

PRIME

July 25, 2016

✓ **Corporate Relationship Department**
✓ **Bombay Stock Exchange Limited**
Phiroze Jeejeebhoy Towers, Dalal Street,
Fort, Mumbai 400001

Capital Markets-Listing
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra Kurla Complex, Bandra (East),
Mumbai 400051

Dear Sir,

Sub: Regulation 33(3)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Re: Stock Code: 500337 (BSE) / PRIMESECU (NSE)

Pursuant to the provisions of Regulation 33(3)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended on May 25, 2016 and SEBI Circular CIR/CFD/CMD/56/2016 dated May 27, 2016, please find enclosed the following:

1. Statement of Impact of Audit Qualifications for the financial year ended March 31, 2016 (Standalone); and
2. Statement of Impact of Audit Qualifications for the financial year ended March 31, 2016 (Consolidated)

This is for your information and records.

Thanking you,

Yours faithfully,
For **Prime Securities Limited**


Ajay Shah
Company Secretary

Prime Securities Limited

1109 / 1110, Maker Chambers V,
Nariman Point, Mumbai 400 021.

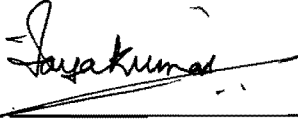
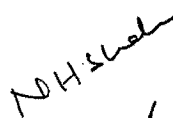
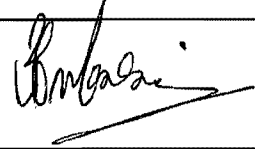

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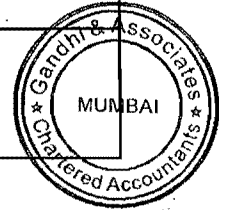
Tel : +91-22-6184 2525
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**Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along-
with Annual Audited Financial Results for the Financial Year ended March 31, 2016 (Standalone)**

I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total Income	3,356.61	2,481.61
	2.	Total Expenditure	1,889.10	2,905.20
	3.	Net Profit / (Loss)	1,467.51	(423.59)
	4.	Earnings Per Share	5.30	(1.53)
	5.	Total Assets	11,423.40	11,423.40
	6.	Total Liabilities	4,793.56	6,684.66
	7.	Net Worth	6,629.84	4,738.74
	8.	Any other financial item(s) (as felt appropriate by the management)	---	---
II.	Audit Qualification:			
	1)	<p>a) Details of Audit Qualification: The Company has not provided for interest of Rs. 1,016.10 lacs for the year on certain secured loans as in the opinion of the management the same would not be payable in view of ongoing negotiations with the lenders. Had the Company made such provision, the profit for the year would have been lower by that amount.</p> <p>b) Type of Audit Qualification: Qualified Opinion</p> <p>c) Frequency of Qualification: Appearing since FY ended September 30, 2013</p> <p>d) For Audit Qualification where the impact is quantified by auditor, Management's views: The management is in the process of re-negotiating the terms with the lender and the management is of the opinion that the same may not be payable pursuant to a proposed restructuring / settlement of the loan and accordingly, the same is not expected to have any material impact on the financial statements.</p> <p>e) For Audit Qualification where the impact is not quantified by the auditor:</p> <p>i) Management's estimation on the impact of audit qualification: Not Applicable</p> <p>ii) If management is unable to estimate the impact, reasons for the same: Not Applicable</p> <p>iii) Auditor's comments on (i) or (ii) above: Not Applicable</p>		
	2)	<p>a) Details of Audit Qualification: The Company has written-back Rs. 875.00 lacs being part of an unsecured loan based on the management's assessment of the situation. Had the Company not made such write-back, the profit for the year would have been lower by that amount.</p> <p>b) Type of Audit Qualification: Qualified Opinion</p> <p>c) Frequency of Qualification: Appearing for the first time</p> <p>d) For Audit Qualification where the impact is quantified by auditor, Management's views: The management has written-back the said loan as it was no longer payable in the opinion of the management.</p> <p>e) For Audit Qualification where the impact is not quantified by the auditor:</p> <p>i) Management's estimation on the impact of audit qualification: Not Applicable</p> <p>ii) If management is unable to estimate the impact, reasons for the same: Not Applicable</p> <p>iii) Auditor's comments on (i) or (ii) above: Not Applicable</p>		

3)	<p>a) Details of Audit Qualification: An unsecured loan of Rs. 525.00 lacs is categorized as interest-free Short-term Borrowings which cannot be validated in absence of confirmation of balance and terms of repayment/interest. Accordingly, the impact on the financial statements of the categorization of the loan and non-provision of interest thereon remains unascertained.</p> <p>b) Type of Audit Qualification: Qualified Opinion</p> <p>c) Frequency of Qualification: Appearing since FY ended September 30, 2013</p> <p>d) For Audit Qualification where the impact is quantified by auditor, Management's views: Not Applicable</p> <p>e) For Audit Qualification where the impact is not quantified by the auditor:</p> <p>i) Management's estimation on the impact of audit qualification: Not quantifiable</p> <p>ii) If management is unable to estimate the impact, reasons for the same: The management is in the process of renegotiating terms of these unsecured advances and hence, the same is not ascertainable</p> <p>iii) Auditor's comments on (i) or (ii) above: The impact of audit qualification remains unascertained in absence of confirmation of balance and terms of repayment/interest.</p>
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III. Signatories:	
Mr. N. Jayakumar (Managing Director):	
Mr. Nikhil Shah (Chief Financial Officer):	
Mr. Pradip Dubhashi (Audit Committee Chairman)	
Mr. Milind Gandhi, M/s. Gandhi & Associates, Chartered Accountants (Auditor of the Company)	



Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results for the Financial Year ended March 31, 2016 (Consolidated)

I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total Income	3,700.83	2,825.83
	2.	Total Expenditure	2,281.27	3,865.00
	3.	Net Profit / (Loss)	1,419.56	(1,039.17)
	4.	Earnings Per Share	5.36	(3.92)
	5.	Total Assets	20,278.14	20,278.14
	6.	Total Liabilities	20,318.59	22,777.32
	7.	Net Worth	(40.45)	(2,499.18)
	8.	Any other financial item(s) (as felt appropriate by the management)	---	---
II.	Audit Qualification:			
	1)	<p>a) Details of Audit Qualification: No provision for interest of Rs. 1,583.73 lacs has been made on certain loans and payables as in the opinion of the management the same would not be payable in view of ongoing negotiations with the respective parties. Had such provision been made, the profit for the year would have been lower by that amount.</p> <p>b) Type of Audit Qualification: Qualified Opinion</p> <p>c) Frequency of Qualification: Appearing since FY ended September 30, 2013</p> <p>d) For Audit Qualification where the impact is quantified by auditor, Management's views: The management is in the process of re-negotiating the terms with the lender and is of the opinion that the same may not be payable pursuant to a proposed restructuring / settlement of the loan and accordingly, the same is not expected to have any material impact on the financial statements.</p> <p>e) For Audit Qualification where the impact is not quantified by the auditor:</p> <p>i) Management's estimation on the impact of audit qualification: Not Applicable</p> <p>ii) If management is unable to estimate the impact, reasons for the same: Not Applicable</p> <p>iii) Auditor's comments on (i) or (ii) above: Not Applicable</p>		
	2)	<p>a) Details of Audit Qualification: A sum of Rs. 875 lacs has been written-back out of an unsecured loan based on the management's assessment of the situation. Had it not been written-back, the profit for the year would have been lower by that amount.</p> <p>b) Type of Audit Qualification: Qualified Opinion</p> <p>c) Frequency of Qualification: Appearing for the first time</p> <p>d) For Audit Qualification where the impact is quantified by auditor, Management's views: The management has written-back the said loan as it was no longer payable in the opinion of the management.</p> <p>e) For Audit Qualification where the impact is not quantified by the auditor:</p> <p>i) Management's estimation on the impact of audit qualification: Not Applicable</p> <p>ii) If management is unable to estimate the impact, reasons for the same: Not Applicable</p> <p>iii) Auditor's comments on (i) or (ii) above: Not Applicable</p>		

3) a) **Details of Audit Qualification:**
 No provision is considered necessary by the management in respect of debts amounting to Rs. 12,306.03 lacs which are outstanding on account of dispute and ongoing litigation with the stock exchange. Accordingly, the impact on the financial statements, if any, cannot be ascertained if the same or part thereof is subsequently determined doubtful of recovery.

b) **Type of Audit Qualification:**
 Qualified Opinion

c) **Frequency of Qualification:**
 Appearing since FY ended September 30, 2013

d) **For Audit Qualification where the impact is quantified by auditor, Management's views:**
 Not Applicable

e) **For Audit Qualification where the impact is not quantified by the auditor:**

i) **Management's estimation on the impact of audit qualification:**
 Not quantifiable

ii) **If management is unable to estimate the impact, reasons for the same:**
 In view of the pending litigation and uncertainty of its outcome, the management is not able to ascertain the requirement of provision for doubtful recovery

iii) **Auditor's comments on (i) or (ii) above:**
 The impact of qualification on the financial statements cannot be ascertained.

4) a) **Details of Audit Qualification:**
 An unsecured loan of Rs. 525.00 lacs is categorized as interest-free Short-term Borrowings which cannot be validated in absence of confirmation of balance and terms of repayment/interest. Accordingly, the impact on the financial statements of the categorization of the loan and non-provision of interest thereon remains unascertained.

b) **Type of Audit Qualification:**
 Qualified Opinion

c) **Frequency of Qualification:**
 Appearing since FY ended September 30, 2013

d) **For Audit Qualification where the impact is quantified by auditor, Management's views:**
 Not Applicable


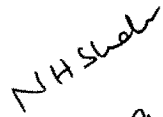
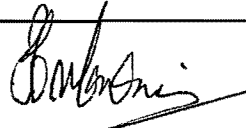
e) **For Audit Qualification where the impact is not quantified by the auditor:**

i) **Management's estimation on the impact of audit qualification:**
 Not quantifiable

ii) **If management is unable to estimate the impact, reasons for the same:**
 The management is in the process of renegotiating terms of these unsecured advances and hence, the same is not ascertainable

iii) **Auditor's comments on (i) or (ii) above:**
 The impact of audit qualification remains unascertained in absence of confirmation of balance and terms of repayment/interest.

III. Signatories:

Mr. N. Jayakumar (Managing Director):	
Mr. Nikhil Shah (Chief Financial Officer):	
Mr. Pradip Dubhashi (Audit Committee Chairman)	
Mr. Milind Gandhi, M/s. Gandhi & Associates, Chartered Accountants (Auditor of the Company)	