	Nil	Nil
h)	Money raised by exercise of options	Nil	Nil
i)	Total number of options in force	40,000	2,13,200
j)	Employee wise details of options granted		
i)	Senior managerial personnel	Total 40,000 options granted to 1 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)	Total 100,000 options granted to 1 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)
ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of the option granted during that year	Nil	Nil
iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Nil

	Particulars	ESOS 2007	ESOS 2009
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard AS20 Earnings Per Share	Rs. (0.59) per share of face value of Rs. 5/- each	Rs. (0.59) per share of face value of Rs. 5/- each
l)	i)	Method of calculation of employee compensation cost	Intrinsic value method
	ii)	Difference between the employee compensation cost so computed at (i) above and cost that shall have been recognized if it had used the fair value of the options	Nil
	iii)	The impact of this difference on profits and on EPS of the Company	The net loss would have been higher by Rs. 11.56 lacs and basic & diluted EPS would have been lower by Nil
m)	Weighted average exercise price and weighted average fair value	Weighted average exercise price – Rs. 38/- Weighted average fair value – Rs. 38/-	Weighted average exercise price – Rs. 38/- Weighted average fair value – Rs. 38/-
n)	Fair value of options based on Black Scholes methodology - assumptions		
	Risk free rate	8.00%	8.00%
	Expected life of options	3 years	3 years
	Expected volatility	66.43%	66.43%
	Expected dividends	-	-
	Closing market price of share on date of option grant	Rs. 196.40	Rs. 38.75

## Independent Auditor's Report

To,  
The Members of  
**PRIME SECURITIES LIMITED**

### Report on the Financial Statements

We have audited the accompanying financial statements of PRIME SECURITIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017 the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Basis for Qualified Opinion**

1. As referred in Note 23.5, the Company has written-back a loan of ₹525.00 Lacs as in the opinion of the management the same was no longer payable. Accordingly, the loss for the year is lower by the said amount and the short-term borrowing is lower by ₹1,400.00 Lacs (including ₹875.00 Lacs written-back in the previous financial year).
2. As referred in Note 23.6(b), the Company has not provided for interest on certain secured loans of ₹1,855.99 Lacs in respect of period up to March 31, 2016 as in the opinion of the management the same is under renegotiations with the lenders. Had the Company made such provision in the earlier years, the reserves and surplus would have been lower by the said amount.
3. As referred in Note 23.7, the Company has written-back ₹327.50 Lacs which was written-off as not recoverable in the earlier financial year. Accordingly, the loss for the year is lower, and the long-term loans and advances are higher, by the said amount.

#### **Qualified Opinion**

In our opinion and to the best of our knowledge and according to the information and explanations given to us, except for the effects of the matters described in point nos. 1 to 3 of the Basis for Qualified Opinion paragraph, the said financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at

March 31, 2017 and its loss and its cash flows for the year ended on that date.

#### **Emphasis of Matter**

Our opinion is not modified in respect of the following:

1. As referred to in Note 23.3(a) & 23.3(b), the net worth of Company's subsidiaries viz. Primesec Investments Limited and Prime Research & Advisory Limited have been eroded but having regard to the circumstances specified in the said Notes, the subsidiaries have prepared their accounts on a going concern basis. Relying on the same, the Company has not considered making any adjustments to its financial exposure in the subsidiaries.
2. As referred to in Note 23.6(a), the Company has assigned a loan of ₹2,318.39 Lacs to a subsidiary company subject to consent of the lender.
3. As referred to in Note 23.8, there is a diminution of ₹98.46 Lacs in value of non-current investments (other than in subsidiary companies). The Company has not provided for such diminution on the basis that the same is temporary in nature.
4. As referred to in Note 23.9, remuneration of ₹33.00 Lacs paid to the Managing Director is subject to approval of members.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, except for the effects of the matters described in point nos. 1 to 3 of the Basis for Qualified Opinion paragraph, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 23.2 to the financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has made requisite disclosures in its financial statements as to holdings as well as dealings in 'Specified Bank Notes' during the period 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 which is in accordance with the books of accounts maintained by the Company.

For **GANDHI & ASSOCIATES LLP**  
*Chartered Accountants*  
 (FRN: 102965W/W100192)

**[MILIND GANDHI]**

Partner

Mumbai,

Date: April 6, 2017 Membership No. 043194

## Annexure - A to the Auditor's Report

The annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2017 we report that:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, all the fixed assets were physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us, no discrepancies were noticed on such physical verification.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
2. The Company does not hold any inventories and therefore Clause 3(ii) of the Order is not applicable to the Company.
  3. The Company has granted unsecured loans to wholly-owned subsidiary companies covered in the register maintained under Section 189 of the Act. Considering the loans are to wholly-owned subsidiaries, in our opinion, the terms and conditions of the loans are not prejudicial to the Company's interest. The loans are repayable on demand and during the year part of loan to one subsidiary was repaid as demanded. Interest is paid by the subsidiary where applicable.
  4. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act with respect to the loans and investments made.
  5. The Company has not accepted any deposits within the meaning of the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder and therefore Clause 3(v) of the Order is not applicable to the Company.
  6. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company and hence the provisions of clause 3(vi) of the Order is not applicable to the Company.
  7. a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, service tax and other statutory dues applicable to it. Further, according to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, income tax, service tax and other statutory dues with the appropriate authorities outstanding at the end of the year for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, the particulars of statutory dues outstanding at the end of the year on account of a dispute are as follows:

Statute	Assessment Year	Nature Dues	Forum before whom pending	₹Lacs
Income Tax Act 1961	2006-2007	Income Tax	Assessing Officer (Rectification Proceedings)	13.18

8. Based on our audit procedures and according to the information and explanations given by the management, the Company has not defaulted in repayment of its loans and borrowings to any financial institution and banks. The Company does not have any loan or borrowing from Government or debenture holders.
9. The Company did not raise any amount by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly Clause 3(ix) of the Order is not applicable.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with provisions of section 197 read with Schedule V of the Act but is subject to approval of the members by a special resolution in the ensuing general meeting.
12. In our opinion and according to the information and explanation given to us, the Company is not a nidhi company and therefore, Clause 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and therefore, Clause 3(xiv) of the Order is not applicable.
15. On the basis of our examination and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and therefore, Clause 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934 and therefore Clause 3(xvi) of the Order is not applicable.

For **GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**[MILIND GANDHI]**

Mumbai, Partner  
Date: April 6, 2017 Membership No. 043194

## Annexure - B to the Auditor's Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PRIME SECURITIES LIMITED ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed

under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the

preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; and,
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and,
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material

misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For **GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**[MILIND GANDHI]**

Mumbai, Partner  
Date: April 6, 2017 Membership No. 043194

## BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Lacs)

	Note No.	As at March 31, 2017		As at March 31, 2016	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	1,329.94		1,327.85	
Reserves and Surplus	2	5,150.67	6,480.61	5,301.99	6,629.84
<b>Non-current Liabilities</b>					
Long-term Borrowings	3	209.29		400.00	
Long-term Provisions	4	173.79	383.08	155.54	555.54
<b>Current Liabilities</b>					
Short-term Borrowings	5	620.00		3,824.95	
Trade Payables	6	53.60		114.89	
Other Current Liabilities	7	213.40		278.65	
Short-term Provisions	8	28.22	915.22	19.53	4,238.01
<b>Total</b>			<b>7,778.91</b>		<b>11,423.40</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets	9				
- Tangible Assets		291.23		285.69	
- Intangible Assets		0.02		0.18	
Non-current Investments	10	1,462.09		4,713.23	
Long Term Loans and Advances	11	516.02	2,269.36	189.66	5,188.76
<b>Current Assets</b>					
Current Investments	12	14.68		17.80	
Trade Receivables	13	28.78		-	
Cash and Bank Balances	14	9.24		61.04	
Short-term Loans and Advances	15	5,453.27		6,152.22	
Other Current Assets	16	3.58	5,509.55	3.58	6,234.64
<b>Total</b>			<b>7,778.91</b>		<b>11,423.40</b>
<b>Notes on Accounts</b>	23				

As per our Report attached

For and on behalf of the Board

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
(FRN: 102965W/W100192)

**N. Jayakumar**  
Managing Director

**Pradip Dubhashi**  
Chairman

**Anil Dharker**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Alpana Parida**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, April 6, 2017

Mumbai, April 6, 2017

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in Lacs)

	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
<b>I REVENUE FROM OPERATIONS</b>	17	463.00	1,040.56
<b>II OTHER INCOME</b>	18	213.60	943.41
<b>III TOTAL REVENUE (I + II)</b>		<b>676.60</b>	<b>1,983.97</b>
<b>IV EXPENSES</b>			
Employee Benefit Expenses	19	151.40	117.80
Finance Costs	20	0.87	0.60
Depreciation and Amortisation Expense	9	12.68	62.72
Other Expenses	21	193.59	282.74
<b>TOTAL EXPENSES</b>		<b>358.54</b>	<b>463.86</b>
<b>V PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX (III - IV)</b>		318.06	1,520.11
<b>VI EXTRAORDINARY ITEMS</b>	22	(473.56)	(52.61)
<b>VII PROFIT / (LOSS) BEFORE TAX (V - VI)</b>		(155.50)	1,467.50
<b>VIII TAX EXPENSE</b>			
- Current Tax		-	63.30
- Deferred Tax		-	-
<b>IX PROFIT / (LOSS) FOR THE YEAR (VII - VIII)</b>		<b>(155.50)</b>	<b>1,404.20</b>
<b>Earning per Equity Share (Face Value per Share ₹5/-)</b>			
- Basic		(0.59)	5.30
- Diluted		(0.59)	5.30
<b>Notes on Accounts</b>	23		

As per our Report attached

For and on behalf of

**GANDHI & ASSOCIATES**  
 Chartered Accountants  
 (FRN: 102965W/W100192)

**Milind Gandhi**  
 Partner  
 Membership No. 043194

Mumbai, April 6, 2017

For and on behalf of the Board

**Pradip Dubhashi**  
 Chairman

**Anil Dharker**  
 Director

**Alpana Parida**  
 Director

**Ajay Shah**  
 Company Secretary

Mumbai, April 6, 2017

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
<b>A Cash flow from Operating Activities</b>		
<b>Net Profit / (Loss) before tax</b>	(155.50)	1,467.50
Adjustments for:		
Dividend Received	-	(14.14)
Interest Received	(16.33)	(42.20)
Depreciation	12.68	62.72
Interest & Finance Charges	0.87	0.60
Fixed Assets Written off	-	70.07
Loss / (Gain) on Sale of Investments (Net)	(192.47)	164.98
Amount Written-back	(973.16)	(1,372.64)
Provisions no longer required, Written back	-	(1,047.24)
Balances written off	1,446.72	1,425.25
Provision for Doubtful Advances	-	1.02
	278.31	(751.58)
Operating Profit / (Loss) before Working Capital changes	<b>122.81</b>	<b>715.92</b>
Adjustments for Changes in the Working Capital		
Debtors	(28.78)	-
Current Assets	-	7,500.00
Loans & Advances	698.97	(5,508.30)
Current Liabilities & Provisions	(62.58)	20.94
	607.61	2,012.64
<b>Cash generated from Operations</b>	<b>730.42</b>	<b>2,728.56</b>
Direct Taxes (Paid) / Refund (net)	1.15	(19.21)
<b>Net Cash from Operating Activities (A)</b>	<b>731.57</b>	<b>2,709.35</b>
<b>B Cashflow from Investment Activities</b>		
Purchase of Fixed Assets	(18.07)	(1.58)
Sale of Investments	2,000.00	146.40
Dividend Received	-	14.14
Interest Received	16.33	42.20
<b>Net Cash from Investment Activities (B)</b>	<b>1,998.26</b>	<b>201.16</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
<b>C Cashflow from Financing Activities</b>		
Interest & Finance Charges	(0.87)	(0.60)
Proceeds from issue of shares (ESOP)	6.26	-
Funds Borrowed / (Repaid) (net)	(2,787.02)	(2,872.23)
<b>Net Cash from Financing Activities (C)</b>	<b>(2,781.63)</b>	<b>(2,872.83)</b>
<b>Net Cashflow (A + B + C)</b>	<b>(51.80)</b>	<b>37.68</b>
<b>Changes in the Cash &amp; Bank Balances</b>	<b>(51.80)</b>	<b>37.68</b>
Cash and Cash Equivalents at the beginning of the year	61.04	23.36
Cash and Cash Equivalents at the end of the year	9.24	61.04

As per our Report attached

For and on behalf of the Board

For and on behalf of

**GANDHI & ASSOCIATES**  
Chartered Accountants  
(FRN: 102965W/W100192)

**N. Jayakumar**  
Managing Director

**Pradip Dubhashi**  
Chairman

**Anil Dharker**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Alpana Parida**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, April 6, 2017

Mumbai, April 6, 2017

**NOTE 1 - SHARE CAPITAL**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>AUTHORISED</b>		
3,00,00,000 Equity Shares of ₹5/- each	1,500.00	1,500.00
2,00,000 13% Cumulative Redeemable Preference Shares of ₹100/- each	200.00	200.00
18,00,000 Unclassified Shares of ₹100/- each	1,800.00	1,800.00
<b>Total</b>	<b>3,500.00</b>	<b>3,500.00</b>
<b>ISSUED</b>		
2,72,22,725 (Previous Year 2,72,22,725) Equity Shares of ₹5/- each	1,361.14	1,361.14
<b>Total</b>	<b>1,361.14</b>	<b>1,361.14</b>
<b>SUBSCRIBED &amp; FULLY PAID</b>		
2,65,15,325 (Previous Year 2,64,73,525) Equity Shares of ₹5/- each	1,325.77	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	4.17	4.17
<b>Total</b>	<b>1,329.94</b>	<b>1,327.85</b>

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

	As at March 31, 2017	As at March 31, 2016
	No. of Shares	No. of Shares
Opening Balance	26,473,525	26,473,525
Add: Shares Issued during the period	41,800	-
<b>Closing Balance</b>	<b>26,515,325</b>	<b>26,473,525</b>

b) Details of equity shareholders holding more than 5% of equity shares:

	Current Year		Previous Year	
	%	No. of Shares	%	No. of Shares
Judith Investments Private Limited	10.12	2,683,497	10.14	2,683,497
N. Jayakumar	7.86	2,084,759	7.87	2,084,759
Videocon Industries Limited	-	-	6.66	1,762,565

### c) Employees Stock Option Schemes (ESOS)

The Company's stock based compensation plan for employees comprises of three schemes viz. the ESOS 2007 Scheme, ESOS 2008 and the ESOS 2009 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries. The Company has reserved issuance of 253,200 (Previous year 488,400) Equity Shares of ₹5/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS) approved by Members. During the year, the Company has granted NIL (Previous year NIL) Options to the eligible employees.

#### ESOS 2007 Scheme

The Scheme permits allocation of an aggregate of 1,000,000 equity shares of the face value of ₹5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of ₹38/-.

#### ESOS 2008 Scheme

The Scheme permits allocation of an aggregate of 1,200,000 equity shares of the face value of ₹5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of ₹15/-.

#### ESOS 2009 Scheme

The Scheme permits allocation of an aggregate of 2,000,000 equity shares of the face value of ₹5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of ₹38/-.

The number of options granted, exercised and lapsed under the above schemes is set out below:

Particulars (Exercise Price)	ESOS 2007 (₹38/-)		ESOS 2008 (₹15/-)		ESOS 2009 (₹38/-)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options outstanding, beginning of the Year	80,000	226,300	88,400	220,500	320,000	395,400
Add: Granted during the Year	-	-	-	-	-	-
Less: Exercised during the Year	-	-	41,800	-	-	-
Less: Lapsed during the Year	40,000	146,300	46,600	132,100	106,800	75,400
Options outstanding, end of the Year	40,000	80,000	-	88,400	213,200	320,000

**NOTE 2 - RESERVES AND SURPLUS**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>Capital Reserve</b>		
As per last Balance Sheet	165.00	165.00
	<b>165.00</b>	<b>165.00</b>
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	217.27	217.27
	<b>217.27</b>	<b>217.27</b>
<b>Securities Premium Reserve</b>		
As per last Balance Sheet	5,312.64	5,312.64
Add: Received during the Year	4.18	-
	<b>5,316.82</b>	<b>5,312.64</b>
<b>General Reserve</b>		
As per last Balance Sheet	2,400.00	2,400.00
	<b>2,400.00</b>	<b>2,400.00</b>
<b>Surplus</b>		
Balance at the beginning of the Year	(2,792.92)	(4,197.12)
Add: Net Profit / (Loss) for the Year	(155.50)	1,404.20
	<b>(2,948.42)</b>	<b>(2,792.92)</b>
<b>Total</b>	<b>5,150.67</b>	<b>5,301.99</b>

**NOTE 3 - LONG-TERM BORROWINGS**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>Term Loans</b>		
Secured		
- From Bank	9.29	-
[Secured against hypothecation of own asset]		
<b>Other Loan and Advances</b>		
Secured		
- From Bank	200.00	400.00
[Against pledge of shares owned by other parties]		
<b>Total</b>	<b>209.29</b>	<b>400.00</b>

**Terms of Repayment of Long Term Borrowings**

(₹ in Lacs)

	1-2 Years		2-3 Years		3-4 Years	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Term Loan From Banks	4.14	3.34	7.13	-	-	-
Loans and Advances from Bank	400.00	200.00	-	400.00	-	-

**NOTE 4 - LONG-TERM PROVISIONS**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits		
- Leave Encashment	173.79	155.54
<b>Total</b>	<b>173.79</b>	<b>155.54</b>

**NOTE 5 - SHORT-TERM BORROWINGS**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>From Banks</b>		
Unsecured	-	400.00
<b>Loan and Advances other than Banks</b>		
Secured [Against pledge of specified investments owned by the Company and other parties]	-	2,185.00
Unsecured	30.00	555.00
<b>Loan and Advances from Related Parties</b>		
Unsecured		
From an Associate Company	335.00	335.00
From Managing Director	255.00	349.95
<b>Total</b>	<b>620.00</b>	<b>3,824.95</b>

**NOTE 6 - TRADE PAYABLES**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Trade Payables	53.60	114.89
[As per the information available with the Company, there are no dues outstanding as on March 31, 2017 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006]		
<b>Total</b>	<b>53.60</b>	<b>114.89</b>

## NOTE 7 - OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Current Maturities of Long Term Debt		
Secured		
- From Banks	201.97	203.34
[Against hypothecation of own asset of the company and pledge of shares owned by other parties (refer note 23.4)]		
Income Received in Advance	2.40	2.40
Other Payables		
Statutory Dues	1.07	38.26
Outstanding Expenses	7.96	34.65
<b>Total</b>	<b>213.40</b>	<b>278.65</b>

## NOTE 8 - SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits		
- Leave Encashment	15.98	14.94
- Gratuity	12.24	4.58
<b>Total</b>	<b>28.22</b>	<b>19.53</b>

**NOTE 9 - FIXED ASSETS**

DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION		NET BLOCK	
	As on April 01, 2016	Additions	Deletions & Adjustments	As on March 31, 2017	As on April 01, 2016	For the Period Adjustments	As on March 31, 2017	As on April 01, 2016
						Provided		
<b>Tangible Assets</b>								
Building	392.80	-	-	392.80	132.72	6.55	139.27	253.53
Furniture & Fixture	19.79	0.90	-	20.69	7.63	2.02	9.65	11.04
Vehicles	126.89	15.54	-	142.43	115.81	2.81	118.62	23.81
Office Equipments	4.63	0.29	-	4.92	3.03	0.57	3.60	1.32
Computers	2.99	1.34	-	4.33	2.23	0.57	2.80	1.53
<b>Intangible Assets</b>								
Computer Software	1.29	-	-	1.29	1.11	0.16	1.27	0.02
<b>Total</b>	<b>548.39</b>	<b>18.07</b>	-	<b>566.46</b>	<b>262.53</b>	<b>12.68</b>	<b>275.21</b>	<b>291.25</b>
<b>Previous Year</b>	645.77	1.58	98.96	548.39	228.70	62.72	262.52	285.87

**Note:**

Net block of the Building include a residential flat of ₹253.53 lacs in a co-operative society, acquired from a debtor in satisfaction of a claim. In view of the restraining orders, the society has kept in abeyance the admission of membership of the Company. In the earlier year, pursuant to the order of the Hon'ble High Court, the possession of the flat was handed over to the Official Assignee. An appeal was filed by the Company against the said order whereby the said order was set aside. Pursuant to the fresh chamber summons filed by the Company for removing attachment, the Official Assignee has been directed not to sell or dispose-off the flat. The Company has been legally advised that the said developments will not have a bearing on the Company's title to the flat and consequently there is no impairment in the value of the asset and the Company is not likely to have any further claim or liability against the said flat.

**NOTE 10 - NON-CURRENT INVESTMENTS (NON-TRADE)**

	Face Value	Quantity (No. of Shares)		Amount (₹ in Lacs)	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>A) In Wholly-owned Subsidiary Companies</b>					
<b>Unquoted, Fully Paid-up</b>					
Prime Broking Company (India) Limited	₹10/-	5,341,000	5,341,000	1,719.70	1,719.70
Prime Commodities Broking (India) Limited	₹10/-	500,000	500,000	50.00	50.00
Prime Research & Advisory Limited	₹10/-	350,000	350,000	33.02	33.02
Primesec Investments Limited	₹10/-	1,636,000	1,636,000	798.00	798.00
				2,600.72	2,600.72
Less: Provision for Diminution in value of Investments				1,752.72	1,752.72
<b>Total A</b>				<b>848.00</b>	<b>848.00</b>
<b>B) In Other Companies</b>					
<b>I. Quoted, Fully Paid-up</b>					
ABG Shipyard Limited	₹10/-	-	219,300	-	856.78
Dr Datsons Lab Limited	₹10/-	-	6,500	-	1.96
El forge Limited	₹10/-	1,437,277	1,437,277	94.31	94.31
Greycells Entertainment Limited	₹10/-	79,000	79,000	89.65	89.65
IOL Netcom Limited	₹10/-	-	923,910	-	343.08
<b>Total B (I)</b>				<b>183.96</b>	<b>1,385.78</b>
<b>II. Unquoted, Fully Paid-up</b>					
Baron International Limited	₹10/-	1,828,300	1,828,300	882.36	882.36
^ Blue Chip Technologies Limited	₹10/-	100,000	100,000	-	-
Bussiness India Publication Limited	₹10/-	-	67,295	-	69.37
^ Gateway Entertainment Limited	₹10/-	28,500	28,500	-	-
Roop Automotives Limited	₹10/-	-	401,674	-	1,807.53
Sarju International Limited	₹10/-	535,000	535,000	240.75	240.75
^ Trinity Fuels Limited	₹10/-	320,000	320,000	-	-
Tunip Agro Limited	₹10/-	623,687	873,687	430.13	602.55
				1,553.24	3,602.56
Less: Provision for Diminution in value of Investments				1,123.11	1,123.11
<b>Total B (II)</b>				<b>430.13</b>	<b>2,479.45</b>
<b>Total B [B (I)+B (II)]</b>				<b>614.09</b>	<b>3,865.23</b>
<b>Total Non-Current Investments (A+B)</b>				<b>1,462.09</b>	<b>4,713.23</b>
<b>Aggregate amount of Quoted Investments (A)</b>				<b>183.96</b>	<b>1,385.78</b>
<b>Market Value of Quoted Investments</b>				<b>85.50</b>	<b>191.31</b>
<b>Aggregate Amount of Unquoted Investments (B)</b>				<b>1,278.13</b>	<b>3,327.45</b>

**NOTES:**

^ Cost written-off on account of permanent diminution.

**NOTE 11 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Security Deposits	19.93	19.93
Other Loans and Advances		
Advances recoverable in cash or kind or for value to be received	327.50	-
Advance Income Tax (Net of Provisions)	168.59	169.73
<b>Total</b>	<b>516.02</b>	<b>189.66</b>

**NOTE 12 - CURRENT INVESTMENTS (NON-TRADE)**

	Face Value	Quantity (No. of Shares)		Amount (₹ in Lacs)	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>A) Quoted, Fully Paid up</b>					
Hitech Plast Limited	₹10/-	-	9,000	-	3.12
International Hometex Limited	₹10/-	400,000	400,000	0.00	0.00
Solid Stone Company Limited	₹10/-	41,939	41,939	14.68	14.68
<b>Total Current Investments</b>				<b>14.68</b>	<b>17.80</b>
<b>Aggregate amount of Quoted Investments</b>				14.68	19.70
<b>Market Value of Quoted Investments</b>				<b>36.72</b>	<b>29.64</b>

**NOTE 13 - TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Outstanding for a period exceeding six months	18.28	-
Other Debts	10.50	-
<b>Total</b>	<b>28.78</b>	<b>-</b>

**NOTE 14 - CASH AND BANK BALANCES**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Cash and Cash Equivalents		
Balances with Banks	8.66	52.90
Cash on Hand	0.58	8.14
<b>Total</b>	<b>9.24</b>	<b>61.04</b>

**NOTE 15 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Loans and Advances to Related Parties		
Subsidiary Companies	5,483.47	6,192.49
Less : Provision for doubtful Advances	(48.59)	(48.59)
	<b>5,434.88</b>	<b>6,143.90</b>
Prepaid Expenses	11.93	5.69
Advances recoverable in cash or kind or for value to be received	6.46	2.63
<b>Total</b>	<b>5,453.27</b>	<b>6,152.22</b>

**NOTE 16 - OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Receivable on Sale of Investments	3.58	3.58
<b>Total</b>	<b>3.58</b>	<b>3.58</b>

**NOTE 17 - REVENUE FROM OPERATIONS**

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Merchant Banking and Advisory Fees	463.00	1,040.56
<b>Total</b>	<b>463.00</b>	<b>1,040.56</b>

**NOTE 18 - OTHER INCOME**

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income	16.33	42.20
Dividend Income	0.00	14.14
Net Gain / (Loss) on Sale of Investments	192.47	(164.98)
Rent	4.80	4.80
Other Non-Operating Income		
Provisions no longer required, Written back	-	1,047.24
<b>Total</b>	<b>213.60</b>	<b>943.41</b>

**NOTE 19 - EMPLOYEE BENEFIT EXPENSES**

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries	141.35	109.16
Contribution to Provident and Other Funds	3.73	2.48
Staff Welfare Expenses	6.32	6.16
<b>Total</b>	<b>151.40</b>	<b>117.80</b>

## NOTE 20 - FINANCE COSTS

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest Expense	0.87	0.60
<b>Total</b>	<b>0.87</b>	<b>0.60</b>

## NOTE 21 - OTHER EXPENSES

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Electricity Expenses	3.49	3.66
Rent	39.36	39.54
Repairs & Maintenance	8.11	2.29
Insurance Premium	2.66	1.22
Rates & Taxes	1.82	0.98
Travelling & Conveyance	27.41	31.61
Consultancy & Professional Charges	45.58	75.03
Director's Sitting Fees	5.90	7.00
Auditor's Remuneration		
- For Audit Fees	6.20	5.00
- For Other Services	0.75	-
Loss on Asset Sold/Discarded	-	70.07
Donations	5.00	1.00
Provision for Doubtful Debts & Advances	-	1.02
Miscellaneous Expenses	47.31	44.31
<b>Total</b>	<b>193.59</b>	<b>282.74</b>

## NOTE 22 - EXTRAORDINARY ITEMS

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Amounts Written Back	973.16	1,372.64
Balances Written off	(1,446.72)	(1,425.25)
<b>Total</b>	<b>(473.56)</b>	<b>(52.61)</b>

## NOTE 23 - NOTES FORMING PARTS OF ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2017

### 23.1 Significant Accounting Policies

#### a) Basis of Presentation of Financial Statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under section 133 of the Companies Act 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### b) Fixed Assets

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

#### c) Depreciation

Depreciation on tangible assets is provided on straight-line method over the useful life of the assets as prescribed in Schedule II to the Companies Act 2013. Depreciation on Intangible assets are amortised over their respective individual estimated useful lives on straight-line basis, commencing from the date the asset is available to the Company for its use.

#### d) Investments

Investments intended, at the time of acquisition, to be held for a period exceeding twelve months are classified as "Non-Current Investments". All other Investments are classified as "Current Investments".

Investments are accounted on trade date at cost of acquisition which includes brokerage and other charges.

Current Investments are valued at cost or market value, whichever is lower, whereby the cost of each script is compared with its market value and the resultant shortfall, if any, is charged to revenue.

Non-Current Investments are stated at cost less provision, if any, for diminution which is considered other than temporary in nature.

#### e) Revenue Recognition

Merchant Banking and Advisory Fees are accrued as per the terms of contract except where there is uncertainty as to their realisation.

Interest is accounted on accrual basis.

Dividend is accounted when the right to receive is established.

Gains or losses on sale of Investments are recognised on trade dates by comparing the sales realisation with the weighted average cost of such investment.

#### f) Employee Benefits

- i) Defined Contribution Plan

Contribution to defined contribution plan (being Provident Fund) is charged to the Profit and Loss Account.

ii) **Defined Benefit Plan**

The present value of the obligation under defined benefit plan (being Gratuity and Leave Encashment) is determined based on actuarial valuation using the projected unit credit method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In case of funded benefit plans the fair value of the plan assets is compared with the gross obligation under the benefit plan to recognize the obligation on net basis.

iii) **Other Benefits**

Short term and long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

**g) Taxation**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognised only if there is a reasonable certainty of their realization.

**h) Earnings Per Share**

In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

**i) Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

**j) Operating Leases**

Leases of Assets under which all the risk and benefits of the ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss account.

#### k) Derivative Transactions

Gains are recognized only on settlement/expiry of derivative instruments.

All open positions are marked to market and unrealized losses are provided for. Unrealized gains, if any, on marked to market are not recognized.

Debit/Credit balance on open interest as on the balance sheet dates are shown as current assets/liabilities, as the case may be.

#### l) Foreign Currency Transactions

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

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

#### m) Provisions and contingencies

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

### 23.2 Contingent Liabilities

Particulars	(₹ in lacs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Demands raised by Income Tax departments against which the Company has preferred appeals	13.18	13.18
Corporate guarantee given for financial facilities for a subsidiary (Amount outstanding at the close of the year)	-	15.00
Claim made against the Company not acknowledged as debt (Interest liability on the same cannot be ascertained)	1,855.99	2,593.34

- 23.3(a) The Company has a financial exposure of ₹5,974.11 lacs (Previous year ₹6,519.20 lacs) in its wholly-owned subsidiary viz. Primesec Investments Limited ("PIL") - investment in equity shares of ₹798.00 lacs (Previous year ₹798.00 lacs) and loans & advances of ₹5,176.11 lacs (Previous year ₹5,721.20 lacs). PIL has a negative net worth of ₹5,083.02 lacs (Previous year ₹7,240.12 lacs). However, having regard to efforts undertaken by the Board of PIL, among other things to negotiate re-statement of loans and realize value of its investments, the financial statements of PIL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities. Considering that the Company's investment in PIL is of strategic and long term nature and having regard to the efforts undertaken by the Board of PIL, no provision is considered necessary by the management for diminution in the value of the Company's financial exposure in PIL.

- (b) The Company has advanced ₹143.22 lacs (Previous year ₹80.02 lacs) to its wholly-owned subsidiary viz. Prime Research & Advisory Limited ("PRAL"). PRAL has a negative net worth of ₹343.35 lacs (Previous year ₹340.56 lacs). However, having regard to efforts undertaken by the Board of PRAL, among other things to negotiate re-statement of loans and realize value of its investments, the financial statements of PRAL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities. Considering that the Company's investment in PRAL is of strategic and long term nature and having regard to the efforts undertaken by the Board of PRAL, no provision is considered necessary by the management.
- 23.4** In the previous financial year the Company had given effect to a one-time settlement scheme under which a bank has re-stated the loan amount and waived past and future interest. The re-statement and waiver is conditional upon Company's adherence to repayment schedule failing which the Company would be liable to pay the entire loan amount with interest. The Company has, until the end of the current financial year, adhered to the terms and conditions of the scheme.
- 23.5** The Company has written-back a sum of ₹525.00 lacs by crediting the statement of profit & loss as in opinion of the management the same is not repayable. Including a similar write-back of ₹875.00 lacs in the previous financial year, the outstanding amount of loan as on March 31, 2017 is re-stated at ₹NIL. The loss for the year would have been higher by ₹525.00 lacs had the Company not accounted the write-back of loan.
- 23.6** (a) The Company had on March 31, 2016 assigned a secured loan liability of ₹2,318.39 lacs to its wholly owned subsidiary by adjusting the advance given to the said subsidiary. The assignment was subject to lender's consent which has not been received during the current year.
- (b) The Company has not accounted for interest of ₹1,855.99 lacs for period up to March 31, 2016 in respect of the said secured loan as in the opinion of the management the same would not be payable pursuant to a proposed restructuring/settlement of loans. Further no provision for interest has been made after April 1, 2016 as the loan has been assigned by the Company.
- (c) Simultaneously, the Company has written-off certain investments in shares of companies aggregating to ₹1,446.72 lacs which were pledged as security for the said loans.
- 23.7** A deposit of ₹327.50 lacs was written-off as non-recoverable in the previous financial year. During the year, the Company has received confirmation from the party acknowledging their liability to pay and pursuant to which the management is hopeful of recovery of said amount. Accordingly, the Company has reinstated the deposit by crediting the statement of profit and loss by a sum of ₹327.50 lacs.
- 23.8** There has been a decline of ₹98.46 lacs as on March 31, 2017 in the carrying value of Non-current Investments. No provision for diminution in the value of such investments has been considered necessary since, in the opinion of the management, such diminution is only temporary in nature.
- 23.9** On the recommendation of the Nomination & Remuneration Committee, the Board of Directors have amended the terms of appointment of the Managing Director by approving salary of ₹11.00 lacs a month with effect from January 1, 2017. Accordingly, the Company has paid salary of ₹33.00 lacs to the Managing Director which is subject to approval of the members by a special resolution in a general meeting.

**23.10** The Company's main business is to provide corporate advisory services. All other activities are incidental to the main business. As such, there are no separate reportable segments, as per Accounting Standard on 'Segment Reporting' (AS 17) issued by the Institute of Chartered Accountants of India.

**23.11 Retirement Benefits**

(Disclosure as required by AS 15 (Revised), "Accounting for Retirement Benefits" issued by Institute of Chartered Accountants of India)

Contribution to gratuity for India based employees are accrued on the basis of actuarial valuation and are also accordingly funded. The balance of Projects Benefit Obligation (PBO) on gratuity over the funded amount is accrued as liability.

(A) Disclosure in terms of revised AS 15 on Retirement Benefits in respect of Defined Benefits Plans (Gratuity - funded scheme)

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Change in Projected Benefits Obligation (PBO)</b>		
PBO at beginning of the year	25.60	13.27
Service cost	6.55	1.31
Interest cost	2.04	1.06
Actuarial (gain)/loss	0.69	9.96
Benefits paid	-	-
PBO at the end of the period	34.88	25.60
<b>Change in Plan Assets</b>		
Plan assets at the beginning of the year at fair value	21.01	19.37
Expected return on plan assets	1.67	1.55
Employer Contribution	0.03	-
Actuarial gain/ (loss)	(0.10)	0.09
Benefits paid	-	-
Fair value of plan assets at the end of the year	22.61	21.01
<b>Reconciliation of PBO and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	22.61	21.01
Present value of the defined benefit obligations at the end of the year	34.88	25.60
Funded Status of the Plan	(12.27)	(4.59)

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Gratuity costs for the year</b>		
Service cost	6.55	1.31
Interest cost	2.04	1.06
Expected return on plan assets	(1.67)	(1.55)
Actuarial (gain)/loss	0.79	9.87
Net Gratuity	7.71	10.69
<b>Assumption</b>		
Discount Factor	7.36%	7.96%
Estimated rate of return on plan assets	7.36%	7.96%

(B) During the year, a provision of ₹24.81 lacs (Previous year ₹18.42 lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is ₹189.77 lacs (Previous Year ₹170.49 lacs). The actuarial liability is computed assuming the discount factor of 7.36%.

### 23.12 Earnings per Share

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Basic		
Opening Number of Shares	26,473,525	26,473,525
Closing Number of Shares	26,515,325	26,473,525
Weighted Average Number of Shares for Basic EPS	26,479,251	26,473,525
Profit / (Loss) after Tax (₹ in lacs)	(155.50)	1,404.20
Basic EPS (₹)	(0.59)	5.30
Diluted		
Dilutive Component of Stock Options / Warrants Outstanding	-	-
Weighted Average Number of Shares for Diluted EPS	26,479,251	26,473,525
Diluted EPS (₹)	(0.59)	5.30

The Guidance Note on Accounting of Employee Share Based Compensation issued by Institute of Chartered Accountant of India applies to employee share based payment plans, the grant date of which falls on or after April 1, 2005 and allows accounting for employee share based payment plans based on either the Intrinsic value method or the fair value method. The Company follows the intrinsic value method. Under the fair value method, the net loss for the period ended March 31, 2017 would have been higher by ₹11.56 lacs and the Basic EPS and Diluted EPS would have been ₹(0.63) and ₹(0.63) respectively.

The fair value of each option is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Particulars	(₹ in lacs)	
	Year ended March 31, 2017	
Dividend Yield (%)	-	
Expected Volatility (%)	66.43	
Risk Free Interest Rate (%)	8.00	
Expected Term (Number of Years)	2	

### 23.13 Operating lease for asset taken on lease

Particulars	(₹ in lacs)	
	Year ended March 31, 2017	Year ended March 31, 2016
i) Total of future minimum lease payments		
a) Not later than one year	33.48	35.70
b) Later than one year and not later than five years	51.30	6.12
ii) Lease payments recognised in the Profit and Loss account	39.12	39.30

### 23.14 Expenditure in Foreign Currency

Particulars	(₹ in lacs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Overseas travel expenses	0.31	-

### 23.15 Disclosure of Specified Bank Notes (SBN)

Particulars	(₹ in lacs)		
	SBNs	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	143	0.05	148
(+) Permitted receipts	-	2.00	2.00
(-) Permitted payments	-	1.48	1.48
(-) Amount deposited in bank	143	-	143
Closing cash in hand as on December 30, 2016	-	0.57	0.57

### 23.16 Related Party Disclosures

1. Related party disclosures in respect of related parties with whom transactions have taken place during the year are given below:

#### Relationships

##### i) Subsidiary Companies

- Prime Broking Company (India) Limited
- Prime Research & Advisory Limited

- Prime Commodities Broking (India) Limited
- Primesec Investments Limited

**ii) Associate Company**

- Gateway Entertainment Limited
- Judith Investments Private Limited

**iii) Key Management Personnel**

- Mr. N. Jayakumar
- Mr. Ajay Shah

**iv) Relative of Key Management Personnel**

- Mrs. Madhu Jayakumar

2. The following transactions were carried out with the related parties in the ordinary course of business during the year 2016 -2017:

(₹ in lacs)

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2017	March 31, 2016
1	Sums paid / received from Prime Broking Company (India) Limited on current account				
	- Sums Received	-	-	48.59	48.59
	- Sums Paid	-	1.02	(Debit)	(Debit)
2	Interest received from Prime Commodities Broking (India) Limited	8.18	24.46	-	-
3	Inter corporate deposit paid to Prime Commodities Broking (India) Limited				
	- Sums Paid	189.00	168.00	115.55	342.68
	- Refund received	423.50	63.80	(Debit)	(Debit)
4	Interest free Inter corporate deposit paid to Prime Research & Advisory Limited				
	- Sums Received	-	0.25	143.22	80.02
	- Sums paid	63.20	6.80	(Debit)	(Debit)
5	Interest free Inter corporate deposit given to Primesec Investment Limited				
	- Sums Paid	79.28	292.66	5,176.11	5,721.20
	- Sums Received	625.00	72.25	(Debit)	(Debit)
	- Share Application Money Transferred to Loan	-	7,500.00		
	- Loan of Religare Finvest Limited assigned	-	2,318.39		

(₹ in lacs)

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2017	March 31, 2016
6	Share Application Money (Pending Allotment) to Primesec Investment Limited - Advanced - Refund received - Transferred to Loan	- - -	- - 7,500.00	- - -	- - -
7	Interest free Inter corporate deposit received from Gateway Entertainment Limited	-	-	30.00 (Credit)	30.00 (Credit)
8	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.	-	-	-	5.70 (Credit)
9	Remuneration paid to Key Managerial Personnel	66.28	20.03	-	-
10	Shares issued to Key Managerial Personnel	2.49	-	-	-
11	Repayment of Interest free loan received from Mr N Jayakumar	94.95	-	255.00 (Credit)	349.95 (Credit)
12	Interest free Inter Corporate Deposit from Judith Investments Private Limited	-	-	335.00 (Credit)	335.00 (Credit)

**23.17** The net effect of taxation timing differences results in a deferred tax asset. As a measure of prudence such deferred tax asset is, for the time being, not recognized in the accounts in absence of certainty about its realization.

**23.18** Previous period figures are regrouped / rearranged wherever necessary.

As per our Report attached

For and on behalf of the Board

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
(FRN: 102965W/W100192)

**N. Jayakumar**  
Managing Director

**Pradip Dubhashi**  
Chairman

**Anil Dharker**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Alpana Parida**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, April 6, 2017

Mumbai, April 6, 2017

## Independent Auditor's Report On Consolidated Financial Statements

To,  
The Members of  
**PRIME SECURITIES LIMITED**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Prime Securities Limited ("the Holding Company") and its subsidiaries and associate (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31<sup>st</sup> March 2017, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy

and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit

also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### **Basis for Qualified Opinion**

1. As referred in Note 23.5(a), the Group has written-back certain loans and liabilities (net of pledged assets) of ₹3,148.96 Lacs as in the opinion of the management the same was no longer payable. Accordingly, the profit for the year is higher by the said amount.
2. As referred in Note 23.6, the Group has not provided for interest on certain secured loans of ₹3,213.24 Lacs in respect of period up to March 31, 2016 as in the opinion of the management the same is under renegotiations with the lenders. Had the Group made such provision in the earlier years, the reserves and surplus would have been lower by the said amount.
3. As referred in Note 23.7, the Group has written-back ₹327.50 Lacs which was written-off as not recoverable in the earlier financial year. Accordingly, the profit for the year and the long-term loans and advances are higher, by the said amount.

#### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in point nos. 1 to 3 of the Basis for Qualified Opinion paragraph the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of

the Company, as at 31<sup>st</sup> March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### **Emphasis of Matter**

Our opinion is not modified in respect of the following:

1. As referred to in Note 23.8 there is a diminution of ₹204.85 Lacs in value of non-current investments. The Group has not provided for such diminution on the basis that the same is temporary in nature.
2. As referred to in Note 23.9, remuneration of ₹33.00 Lacs paid to the Managing Director is subject to approval of members.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, except for the effects of the matters described in point nos. 1 to 3 of the Basis for Qualified Opinion paragraph, the aforesaid consolidated financial statements comply with the

Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a Director of that company in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 23.2 to the financial statements;
  - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii) There has been no delay in transferring amounts required to be transferred to the Investor

Education and Protection Fund by the Group.

- iv) The Group has made requisite disclosures in its financial statements as to holdings as well as dealings in "Specified Bank Notes" during the period 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 which is in accordance with the books of accounts maintained by the Company.

#### Other Matters

1. We did not audit the financial statements of the subsidiaries, whose audited financial statements reflect total assets of ₹1,625.39 Lacs as at 31<sup>st</sup> March, 2017 and total revenue of ₹1,289.24 Lacs and net cash flows amounting to ₹308.97 Lacs for the period then ended. These audited financial statements and other financial information for these subsidiaries has been audited by other auditors whose reports have been furnished to us, and our opinion on the accompanying consolidated financial statements is based solely on the reports of the other auditors.
2. We did not audit the financial statements of an associate, whose unaudited financial statements reflect the Group's share of loss of ₹Nil Lacs for the period ended March 31, 2017. These financial statements and other financial information for the associate have been prepared by the management and our opinion on the accompanying consolidated financial statements is based solely on such management certified financial statements/information

For **GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**[MILIND GANDHI]**

Mumbai, Partner  
Date: April 6, 2017 Membership No. 043194

## Annexure - A to the Auditor's Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2017, we have audited the internal financial controls over financial reporting of Prime Securities Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting,

including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**[MILIND GANDHI]**

Mumbai, Partner  
Date: April 6, 2017 Membership No. 043194

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Lacs)

	Note No.	As at March 31, 2017		As at March 31, 2016	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	1,329.94		1,327.85	
Reserves and Surplus	2	(1,086.84)	243.10	(1,368.29)	(40.44)
<b>Non-current Liabilities</b>					
Long-term Borrowings	3	209.29		400.00	
Deferred Tax Liabilities (Net)		-		3.84	
Long-term Provisions	4	685.30	894.59	161.99	565.83
<b>Current Liabilities</b>					
Short-term Borrowings	5	1,285.00		8,292.06	
Trade Payables	6	54.75		9,142.46	
Other Current Liabilities	7	580.75		2,297.98	
Short-term Provisions	8	28.22	1,948.72	20.26	19,752.76
<b>Total</b>			<b>3,086.41</b>		<b>20,278.15</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets	9				
- Tangible Assets		291.23		303.65	
- Intangible Assets		0.02		2.29	
Non-current Investments	10	848.92		4,922.94	
Long Term Loans and Advances	11	516.02	1,656.19	554.26	5,783.14
<b>Current Assets</b>					
Current Investments	12	14.68		17.80	
Trade Receivables	13	428.88		12,306.03	
Cash and Bank Balances	14	721.07		467.22	
Short-term Loans and Advances	15	129.15		1,305.93	
Other Current Assets	16	136.44	1,430.22	398.03	14,495.01
<b>Total</b>			<b>3,086.41</b>		<b>20,278.15</b>
<b>Notes on Accounts</b>	23				

As per our Report attached

For and on behalf of the Board

For and on behalf of  
**GANDHI & ASSOCIATES**  
 Chartered Accountants  
 (FRN: 102965W/W100192)

**N. Jayakumar**  
 Managing Director

**Pradip Dubhashi**  
 Chairman

**Anil Dharker**  
 Director

**Milind Gandhi**  
 Partner  
 Membership No. 043194

**S. R. Sharma**  
 Director

**Alpana Parida**  
 Director

**Ajay Shah**  
 Company Secretary

Mumbai, April 6, 2017

Mumbai, April 6, 2017

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017  
(₹ in Lacs)

	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
<b>I REVENUE FROM OPERATIONS</b>	17	1,695.50	1,040.56
<b>II OTHER INCOME</b>	18	262.15	1,287.63
<b>III TOTAL REVENUE (I + II)</b>		<b>1,957.65</b>	<b>2,328.20</b>
<b>IV EXPENSES</b>			
Employee Benefit Expenses	19	179.56	149.33
Finance Costs	20	2.22	0.79
Depreciation and Amortisation Expense	9	12.68	84.72
Other Expenses	21	209.11	295.96
<b>TOTAL EXPENSES</b>		<b>403.56</b>	<b>530.79</b>
<b>V PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (III - IV)</b>		1,554.09	1,797.40
<b>VI EXTRAORDINARY ITEMS</b>	22	1,049.66	(314.11)
<b>VII PROFIT BEFORE TAX (V - VI)</b>		2,603.75	1,483.29
<b>VIII TAX EXPENSE</b>			
- Current Tax		591.88	63.72
<b>IX PROFIT / (LOSS) FOR THE YEAR (VII - VIII)</b>		<b>2,011.87</b>	<b>1,419.58</b>
<b>Earning per Equity Share (Face Value per Share ₹5/-)</b>			
- Basic		7.60	5.36
- Diluted		7.60	5.36
<b>Notes on Accounts</b>	23		

As per our Report attached

For and on behalf of the Board

For and on behalf of

**GANDHI & ASSOCIATES**  
Chartered Accountants  
(FRN: 102965W/W100192)

**N. Jayakumar**  
Managing Director

**Pradip Dubhashi**  
Chairman

**Anil Dharker**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Alpana Parida**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, April 6, 2017

Mumbai, April 6, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017  
(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
<b>A Cash flow from Operating Activities</b>		
<b>Net Profit before tax</b>	2,603.75	1,483.30
Adjustments for:		
Depreciation	12.68	84.72
Interest & Finance Charges	2.22	0.78
Loss on sale of asset	-	70.07
(Gain) / Loss on sale of Investments (Net)	(220.84)	(84.65)
Dividend Received	-	(14.15)
Interest Received	(35.71)	(46.46)
Balance Written-off (Net)	4,596.17	1,686.75
Amounts Written back	(5,645.83)	(1,372.64)
Provision no longer required written back	-	(1,137.51)
Provision for Doubtful Advances	-	1.02
	(1,291.31)	(812.07)
<b>Operating Profit before Working Capital changes</b>	<b>1,312.44</b>	<b>671.23</b>
Adjustments for Changes in the Working Capital		
Debtors	(428.88)	48.06
Current Assets	(92.17)	-
Loans & Advances	(41.52)	2,405.03
Current Liabilities & Provisions	74.68	(3,139.81)
	(487.89)	(686.72)
<b>Cash generated from Operations</b>	824.55	(15.49)
Direct Taxes Paid (net)	(80.54)	(19.65)
<b>Net Cash from Operating Activities (A)</b>	<b>744.01</b>	<b>(35.14)</b>
<b>B Cashflow from Investment Activities</b>		
Purchase of Investments	(34.00)	-
Purchase of Fixed Assets	(18.06)	(1.58)
Sale of Investments	2,061.12	828.20
Dividend Received	-	14.15
Interest Received	35.71	46.46
<b>Net Cash from Investment Activities (B)</b>	<b>2,044.77</b>	<b>887.24</b>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017  
(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
<b>C Cashflow from Financing Activities</b>		
Interest & Finance Charges	(2.22)	(0.78)
Proceeds from Issue of shares under ESOP	6.26	-
Funds Borrowed / (Repaid) (net)	(2,535.65)	(709.52)
<b>Net Cash from Financing Activities (C)</b>	<b>(2,531.61)</b>	<b>(710.30)</b>
<b>Net Cashflow (A + B + C)</b>	<b>257.17</b>	<b>141.80</b>
<b>Changes in the Cash &amp; Bank Balances</b>	<b>257.17</b>	<b>141.80</b>
Cash and Cash Equivalents at the beginning of the year	463.90	325.42
Cash and Cash Equivalents at the end of the year	721.07	467.22

**Note :**

The Consolidated Cash Flow statement for the year ended March 31, 2017 does not include Cash Flow of a subsidiary Prime Broking Company (India) Limited (Refer Note 23.3) as the consolidated financial statements for the year does not include financial results of Prime Broking Company (India) Limited. The opening figures for Financial Year 2016-17 are adjusted for arriving at cash flow for the Financial Year ended March 31, 2017.

As per our Report attached

For and on behalf of the Board

For and on behalf of

**GANDHI & ASSOCIATES**  
Chartered Accountants  
(FRN: 102965W/W100192)

**N. Jayakumar**  
Managing Director

**Pradip Dubhashi**  
Chairman

**Anil Dharker**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Alpana Parida**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, April 6, 2017

Mumbai, April 6, 2017

**NOTE 1 - SHARE CAPITAL**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>AUTHORISED</b>		
3,00,00,000 Equity Shares of ₹5/- each	1,500.00	1,500.00
2,00,000 13% Cumulative Redeemable Preference Shares of ₹100/- each	200.00	200.00
18,00,000 Unclassified Shares of ₹100/- each	1,800.00	1,800.00
<b>Total</b>	<b>3,500.00</b>	<b>3,500.00</b>
<b>ISSUED</b>		
2,72,22,725 (Previous Year 2,72,22,725) Equity Shares of ₹5/- each	1,361.14	1,361.14
<b>Total</b>	<b>1,361.14</b>	<b>1,361.14</b>
<b>SUBSCRIBED &amp; FULLY PAID</b>		
2,65,15,325 (Previous Year 2,64,73,525) Equity Shares of ₹5/- each	1,325.77	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	4.17	4.17
<b>Total</b>	<b>1,329.94</b>	<b>1,327.85</b>

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

	As at March 31, 2017 No. of Shares	As at March 31, 2016 No. of Shares
Opening Balance	26,473,525	26,473,525
Add: Shares Issued during the period	41,800	-
<b>Closing Balance</b>	<b>26,515,325</b>	<b>26,473,525</b>

b) Details of equity shareholders holding more than 5% of equity shares:

	Current Year		Previous Year	
	%	No. of Shares	%	No. of Shares
Judith Investments Private Limited	10.12	2,683,497	10.14	2,683,497
N. Jayakumar	7.86	2,084,759	7.87	2,084,759
Videocon Industries Limited	-	-	6.66	1,762,565

### C. Employees Stock Option Schemes (ESOS)

The Company's stock based compensation plan for employees comprises of three schemes viz. the ESOS 2007 Scheme, ESOS 2008 and the ESOS 2009 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries. The Company has reserved issuance of 253,200 (Previous year 488,400) Equity Shares of ₹5/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS) approved by Members. During the year, the Company has granted NIL (Previous year NIL) Options to the eligible employees.

#### ESOS 2007 Scheme

The Scheme permits allocation of an aggregate of 1,000,000 equity shares of the face value of ₹5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of ₹38/-.

#### ESOS 2008 Scheme

The Scheme permits allocation of an aggregate of 1,200,000 equity shares of the face value of ₹5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of ₹15/-.

#### ESOS 2009 Scheme

The Scheme permits allocation of an aggregate of 2,000,000 equity shares of the face value of ₹5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of ₹38/-.

The number of options granted, exercised and lapsed under the above schemes is set out below:

Particulars (Exercise Price)	ESOS 2007 (₹38/-)		ESOS 2008 (₹15/-)		ESOS 2009 (₹38/-)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options outstanding, beginning of the Year	80,000	226,300	88,400	220,500	320,000	395,400
Add: Granted during the Year	-	-	-	-	-	-
Less: Exercised during the Year	-	-	41,800	-	-	-
Less: Lapsed during the Year	40,000	146,300	46,600	132,100	106,800	75,400
Options outstanding, end of the Year	40,000	80,000	-	88,400	213,200	320,000

**NOTE 2 - RESERVES AND SURPLUS**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>Capital Reserve</b>		
As per last Balance Sheet	165.00	165.00
	<b>165.00</b>	<b>165.00</b>
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	217.27	217.27
	<b>217.27</b>	<b>217.27</b>
<b>Securities Premium Reserve</b>		
As per last Balance Sheet	5,312.64	5,312.64
Add: Received during the Year	4.18	-
	<b>5,316.82</b>	<b>5,312.64</b>
<b>General Reserve</b>		
As per last Balance Sheet	2,400.00	2,400.00
	<b>2,400.00</b>	<b>2,400.00</b>
<b>Surplus</b>		
Balance at the beginning of the Year	(11,197.80)	(10,882.78)
Add: Net Profit / (Loss) for the Year	2,011.87	1,419.58
	<b>(9,185.93)</b>	<b>(9,463.20)</b>
<b>Total</b>	<b>(1,086.84)</b>	<b>(1,368.29)</b>

**NOTE 3 - LONG-TERM BORROWINGS**

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>Term Loans</b>		
Secured		
- From Bank [Secured against hypothecation of own asset]	9.29	-
<b>Other Loan and Advances</b>		
Secured		
- From Bank (refer note 23.4) [Against pledge of shares owned by other parties]	200.00	400.00
<b>Total</b>	<b>209.29</b>	<b>400.00</b>

**Terms of Repayment of Long Term Borrowings**

(₹ in Lacs)

	1-2 Years		2-3 Years		3-4 Years	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Term Loan From Banks	4.14	3.34	7.13	-	-	-
Loans and Advances from Bank	400.00	200.00	-	400.00	-	-

## NOTE 4 - LONG-TERM PROVISIONS

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits		
- Leave Encashment	182.00	161.99
Provision for Tax (Net of Advance Tax)	503.30	-
<b>Total</b>	<b>685.30</b>	<b>161.99</b>

## NOTE 5 - SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>From Banks</b>		
Unsecured	-	400.00
<b>Loan and Advances other than Banks</b>		
Secured	-	6,237.11
Unsecured	30.00	555.00
<b>Loan and Advances from Related Parties</b>		
Unsecured		
From an Associate Company	575.00	575.00
From Managing Director	430.00	524.95
<b>Loan and Advances from Others</b>		
Intercompany Deposits	250.00	-
<b>Total</b>	<b>1,285.00</b>	<b>8,292.06</b>

## NOTE 6 - TRADE PAYABLES

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Trade Payables	54.75	9,142.46
[As per the information available with the Company, there are no dues outstanding as on March 31, 2017 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006]		
<b>Total</b>	<b>54.75</b>	<b>9,142.46</b>

## NOTE 7 - OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Current Maturities of Long Term Debt		
Secured		
- From Banks	201.97	203.34
Income Received in Advance	2.40	2.40
Other Payables		
Statutory Dues	1.58	41.23
Payable on purchase of Investments	54.75	166.21
Outstanding Expenses	258.06	551.35
Advances / Margins from Clients	-	921.08
Other Liabilities	61.99	412.37
<b>Total</b>	<b>580.75</b>	<b>2,297.98</b>

## NOTE 8 - SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits		
- Leave Encashment	15.98	15.68
- Gratuity	12.24	4.58
<b>Total</b>	<b>28.22</b>	<b>20.26</b>

## NOTE 9 - FIXED ASSETS

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION		NET BLOCK		
	As on April 01, 2016	Additions	Deletions & Adjustments	As on April 01, 2016	For the Period Provided	As on March 31, 2017	As on March 31, 2017	As on April 01, 2016
					Adjustments			
<b>Tangible Assets</b>								
Building	392.80	-	-	392.80	6.55	1392.7	253.53	260.08
Furniture & Fixture	23.94	0.90	4.15	20.69	2.02	9.65	11.04	14.62
Vehicles	159.72	15.54	32.83	142.43	2.81	118.62	23.81	25.45
Office Equipments	12.93	0.29	8.30	4.92	0.57	3.60	1.32	2.66
Computers	14.90	1.34	11.91	4.33	0.57	2.80	1.53	0.84
<b>Intangible Assets</b>								
Computer Software	63.49	-	62.20	1.29	0.16	60.09	1.27	2.29
<b>Total</b>	<b>667.78</b>	<b>18.06</b>	<b>119.38</b>	<b>566.46</b>	<b>12.68</b>	<b>99.31</b>	<b>275.21</b>	<b>305.94</b>
<b>Previous Year</b>	765.16	1.58	98.96	667.78	84.72	2889	361.84	305.94

**Note:**

Net block of the Building include a residential flat of ₹253.53 Lacs in a co-operative society, acquired from a debtor in satisfaction of a claim. In view of the restraining orders, the society has kept in abeyance the admission of membership of the Company. In the earlier year, pursuant to the order of the Hon'ble High Court, the possession of the flat was handed over to the Official Assignee. An appeal was filed by the Company against the said order whereby the said order was set aside. Pursuant to the fresh chamber summons filed by the Company for removing attachment, the Official Assignee has been directed not to sell or dispose-off the flat. The Company has been legally advised that the said developments will not have a bearing on the Company's title to the flat and consequently there is no impairment in the value of the asset and the Company is not likely to have any further claim or liability against the said flat.

## NOTE 10 - NON-CURRENT INVESTMENTS (NON-TRADE)

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>		
Quoted	848.92	4,922.94
<b>Total</b>	<b>848.92</b>	<b>4,922.94</b>

## NOTE 11 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Security Deposits	19.93	259.59
Other Loans and Advances		
Advances recoverable in cash or kind or for value to be received	327.50	-
Advance Income Tax (Net of Provisions)	168.59	292.82
Prepaid Expenses	-	1.85
<b>Total</b>	<b>516.02</b>	<b>554.26</b>

## NOTE 12 - CURRENT INVESTMENTS

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>		
Quoted	14.68	17.80
<b>Total</b>	<b>14.68</b>	<b>17.80</b>

## NOTE 13 - TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Outstanding for a period exceeding six months	18.28	12,306.03
Other Debts	410.60	-
<b>Total</b>	<b>428.88</b>	<b>12,306.03</b>

## NOTE 14 - CASH AND BANK BALANCES

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Cash and Cash Equivalents		
Balances with Banks	284.70	62.08
Cash on Hand	1.02	8.68
Other Bank Balances		
- In Deposit Accounts	435.35	396.46
(Include deposits of ₹Nil (Previous Year ₹320 Lacs) with maturity of more than 12 months)		
<b>Total</b>	<b>721.07</b>	<b>467.22</b>

## NOTE 15 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Loans and Advances to Related Parties		
To an associate as Intercorporate Deposit	-	162.84
Others		
Interest Receivable	5.27	5.38
Advance Salary	-	0.09
Prepaid Expenses.	11.93	5.69
Service Tax Credit	-	17.07
Advances recoverable in cash or kind or for value to be received.	11.46	57.65
Other Short Term Advances	100.49	1,057.21
<b>Total</b>	<b>129.15</b>	<b>1,305.93</b>

## NOTE 16 - OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016
Receivable on Sale of Investments	136.44	3.58
Dues from Stock Exchange	-	394.45
<b>Total</b>	<b>136.44</b>	<b>398.03</b>

## NOTE 17 - REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Merchant Banking and Advisory Fees	1,695.50	1,040.56
<b>Total</b>	<b>1,695.50</b>	<b>1,040.56</b>

#### NOTE 18 - OTHER INCOME

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income	35.71	46.46
Dividend Income	0.01	14.15
Net Gain / (Loss) on Sale of Investments	220.84	84.65
Interest Received On Income Tax Refund	0.79	0.07
Rent	4.80	4.80
Other Non-Operating Income		
Provisions Written back	-	1,137.51
<b>Total</b>	<b>262.15</b>	<b>1,287.64</b>

#### NOTE 19 - EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries	168.89	137.29
Contribution to Provident and Other Funds	4.31	4.98
Staff Welfare Expenses	6.37	7.06
<b>Total</b>	<b>179.56</b>	<b>149.33</b>

#### NOTE 20 - FINANCE COSTS

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest Expense	2.22	0.79
<b>Total</b>	<b>2.22</b>	<b>0.79</b>

#### NOTE 21 - OTHER EXPENSES

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Power and Fuel	3.49	3.66
Rent	39.36	39.54
Repairs & Maintenance	8.11	2.81
Insurance Premium	2.66	1.64
Rates & Taxes	2.00	0.98
Travelling & Conveyance	27.95	31.61
Consultancy & Professional Charges	57.39	78.54
Filing Fees	0.19	6.25
Telephone, Postage & Courier Charges	-	0.95

## NOTE 21 - OTHER EXPENSES (contd.)

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Director's Sitting Fees	5.90	7.00
Auditor's Remuneration		
- For Audit Fees	7.63	5.74
- For Other Services	0.75	-
Transaction Fees	-	0.30
Donations	5.00	1.00
Loss on Asset Sold/Discarded	-	70.07
Provision for Doubtful Debts & Advances	-	1.02
Miscellaneous Expenses	48.68	44.84
<b>Total</b>	<b>209.11</b>	<b>295.96</b>

## NOTE 22 - EXTRAORDINARY ITEMS

(₹ in Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Amounts Written Back	5,645.83	1,372.64
Balances Written off	(4,596.17)	(1,686.75)
<b>Total</b>	<b>1,049.66</b>	<b>(314.11)</b>

## NOTE 23 - NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

### 23.1 Significant Accounting Policies

#### a) Accounting Convention

The consolidated financial statements have been prepared under the historical cost convention and on accrual basis of accounting. The accounts of the Parent Company and its Indian subsidiaries have been prepared in accordance with Generally Accepted Accounting Principles in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

The financial statements of the domestic subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company i.e. year ended March 31, 2017.

#### b) Principles of Consolidation

The Consolidated Financial Statements comprises of the individual financial statement of Prime Securities Limited ("the Parent Company"), and its Subsidiaries for the period ended on that date except where the subsidiary operates under severe long-term restrictions significantly impairing its ability to transfer funds to the Parent Company. The Consolidated Financial Statements have been prepared on the following basis:

- i) The financial statements of the Parent Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified under the Companies (Accounting Standards) Rules, 2006.
- ii) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies.
- iii) The excess of cost to the Parent Company of its investment in the Subsidiary Companies over the Parent Company's portion of equity (net assets) of the Subsidiary Companies on the date on which investment in Subsidiaries is made is recognised as goodwill, which is amortised over a period of five years.
- iv) Minority Interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company. Minority Interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- v) The investment in associate is accounted under the equity method and its share of pre-acquisition loss is reflected as goodwill in accordance with Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006. The goodwill is written-off in the year of acquisition.
- vi) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Profit and Loss account to the extent such change is attributable to the associates' Profit and Loss account and through its reserves for the balance, based on available information.

**c) Companies included in Consolidation**

Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at March 31, 2017
Prime Research & Advisory Limited	India	100.00%
Prime Commodities Broking (India) Limited	India	100.00%
Primesec Investments Limited	India	100.00%

Associate Company considered in the consolidated financial statements is:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at March 31, 2017
Primary Cuisine Private Limited	India	24.00%

**d) Other Significant Accounting Policies**

**i) Fixed Assets**

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

**ii) Depreciation**

Depreciation on tangible assets is provided on straight-line method over the useful life of the assets as prescribed in Schedule II to the Companies Act 2013. Depreciation on Intangible assets are amortised over their respective individual estimated useful lives on straight-line basis, commencing from the date the asset is available to the Company for its use.

**iii) Investments**

Investments intended, at the time of acquisition, to be held for a period exceeding twelve months are classified as "Non-Current Investments". All other Investments are classified as "Current Investments".

Investments are accounted on trade date at cost of acquisition which includes brokerage and other charges.

Current Investments are valued at cost or market value, whichever is lower, whereby the cost of each scrip is compared with its market value and the resultant shortfall, if any, is charged to revenue.

Non-Current Investments are stated at cost less provision, if any, for diminution which is considered other than temporary in nature.

**iv) Revenue Recognition**

Merchant Banking and Advisory Fees are accrued as per the terms of contract except where there is uncertainty as to their realisation.

Brokerage income from capital market, futures and options and wholesale debt market segments is accounted on trade dates.

Interest is accounted on accrual basis.

Dividend is accounted when the right to receive is established.

Gains or losses on sale of Investments are recognised on trade dates by comparing the sales realisation with the weighted average cost of such investment.

Income from Wealth Management services is accounted as per the terms of the respective schemes/agreements entered with the clients.

**v) Employee Benefits**

- Defined Contribution Plan  
Contribution to defined contribution plan (being Provident Fund) is charged to the Profit and Loss Account.
- Defined Benefit Plan:  
The present value of the obligation under defined benefit plan (being Gratuity and Leave Encashment) is determined based on actuarial valuation using the projected unit credit method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In case of funded benefit plans the fair value of the plan assets is compared with the gross obligation under the benefit plan to recognize the obligation on net basis.
- Other Benefits:  
Short term and long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

**vi) Taxation**

- Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.
- Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- Deferred tax assets are recognised only if there is a reasonable certainty of their realization.

**vii) Foreign Currency Transactions**

- Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the profit and loss account.
- Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognized in the profit and loss account and the related assets and liabilities are accordingly restated in the balance sheet.

**viii) Earnings Per Share**

In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

**ix) Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

**x) Operating Leases**

Leases of Assets under which all the risk and benefits of the ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss account.

**xi) Derivative Transactions**

Gains are recognized only on settlement/expiry of derivative instruments.

All open positions are marked to market and unrealized losses are provided for. Unrealized gains, if any, on marked to market are not recognized.

Debit/Credit balance on open interest as on the balance sheet dates are shown as current assets/liabilities, as the case may be.

**xii) Provisions and contingencies**

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

**xiii) Miscellaneous Expenditure**

Preliminary Expenses are amortised over a period of five years.

## 23.2 Contingent Liabilities

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	13.18	276.29
Corporate guarantee given for financial facilities (Amount outstanding at the close of the year)	-	15.00
Claim made against the Company not acknowledged as debt (Interest liability on the above cannot be ascertained)	1,855.99	4,004.56

- 23.3** The consolidated financial statement for the year ended March 31, 2016 included financial results of a subsidiary viz. Prime Broking Company (India) Limited. In opinion of the management the said subsidiary operates under severe long-term restrictions which significantly impairs its ability to transfer funds to the Parent Company and therefore having failed to meet test for consolidation, the consolidated financial statement for the year ended March 31, 2017 does not include financial results of Prime Broking Company (India) Limited.
- 23.4** In the previous financial year the Group had given effect to a one-time settlement scheme under which a bank has re-stated the loan amount and waived past and future interest. The re-statement and waiver is conditional upon Group's adherence to repayment schedule failing which the Group would be liable to pay the entire loan amount with interest. The Group has, until the end of the current financial year, adhered to the terms and conditions of the scheme.
- 23.5** In a restructuring exercise, the Group has:
- (a) Written-back certain secured loans, unsecured loans and current liabilities aggregating to ₹5,318.36 lacs as in opinion of the management they are not repayable and written-off certain investments in shares of companies aggregating to ₹2,169.40 lacs which were pledged towards the said secured loans. The net impact of the same viz. ₹3,148.96 lacs has been credited to the statement of profit & loss. The profit for year would have been lower by the said amount had the Group not undertaken the restructuring exercise.
  - (b) Written-off certain advances aggregating to ₹2,426.80 lacs which in opinion of the management are not recoverable.
- 23.6** The Group has not accounted for interest of ₹3,213.24 lacs for period up to March 31, 2016 in respect of the certain secured loans as in the opinion of the management the same would not be payable pursuant to a proposed restructuring/settlement of loans. Further no provision for interest has been made after April 1, 2016 in absence of any claim made by the lender.
- 23.7** A deposit of ₹327.50 lacs was written-off as non-recoverable in the previous financial year. During the year, the Group has received confirmation from the party acknowledging their liability to pay and pursuant to which the management is hopeful of recovery of said amount. Accordingly, the Group has reinstated the deposit by crediting the statement of profit and loss by a sum of ₹327.50 lacs.

- 23.8** There has been a decline of ₹204.85 lacs as on March 31, 2017 in the carrying value of Non-current Investments. No provision for diminution in the value of such investments has been considered necessary since, in the opinion of the management, such diminution is only temporary in nature.
- 23.9** On the recommendation of the Nomination & Remuneration Committee, the Board of Directors have amended the terms of appointment of the Managing Director by approving salary of ₹11.00 lacs a month with effect from January 1, 2017. Accordingly, the Group has paid salary of ₹33.00 lacs to the Managing Director which is subject to approval of the members by a special resolution in a general meeting.
- 23.10** The Group has an investment of ₹36.12 lacs in equity shares of Primary Cuisine Private Limited ("PCPL"), an associate company. Based on the audited financial statements for the year ended March 31, 2016, PCPL has a negative net worth of ₹187.17 lacs. However, having regard to the expected capital infusion and improved business conditions, the financial statements of PCPL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities. Considering that its investment in PCPL is of strategic and long term nature no provision is considered necessary by the management for diminution in the value of the Group's financial exposure in PCPL.

**23.11 Retirement Benefits**

(Disclosure as required by AS 15 (Revised), "Accounting for Retirement Benefits" issued by Institute of Chartered Accountants of India)

Contribution to gratuity for India based employees are accrued on the basis of actuarial valuation and are also accordingly funded. The balance of Projects Benefit Obligation (PBO) on gratuity over the funded amount is accrued as liability.

- (A) Disclosure in terms of revised AS 15 on Retirement Benefits in respect of Defined Benefits Plans (Gratuity - funded scheme)

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Change in Projected Benefits Obligation (PBO)</b>		
PBO at beginning of the year	37.29	23.81
Service cost	7.24	1.96
Interest cost	2.98	1.90
Actuarial (gain)/loss	0.64	9.62
Benefits paid	-	-
PBO at the end of the period	48.15	37.29
<b>Change in Plan Assets</b>		
Plan assets at the beginning of the year at fair value	34.89	32.18
Expected return on plan assets	2.79	2.57
Employer Contribution	0.73	-
Actuarial gain/ (loss)	(15.10)	0.13

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Benefits paid	-	-
Fair value of plan assets at the end of the year	23.31	34.88
<b>Reconciliation of PBO and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	23.31	34.88
Present value of the defined benefit obligations at the end of the year	48.15	37.29
Funded Status of the Plan	(24.84)	(2.41)
<b>Gratuity costs for the year</b>		
Service cost	7.24	1.96
Interest cost	2.98	1.90
Expected return on plan assets	(2.79)	(2.57)
Actuarial (gain)/loss	15.74	9.49
Net Gratuity	23.17	10.78
<b>Assumption</b>		
Discount Factor	7.36%	7.96%
Estimated rate of return on plan assets	7.36%	7.96%

(B) During the year, a provision of ₹33.02 Lacs (Previous year ₹19.27 Lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is ₹197.98 Lacs (Previous Year ₹177.67 Lacs). The actuarial liability is computed assuming the discount factor of 7.36%.

### 23.12 Earnings per Share

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Basic		
Opening Number of Shares	26,473,525	26,473,525
Closing Number of Shares	26,515,325	26,473,525
Weighted Average Number of Shares for Basic EPS	26,479,251	26,473,525
Profit after Tax (₹in Lacs)	2,011.87	1,419.58
Basic EPS (₹)	7.60	5.36
Diluted		
Dilutive Component of Stock Options / Warrants Outstanding	-	-
Weighted Average Number of Shares for Diluted EPS	26,479,251	26,473,525
Diluted EPS (₹)	7.60	5.36

The Guidance Note on Accounting of Employee Share Based Compensation issued by Institute of Chartered Accountant of India applies to employee share based payment plans, the grant date of which falls on or after April 1, 2005 and allows accounting for employee share based payment plans based on either the Intrinsic value method or the fair value method. The Company follows the intrinsic value method. Under the fair value method, the net profit for the year ended March 31, 2017 would have been lower by ₹11.56 lacs and the Basic EPS and Diluted EPS would have been ₹7.64 and ₹7.64 respectively.

The fair value of each option is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Particulars	Year ended March 31, 2017
Dividend Yield (%)	-
Expected Volatility (%)	66.42
Risk Free Interest Rate (%)	8.00
Expected Term (Number of Years)	3

### 23.13 Operating lease for asset taken on lease

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
i) Total of future minimum lease payments		
a) Not later than one year	33.48	35.70
b) Later than one year and not later than five years	51.30	6.12
ii) Lease payments recognised in the Profit and Loss account	39.12	39.30

### 23.14 Expenditure in Foreign Currency

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Overseas travel expenses	0.31	-

### 23.15 Deferred Tax

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Asset</b>		
Provision for Expenses	-	1.84
<b>Total Asset (A)</b>	-	1.84
<b>Liability</b>		
Timing difference in depreciation	-	5.69
<b>Total Liability (B)</b>	-	5.69
<b>Net Deferred Tax Asset (A-B)</b>	-	(3.84)

### 23.16 Disclosure of Specified Bank Notes (SBN)

(₹ in lacs)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	1.81	0.06	1.87
(+) Permitted receipts	-	2.35	2.35
(-) Permitted payments	-	-1.50	-1.50
(-) Amount deposited in bank	-1.81	-	-1.81
Closing cash in hand as on December 30, 2016	-	0.91	0.91

### 23.17 Related Party Disclosures

- i. Related party disclosures in respect of related parties with whom transactions have taken place during the year are given below:

#### Relationships

#### i) Directors & Key Management Personnel (of Parent and Subsidiary Companies)

- i. Mr. N. Jayakumar
- ii. Mr. Ajay Shah

#### ii) Relative of Key Management Personnel

- i. Mrs. Madhu Jayakumar

#### iii) Associate Company

- i. Judith Investments Private Limited
- ii. Primary Cuisine Private Limited
- iii. Gateway Entertainment Limited

- ii. The following transactions were carried out with the related parties in the ordinary course of business:

(₹ in lacs)

Sr. No	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2017	March 31, 2016
1	Interest free Inter corporate deposit received from Gateway Entertainment Limited				
	- Sums Received	-	-	30.00	30.00
	- Sums Repaid	-	-	(Credit)	(Credit)
2	Rent paid to Mrs. Madhu Jayakumar for residential accommodation	-	-	-	3.00 (Credit)
3	Remuneration paid to key managerial personnel	66.28	20.03	-	-

(₹ in lacs)

Sr. No	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2017	March 31, 2016
4	Loan given to / received back from Primary Cuisine Private Limited				
	- Loan given	5.57	64.00	-	162.84
	- Loan received back	168.41	15.00	-	(Debit)
5	Shares issued to Key Managerial Personnel	2.49	-	-	-
6	Repayment of Interest free loan received from Mr N Jayakumar	94.95	-	430.00 (Credit)	524.95 (Credit)
7	Interest free Inter Corporate Deposit from Judith Investments Private Limited	-	-	575.00 (Credit)	575.00 (Credit)

**Notes:**

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

**23.18 Segmental Reporting**

## Business Segments

(₹ in lacs)

Particulars	Merchant Banking		Broking		Total	
	31-03-17	31-03-16	31-03-17	31-03-16	31-03-17	31-03-16
Segment Revenue	1,695.50	1,040.56	-	-	1,695.50	1,040.56
Add: Unallocated Revenue					262.15	2,660.33
<b>Total Revenue</b>					<b>1,957.65</b>	<b>3,700.89</b>
Segment Result before Interest and Tax	1,294.59	576.06	-	(15.03)	1,294.59	561.03
Add: Unallocated Income/ (Expenses) (net of income/ expense)					261.71	923.20
Profit / (Loss) before Interest and Tax					1,556.30	1,484.23
Interest and Finance Charges					(2.21)	(0.78)
Provision for Tax					(591.88)	(63.72)

## 23.18 Segmental Reporting (Contd.)

Business Segments

(₹ in lacs)

Particulars	Merchant Banking		Broking		Total	
	31-03-17	31-03-16	31-03-17	31-03-16	31-03-17	31-03-16
Profit / (Loss) after Tax from ordinary activities					962.21	(1,419.73)
Extraordinary Item					1,049.66	-
<b>Net Profit</b>					<b>2,011.87</b>	<b>(1,419.73)</b>
Segment Assets	1,273.72	554.49	-	13,552.85	1,273.72	14,107.34
Add: Unallocated Assets					1,812.70	6,170.80
<b>Total Assets</b>					<b>3,086.42</b>	<b>20,278.14</b>
Segment Liabilities	944.40	276.42	-	11,518.24	944.40	11,794.66
Add: Unallocated Liabilities					1,898.92	8,523.93
<b>Total Liabilities</b>					<b>2,843.32</b>	<b>20,318.59</b>
Capital Expenditure	18.07	1.58	-	-	18.07	1.58
Depreciation & Amortisation	12.68	62.72	-	22.00	12.68	94.72

23.19 Previous year figures are regrouped / rearranged wherever necessary.

As per our Report attached

For and on behalf of the Board

For and on behalf of

**GANDHI & ASSOCIATES**

Chartered Accountants  
(FRN: 102965W/W100192)

**N. Jayakumar**

Managing Director

**Pradip Dubhashi**

Chairman

**Anil Dharker**

Director

**Milind Gandhi**

Partner

Membership No. 043194

**S. R. Sharma**

Director

**Alpana Parida**

Director

**Ajay Shah**

Company Secretary

Mumbai, April 6, 2017

Mumbai, April 6, 2017

## FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures

#### Part A - Subsidiaries

Sl. No.	Name of the Subsidiary Company	Country	Reporting Period	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend	% of Shareholding
1	Primesec Investments Limited	India	31-Mar-17	INR	N.A.	163.60	(5,246.62)	1,079.62	1,079.62	171.24	1,261.67	2,745.10	586.00	2,157.10	Nil	100%
2	Prime Research & Advisory Limited	India	31-Mar-17	INR	N.A.	35.00	(378.35)	104.94	104.94	98.58	-	(2.79)	-	(2.79)	Nil	100%
3	Prime Commodities Broking (India) Limited	India	31-Mar-17	INR	N.A.	50.00	21.87	440.82	440.82	-	27.57	18.95	5.88	13.07	Nil	100%

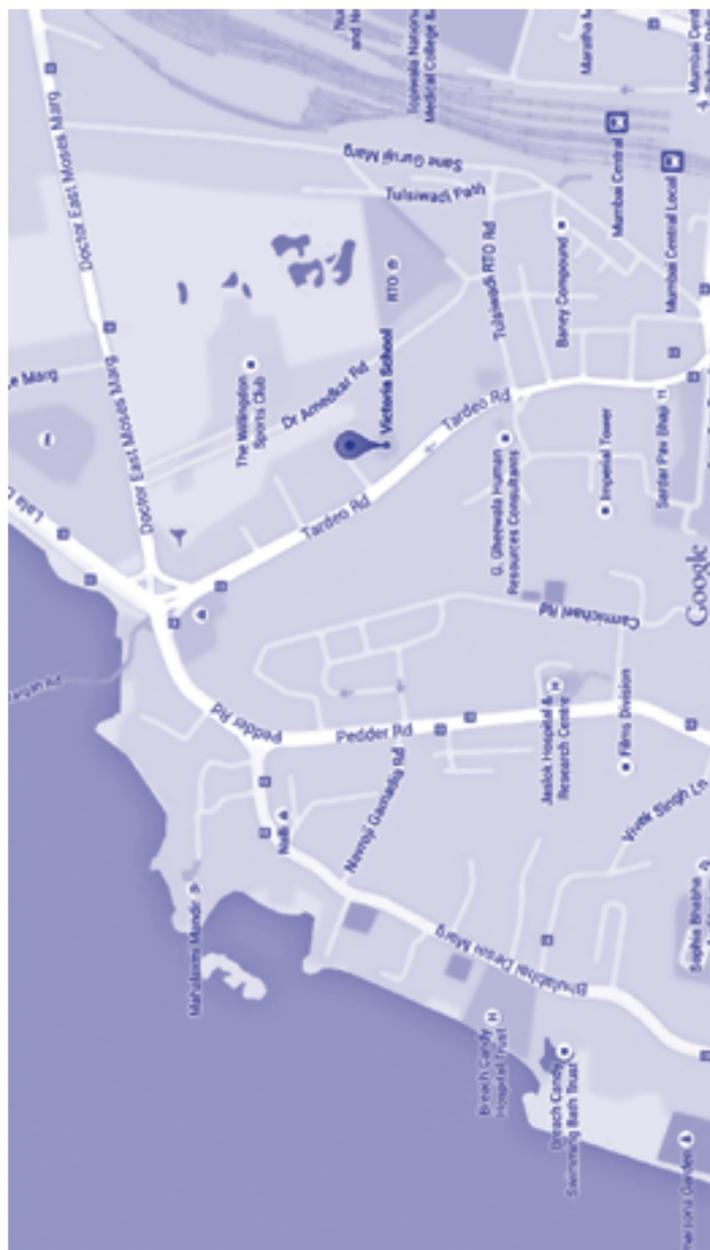
#### Note:

Prime Broking Company (India) Limited (100% subsidiary) operates under severe long-term restrictions which significantly impairs its ability to transfer funds to the parent Company and therefore having failed to meet test for consolidation, the consolidated financial statement for the year ended March 31, 2017 does not include financial results of Prime Broking Company (India) Limited.

#### Part B - Associates and Joint Ventures

Name of Associates / Joint Ventures	Latest Audited Balance Sheet Date	Shares of Associate / Joint Ventures held by the Company on the Year end		Description of how there is significant influence	Reason why the Associate / Joint Venture is not Consolidated	Network attributable to Shareholding as per latest Audited Balance Sheet	Profit / (Loss) for the Year			
		No.	Amount of Investment in Associates / Joint Venture (Rs. in lacs)				Extend of Holding %	Considered in Consolidation	Not Considered in Consolidation	
Primary Cuisine Private Limited	31-Mar-16	240,000	36.12	24%	By Equity Holding	Nil	Nil	Not Applicable	Not Applicable	Not Applicable

## Route Map of the AGM Venue





*PRIME*

The logo consists of the word "PRIME" in a blue, italicized, sans-serif font. To the right of the text is a red, curved swoosh that starts below the 'E' and curves upwards and to the right, ending above the 'E'.