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Independent Auditor’s Review Report on Standalone Unaudited Quarterly Financial Results of the Company Pursuant to 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 (‘the Statement’) of Prime Securities Limited (‘the Company’) for the quarter ended 30 June 2020, 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 accounting 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. 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 accounting 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.

Prime Securities Limited

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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 1 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 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.
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 (PIL), a wholly owned subsidiary of the Company aggregating to Rs. 3,924.28 lakhs as at 30 June 2020, which are considered 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 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.

Our conclusion is not modified in respect of these above matters.

8. The review of standalone unaudited quarterly financial results for the quarter ended 30 June 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 August 2019, whose review report has been furnished to us and which has been relied upon by us for the purpose of our review of the Statement. Our conclusion is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No:001076N/N500013

**MURAD D
DARUWALLA**

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Date: 2020.08.18
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Murad D. Daruwalla

Partner

Membership No:043334

UDIN:20043334AAAAAH2190

Place: Mumbai

Date: 18 August 2020

PRIME SECURITIES LIMITED

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STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

(Rs. in Lakhs, unless otherwise stated)

Particulars	Quarter ended			Year ended
	30-Jun-20 (Unaudited)	31-Mar-20 (Unaudited)*	30-Jun-19 (Unaudited)#	31-Mar-20 (Audited)
I Revenue from Operations				
i) Interest income	26	12	8	55
ii) Dividend income	-	-	0	-
iii) Rental income	-	-	1	4
iv) Fee and commission income	510	900	505	2,225
v) Net gain on fair value changes	16	-	-	-
vi) Gain on sale / redemption of investments (net)	13	-	-	-
Revenue from operations	565	912	514	2,284
II Other income	32	65	65	260
III Total income (I+II)	597	977	579	2,544
Expenses				
i) Finance cost	6	3	1	8
ii) Fee and commission expense	-	500	-	540
iii) Net loss on fair value changes	-	0	19	33
iv) Impairment on financial instruments	-	703	-	889
v) Employee benefit expenses	160	254	178	836
vi) Depreciation and amortisation expense	17	17	6	34
vii) Other expenses	71	133	49	422
IV Total expenses	254	1,610	253	2,762
V Profit / (loss) before tax (III-IV)	343	(633)	326	(218)
VI Tax expenses / (credits)				
- Current tax	56	(36)	81	(2)
- Deferred tax liabilities / (assets)	33	23	-	23
VII Profit / (loss) after tax from continuing operations (V-VI)	254	(620)	245	(239)
VIII Other comprehensive income				
a) I) Items that will not be reclassified to profit or loss				
(a) Remeasurement of defined employee benefit plans	4	(2)	(1)	(7)
II) Income tax relating to items that will not be reclassified to profit or loss	(1)	0	0	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 (a+b)	3	(2)	(1)	(5)
IX Total comprehensive income for the quarter / year (VII + VIII)	257	(622)	244	(244)
(Comprising profit / (loss) and other comprehensive income for the quarter / year)				
X				
i) Paid-up equity share capital (face value Rs. 5/- each)	1,330	1,330	1,330	1,330
ii) Other equity				6,098
XI Earning / (loss) per equity share from continuing operation				
(face value Rs.5 per equity share)				
(Rs. not annualised for the quarters and year ended)				
- Basic (amount in Rs.)	0.96	(2.34)	0.92	(0.90)
- Diluted (amount in Rs.)	0.96	(2.31)	0.92	(0.90)

* refer note number 9

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 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 and approved by the Board of Directors at its Meeting held on August 18, 2020. The results for the Quarter ended June 30, 2020 have been reviewed by the statutory auditors of the Company.
- 2) The SARS-CoV-2 virus responsible for COVID -19 continues to remain a major public health emergency. While rates of infection remain elevated, the economy is gradually opening up across the country. Localized lockdowns to control the spread of infection have been deployed. Inter-state and intra- state travel continue to have restrictions. During this unprecedented time, the company has successfully migrated all its employees to work from home .The Company has provided the required infrastructure for the same. The Company believes that it has taken into account all the 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 will continue to monitor for any material changes to future economic conditions.
- 3) The Board of Directors had, on January 9, 2020, approved the Scheme of Arrangement, under Sections 230 to 232 read with Section 66 & Section 52 & other applicable provisions of the Companies Act, 2013 and the rules & regulations made thereunder, comprising merger of wholly-owned subsidiaries, Primesec Investments Limited & Prime Commodities Broking (India) Limited into the Company. The Company has received no objection from stock exchanges / SEBI and have made petition to the jurisdictional bench of National Company Law Tribunal for its approval.
- 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 purpose of complying with IND AS, as per the provisions of the Companies (Indian Accounting Standard) Rules, 2015) with a net-worth of less than Rs. 500 crores, 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 the impact of change in transition date from April 1, 2016 to April 1, 2018 which has an insignificant impact on the equity as on April 1, 2018 and the management believes that no adjustment is required in the financial statements for the current quarter.
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. The corresponding figures for the quarter ended June 2019 has been reclassified to comply with the requirements of the Division III.
- 5) The Company has a financial exposure of Rs. 3,924.17 lakhs as at June 30, 2020 in 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. 2,517.78 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 and valuation as per independent valuer's report dated May 20, 2020, the management believes that the amount is fully recoverable and no provision is necessary for diminution in the value of the Company's financial exposure in 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 in order to comply with the accounting principles enunciated under the relevant Ind-AS's:
 - a) Employee Benefit Expenses for the quarter ended June 30, 2019 aggregating to Rs. 178.49 lakhs have been adjusted:
 - (i) on account of recognition of expenses pertaining to share based payment transactions to the tune of Rs. 18.07 lakhs, and
 - (ii) on account of recognition of expenses related to performance bonus to the tune of Rs. 65 lakhs.
 - b) Depreciation Expense for the quarter ended June 30, 2019 aggregating to Rs. 6 lakhs have been adjusted for Rs. 1.63 lakhs on account of reversal of depreciation expense pertaining to reclassification of Property, Plant & Equipments to 'Other receivable' as per Ind-AS 16 under the financial asset to the tune of Rs. 392.80 lakhs for the quarter ended June 30, 2019.
 - c) Other income for the quarter ended June 30, 2019 aggregating to Rs. 65.00 lakhs 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) As per Ind-AS 109 the Company has unrealised gain / (loss) of Rs. 15.93 lakhs for the quarter ended June 30, 2020, which has been classified under head 'Net gain on fair value changes'.
- 9) The figures for quarter ended March 31, 2020 represents the balance between audited financials in respect of full financials year and those published till the third quarter of the respective financials years.
- 10) The amounts reflected as "0" in the Financial Information are values with less than rupees fifty thousand.
- 11) Previous quarter / year ended figures have been regrouped / reclassified, wherever found necessary, to confirm to the current quarter end presentation.

Mumbai,
August 18, 2020

For Prime Securities Limited

JAYAKUMAR
NARAYANSWAMI

N. Jayakumar
Managing Director & Group CEO