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Independent Auditor's Review Report on Standalone Unaudited Quarterly and Year to Date Financial Results of Prime Securities Limited 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 have reviewed the accompanying statement of standalone unaudited financial results of **Prime Securities Limited** ('the Company') for the quarter ended 31 December 2020 and the year to date results for the period 01 April 2020 to 31 December 2020 ('the Statement'), 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'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure 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. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes 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, 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.
5. We draw attention to Note 4 to the accompanying Statement, which indicates that the Company has adopted IND AS from 1 April 2017 instead of 1 April 2019 and considered the transition date as 01 April 2016 which is not in compliance with Companies (Indian Accounting Standards) (Amendment) Rules, 2016, dated 30 March 2016. However, management has assessed that the impact of applying the appropriate transition date as well as the possible impact of fines/penalty, if any, on account of such non-compliance on the financial statement of the Company would not be material.

Prime Securities Limited

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6. We draw attention to Note 5 to the accompanying Statement, regarding the Company's investment in and inter-company deposit extended to Primesec Investments Limited, a wholly owned subsidiary of the Company aggregating to Rs. 3,853.82 lakhs as at 31 December 2020, which are considered as fully recoverable by the management based on the projected deals and estimated forecast. However, these are dependent on certain assumptions and estimates considered by management, the appropriateness of which is dependent upon the realization of the related business plans.
7. We draw attention to Note 6 to the accompanying Statement, regarding the restatement done by the management of the Company in accordance with the principles of IND AS 8, Accounting Policies, Changes in Accounting Estimates and Errors on account of various adjustments which are further described in the aforesaid note.

For **Walker Chandniok & Co LLP**

Chartered Accountants

Firm Registration No:001076N/N500013

MURAD D

DARUWALLA

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Date: 2021.02.04
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Murad D. Daruwalla

Partner

Membership No:043334

UDIN:21043334AAAAAJ7320

Place: Mumbai

Date: 04 February 2021

PRIME SECURITIES LIMITED

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STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER & NINE MONTHS ENDED DECEMBER 31, 2020

Particulars	(Rs. in Lakhs, unless otherwise stated)					
	Quarter ended			Period ended		Year ended
	31-Dec-20 (Unaudited)	30-Sep-20 (Unaudited)	31-Dec-19 (Unaudited) #	31-Dec-20 (Unaudited)	31-Dec-19 (Unaudited) #	31-Mar-20 (Audited)
I Revenue from operations						
i) Interest income	35	27	17	88	43	55
ii) Dividend income	-	-	0	-	-	0
iii) Rental income	-	-	2	-	4	4
iv) Fee and commission income	30	775	12	1,315	1,325	2,225
v) Net gain on fair value changes	15	7	16	38	-	-
vi) Gain on sale / redemption of investments (net)	7	12	-	32	-	-
Revenue from operations	87	821	47	1,473	1,372	2,284
II Other income	32	33	65	97	195	260
III Total income (I+II)	119	854	112	1,570	1,567	2,544
Expenses						
i) Finance cost	6	5	1	17	4	8
ii) Fee and commission expense	2	65	21	86	82	540
iii) Net loss on fair value changes	-	-	-	-	33	33
iv) Impairment on financial instruments	-	-	125	-	186	889
v) Employee benefit expenses	156	160	208	476	582	836
vi) Depreciation and amortisation expense	17	15	5	49	17	34
vii) Other expenses	71	62	113	185	267	422
Total expenses	252	307	473	813	1,171	2,762
IV Profit / (loss) before tax (III-IV)	(133)	547	(361)	757	396	(218)
VI Tax expenses / (credits)						
- Current tax	(38)	101	(82)	119	89	(2)
- Deferred tax liabilities / (assets)	0	(2)	1	31	-	23
VI Profit / (loss) after tax (V-VI)	(95)	448	(280)	607	307	(239)
VIII Other comprehensive income/ (loss)						
a) Items that will not be reclassified to profit or loss						
(a) Remeasurement of defined employee benefit plans	0	(4)	(1)	0	(7)	(7)
II) Income tax relating to items that will not be reclassified to profit or loss	(0)	1	-	(0)	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	-	-	-	-	-	-
Other comprehensive income / (loss) (a+b)	0	(3)	(1)	0	(5)	(5)
IX Total comprehensive income / (loss) for the quarter / period (VII + VIII)	(95)	445	(281)	607	302	(244)
(Comprising profit / (loss) and other comprehensive income for the quarter / period)						
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						
XI Earning / (loss) per equity share						
(face value Rs. 5 per equity share)						
(Rs. not annualised for the quarters and period ended)	(0.36)	1.69	(1.06)	2.29	1.16	(0.90)
- Basic amount in Rs.)	(0.35)	1.66	(1.05)	2.25	1.15	(0.90)
- Diluted (amount in Rs.)						

refer note number 6

Notes:

- 1) The above standalone financial results have been prepared in accordance with the recognition and measurement principles of IND AS 34 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 standalone financial results were reviewed by Audit Committee, approved and taken on record by the Board of Directors at its Meeting held on February 04, 2021. The results for the quarter and nine months ended December 31, 2020 have been reviewed by the statutory auditors of the Company.
- 2) Amid continued COVID-19 pandemic and gradual phase out of restrictions, economic activities have returned to normal. Employees of the company continue to work from home. The Company believes that it has taken into account all possible impact of known events arising out of COVID-19 pandemic in the preparation of financial results. However, the impact assessment of COVID 19 is a continuing process given its nature and duration. The Company is continuously monitoring any material changes to future economic conditions.
- 3) The Board of Directors at its meeting held on January 9, 2020, approved the Scheme of Arrangement, u/s 230 to 232 read with Section 66, 52 & other applicable provisions of the Companies Act, 2013, comprising Merger of two wholly-owned subsidiaries, Primesec Investments Limited & Prime Commodities Broking (India) Limited into the Company. Post receipt of No Objection from Stock Exchanges / SEBI, an application was filed with NCLT for approval of the Scheme of Arrangement, which has been admitted and NCLT has granted dispensation from holding meeting of Shareholders / Creditors. Pursuant to the directions of NCLT, intimations have been sent to the regulatory authorities for their representation. A petition has also been filed with NCLT for granting approval to the Scheme of Arrangement, which is pending final hearing.
- 4) The Company had adopted Ind-AS from April 1, 2017 and comparative financial information for the year ended March 31, 2018 and transition date opening balance sheet as at April 1, 2016 were prepared in accordance with Ind-AS. The Company being a listed NBFC (for the purposes of complying with IND AS, as per provisions of the Companies (Indian Accounting Standard) Rules, 2015). As a Company with a net-worth of less than Rs. 500 crores, it should have adopted Ind AS from April 1, 2019 with transition date being April 1, 2018 in accordance with Companies (Indian Accounting Standards) (Amendment) Rules, 2016, dated March 30, 2016. The Management has ascertained that the impact of change in transition date from April 1, 2016 to April 1, 2018 has an insignificant impact on equity and the management believes that no adjustment is required in the financial results for the current quarter and nine months ended. Further, the Management has also sought legal opinion to ascertain the qualitative and quantitative impact, for the contravention of Companies (Indian Accounting Standards) (Amendment) Rules, 2016, dated March 30, 2016 and believes that the same is not material to the financial results. 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 results of Non-Banking Financial Companies, as defined in the Companies (Indian Accounting Standards) (Amendments) Rules 2016. These financial results have been prepared in accordance with Division III.
- 5) The Company has a financial exposure of Rs. 3853.82 lakhs as at December 31, 2020 to its wholly owned subsidiary viz. Primesec Investment Limited ('PIL') – investment in equity shares and inter-Company deposits. PIL has a negative net-worth of Rs. (2412.11) Lakhs. However, having regard to efforts undertaken by the Board of PIL, among other things to augment revenue sources and realise value of its investments, the financial results of PIL have been prepared on the basis that it is going concern and that no adjustment are required to the carrying value of asset and liabilities. Based on the aforesaid facts, projected deals, estimated forecast and proposed Scheme of arrangement, approved by the Board of Directors, pending approval from NCLT, the management believes that no provision is necessary for diminution in the value of the Company's financial exposure to PIL.
- 6) In accordance with the requirements of Indian Accounting Standards (Ind-AS) - 8, "Accounting Policies, Changes in Accounting Estimates and Errors", the management has restated certain account balances for the comparative quarter and nine month in order to comply with the accounting principles enunciated under the relevant Ind-AS's:
 - a) Employee Benefit Expenses for the quarter and nine month ended December 31, 2019 aggregating to Rs. 208 lakhs and Rs. 582 lakhs respectively have been adjusted for de-recognition of expenses related to performance bonus to the tune of Rs. 65 Lakhs and Rs. 134 Lakhs respectively.
 - b) Other income for the quarter and nine month ended December 31, 2019 aggregating to Rs. 65 lakhs and Rs.195 lakhs respectively adjusted on account of income from Business Support Service charged to its subsidiary company in accordance with the cost sharing agreement.
- 7) The Company has only one segment i.e. Financial Advisory & Intermediation services. There are no separate reportable segments as required by Ind-AS 108.
- 8) The amounts reflected as "0" in the Financial Information are values with less than rupees fifty thousand.
- 9) Previous quarter / period ended figures have been regrouped / reclassified, wherever found necessary, to conform to current period's presentation.

For Prime Securities Limited

JAYAKUMAR
NARAYANSWAMI

N. Jayakumar
Managing Director & Group CEO

Mumbai,
February 04, 2021