

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP

16th Floor, Tower II,
Indiabulls Finance Centre,
SB Marg, Elphinstone (W)
Mumbai - 400 013
India

T +91 22 6626 2699

F +91 22 6626 2601

Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Prime Securities Limited

1. We were engaged to review the accompanying statement of standalone unaudited financial results ('the Statement') of Prime Securities Limited ('the Company') for the quarter ended 31 December 2019 and the year to date results for the period 01 April 2019 to 31 December 2019, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We have taken into account the requirements of the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence to provide a basis for our conclusion on the Statement.
4. **Basis for Disclaimer of Conclusion**
 - a) As stated in Note 4(a) to the accompanying Statement, the Company's financial assets as at 31 December 2019 includes trade receivable aggregating to Rs. 375.00 lakhs (net of provision of Rs. 125 lakhs) (30 September 2019: Rs. 500.00 lakhs, 31 March 2019: Rs. 500.00 lakhs) which have been outstanding for a substantial period of time and in respect of which confirmations/ statements from the respective debtor has not been received. The management has assessed that the aforesaid trade receivables as recoverable and no adjustments are required to the carrying value of the aforesaid balance. However, in the absence of sufficient appropriate evidence to support the management's assessment as above and lack of any other relevant alternate evidence, we are unable to comment upon adjustments, if any, that may be required to the carrying value of these trade receivable in accordance with the requirements of Ind AS 109, 'Financial Instruments', and the consequential impact on the accompanying standalone financial results.



Page 1 of 3

Prime Securities Limited

Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

- b) As stated in Note 4(a) to the accompanying Statement, the Company's financial asset as at 31 December 2019 includes advances against purchase of property aggregating Rs. 327.50 lakhs (30 September 2019: Rs. 327.50 lakhs, 31 March 2019: Rs. 327.50 lakhs) which have been outstanding for a substantial period of time and in respect of which confirmations/ statements from the respective party has not been received. The management has assessed that the aforesaid advances are fully recoverable and no adjustments are required to the carrying value of the aforesaid balance. However, in the absence of sufficient appropriate evidence to support the management's assessment as above and lack of any other relevant alternate evidence, we are unable to comment upon adjustments, if any, that are required to the carrying value of the aforesaid balance in accordance with the requirements of Ind AS 109, 'Financial Instruments' and the consequential impact on the accompanying standalone financial results.
- c) As stated in Note 4(b) of the accompanying standalone financial results, the Company had incorrectly adopted Ind AS from 1 April 2017 instead of 1 April 2019 and considered transition date as 1 April 2016 which is not in compliance with Companies (Indian Accounting Standards) (Amendment) Rules, 2016, dated 30 March 2016. Further, the management is currently in the process of ascertaining the impact of changing the transition date from 1 April 2016 to 1 April 2018, and accordingly no adjustments have been made in the results for the current quarter. Accordingly, in the absence of quantification of the impact of the above non compliance, we are unable to comment on the adjustments, if any, that may be required to the opening reserves as on 1 April 2018 and consequential impact, if any, on the accompanying overall standalone financial results

5. Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph above, we have not been able to obtain sufficient appropriate evidence to provide a basis for our conclusion as to whether anything has come to our attention that cause us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, the SEBI Circular(s), and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement. Accordingly, we do not express our conclusion on the Statement.

6. In addition to the matters described in Disclaimer of Conclusion paragraph above, we draw attention to

- a. Note 5 to the accompanying Statement, regarding the Company's investments and inter-Company deposit in Primesec Investments Limited, wholly owned subsidiary aggregating to Rs. 4,299.50 lakhs (30 September 2019: Rs. 4,793.99 lakhs, 31 March 2019: Rs. 4273.97 lakhs) as at 31 December 2019, which is considered to be as fully recoverable by the management based on the valuation performed by an independent valuation expert. However, these are dependent on certain assumptions and estimates considered by the management, the appropriateness of which is dependent upon the realisation of the related business plans.



Prime Securities Limited

Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

- b. Note 6(a) and Note 6(b) to the accompanying standalone financial results regarding the restatement in accordance with the principles of Ind AS 8 on account of: (i) adjustment of expenses relating to share based payments incurred towards certain employees of the subsidiaries of the Company for the quarter and nine months ended 31 December 2018, year ended 31 March 2019 and quarter ended 30 September 2019, with the carrying cost of investments in such subsidiaries and (ii) reclassification of a residential flat under dispute, from 'Property, Plant and Equipment' to 'Other Receivable' and adjustment of the related depreciation expense till 31 March 2018 in the Opening Reserves and for all subsequent periods in the statement of profit and loss. Our conclusion is not modified in respect of this matter.
- c. The review of standalone unaudited quarterly and year to date financial results for the period ended 31 December 2018 and audit of standalone financial results year ended 31 March 2019 included in the Statement was carried out and reported by Gandhi & Associates LLP, Chartered Accountant who have expressed modified conclusion vide their review report dated 14 February 2019 and modified opinion vide their audit report dated 18 May 2019 respectively, whose reports have been furnished to us and which have been relied upon by us for the purpose of our review of the Statement.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013



Sudhir N. Pillai

Partner

Membership No. 105782

UDIN: 20105782AAAABA2252

Place: Mumbai

Date: 11 February 2020

PRIME SECURITIES LIMITED

Regd. Office : 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021 (CIN: L67120MH1982PLC026724)

Tel: +91-22-61842525 Fax: +91-22-24970777 Website: www.primesec.com Email: prime@primesec.com

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

(Rs. in Lakhs, unless otherwise stated)

Particulars	For the Quarter ended			For the Period ended		
	31-Dec-19 (Unaudited)	30-Sep-19 (Unaudited) (Refer Note 6)	31-Dec-18 (Unaudited) (Refer Note 6)	31-Dec-19 (Unaudited)	31-Dec-18 (Unaudited) (Refer Note 6)	31-Mar-19 (Audited) (Refer Note 6)
I Revenue from Operations						
Fee and commission income	12	808	518	1,325	1,038	1,038
II Other income	37	1	(4)	47	4	32
III Total income (I+II)	49	809	514	1,372	1,042	1,070
Expenses						
1) Finance cost	1	2	1	4	3	4
2) Fee and commission expense	46	107	13	175	35	50
3) Impairment on Financial Assets	186	61	-	186	-	77
4) Net Loss on Fair Value Changes	(16)	30	6	33	1	(41)
5) Employee Benefit Expense	143	459	89	716	338	496
6) Depreciation & Amortisation Expense	6	6	3	17	10	17
7) Other Expenses	27	58	34	174	148	194
IV Total expenses	393	725	147	1,306	534	797
V Profit / (loss) before tax (III - IV)	(345)	85	367	66	508	273
VI Tax expenses / (credits)						
- Current tax	(41)	8	73	34	112	51
- Deferred tax liabilities / (assets)	(1)	(2)	-	0	-	(21)
VII Profit / (loss) after tax from continuing operations (V - VI)	(302)	79	294	32	396	243
VIII Other comprehensive income						
A. (I) Items that will not be reclassified to profit or loss						
(a) Remeasurement of defined employee benefit plans	(1)	(5)	3	(7)	(6)	(9)
(II) Income Tax relating to items that will not be reclassified to profit or loss	1	1	(1)	2	-	2
B. (I) Items that will be reclassified to profit or loss						
(II) Income Tax relating to items that will be reclassified to profit or loss						
IX Total Comprehensive Income for the period / year (VII-VIII) (Comprising profit / (loss) and other Comprehensive Income for the period / year)	(302)	74	296	27	390	236
X (i) Paid-Up Equity Share Capital (Face Value Rs. 5/- each)	1,330	1,330	1,330	1,330	1,330	1,330
(ii) Other Equity						6,038
XI Earning/(loss) per Equity Share for continuing operation (face value Rs.5 per equity share) (Rs. not annualised for the quarters and period ended)						
- Basic (amount in Rs.)	(1.14)	0.30	1.11	0.12	1.49	0.92
- Diluted (amount in Rs.)	(1.13)	0.30	1.10	0.12	1.49	0.91



Notes:

- 1 The above consolidated financial results have been prepared in accordance with the recognition and measurement principles of Ind AS prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. The consolidated financial results were reviewed by Audit Committee and taken on record by the Board of Directors at its Meeting held on February 11, 2020.
- 2 Employee benefit expense include employee stock option expenses and ex-gratia
- 3 Other Comprehensive Income represents net actuarial gain / (loss) on employee defined benefit obligation.
- 4 Independent Auditors in their Limited Review Report for the Quarter ended December 31, 2019 has recorded their conclusion about the following:
 - a) Non receipt of confirmation of account from certain debtors and advances . *Management clarification: Management is confident of receiving the amount in the ordinary course of business.*
 - b) The Company had voluntarily adopted Ind AS from April 1, 2017 and comparative financial information for the year ended March 31, 2017 and transition date opening balance sheet as at April 1, 2016 were prepared in accordance with Ind AS. The company being SEBI Registered Merchant banker and is covered as a NBFC as per the definition given under Companies (Indian Accounting Standards) (Amendments) Rules 2016 with a net worth of less than Rs. 500 Crores, should adopt Ind AS from April 1, 2019 with transition date April 1, 2018.
Further, the Ministry of Corporate Affairs (MCA), vide its notification dated October 11, 2018 issued Division III of Schedule III, which provides the format for financial Statements of Non-Banking Financial Companies, as defined in the Companies (Indian Accounting Standards) (Amendments) Rules 2016.
These Consolidated Financial Results have been prepared in accordance with the same. The corresponding figures for the quarter and nine months period ended December 2018, year ended March 2019, quarter ended September 2019 and quarter and period ended December 2019 have also undergone a reclassification to comply with the requirements of the Division III.
- 5 In accordance with the requirements of Indian Accounting Standards (IND AS) – 8, “Accounting Policies, Changes in Accounting Estimates and Errors” – management has restated certain account balances for the comparative periods in order to comply with the accounting principles enunciated under the relevant IND-AS’s.
 - a) Employee Benefit Expenses for the quarter ended September 30, 2019 aggregating to Rs. 789 lakhs, have been adjusted on account of de-recognition of expenses pertaining to share based payment transactions of Rs. 49.58 lakhs for the quarter.
 - b) Depreciation Expense for the quarter and nine months ended 31 December 2018 aggregating to Rs. 12 lakhs, Rs. 23 lakhs respectively, year ended 31 March 2019 aggregating to Rs. 39 lakhs and quarter ended 30 September 2019 aggregating to Rs. 23 lakhs have been adjusted on account of reversal of depreciation expense pertaining to reclassification of PPE to ‘other Receivable’ as per Ind AS 16 to the financial asset to the tune of Rs. 1.65 lakhs and Rs. 4.93 lakhs respectively for the quarter and nine months ended 31 December 2018, Rs. 9.31 lakhs for the year ended 31 March 2019 and Rs. 1.65 lakhs for the quarter ended 30 September 2019.
- 6 The Group has identified two reportable segments (i) Financial Advisory & Intermediation services and (ii) Brokerage from mutual fund distribution as per Ind AS 108. However, the segment "Brokerage from mutual fund distribution" does not exceed the quantitative thresholds as prescribed by paragraph 13 of Ind AS 108. Hence, the entity has not reported separate information for each operating segment.

Mumbai
February 11, 2020



For Prime Securities Limited


N. Jayakumar
Managing Director & Group CEO