
Walker Chandiok & Co LLP

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Independent Auditor's Report on Standalone Annual Financial 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

Opinion

1. We have audited the accompanying standalone annual financial results ('the Statement') of Prime Securities Limited ('the Company') for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, read with SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'), and
 - (ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the standalone net loss after tax and other comprehensive income and other financial information of the Company for the year ended 31 March 2020.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Prime Securities Limited

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Emphasis of Matters

4. We draw attention to Note 7 to the accompanying Statement, which indicates that the Company had adopted Ind AS from 1 April 2017 instead of 1 April 2019 and the considered 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.
5. We draw attention to Note 8 to the accompanying Statement, regarding the Company's investments in and inter-company deposit extended to Primesec Investments Limited (PIL), a wholly owned subsidiary aggregating Rs. 4,945 lakhs (31 March 2019: Rs. 5072 lakhs) as at 31 March 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 the management, the appropriateness of which is dependent upon the realisation of the related business plans.
6. We draw attention to Note 10 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 opinion is not modified in respect of these above matters.

Management's and Those Charged with Governance Responsibilities for the Statement

7. This Statement has been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations including SEBI Circular. This responsibility also includes 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; 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
8. In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Prime Securities Limited

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Auditor's Responsibilities for the Audit of the Statement

10. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under section 143(10) of the Act, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
11. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Prime Securities Limited

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Other Matters

14. The Statement includes the financial results for the quarter ended 31 March 2020, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.
15. The audit of standalone financial results for the corresponding quarter and year ended 31 March 2019 included in the Statement was carried out and reported by M/s. Gandhi & Associates LLP, Chartered Accountants, who have expressed qualified opinion vide their audit report dated 18 May 2019, whose report have been furnished to us, and which have been relied upon by us for the purpose of our audit of the Statement.
16. The comparative financial information of the opening balance sheet as at 1 April 2018 in these standalone financial results which is restated as mentioned in the aforesaid para 6 above is based on the previously issued financial statement for the year ended 31 March 2018, and were audited by previous auditors, M/s. Gandhi & Associates LLP, Chartered Accountants who have expressed qualified opinion vide their audit report dated 29 May 2018, whose report have been furnished to us, and which have been relied upon by us for the purpose of our audit of the Statement.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/N500013

Sudhir N. Pillai
Partner
Membership No:105782

UDIN: 20105782AAAAET2100

Place: Mumbai
Date: 19 June 2020

PRIME SECURITIES LIMITED

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

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

(Rs. in Lakhs, unless otherwise stated)

Particulars	For the quarter ended			For the year ended	
	31-Mar-20 (Unaudited)*	31-Dec-19 (Unaudited)#	31-Mar-19 (Unaudited)*#	31-Mar-20 (Audited)	31-Mar-19 (Audited)#
I Revenue from Operations					
(i) Interest income	12	36	27	55	27
(ii) Rental Income	-	1	1	4	5
(iii) Fee and commission income	900	12	0	2,225	1,038
(iv) Net gain on fair value changes	-	16	41	-	41
Total Revenue from operations	912	65	69	2,284	1,111
II Other Income	65	65	-	260	-
III Total income (I+II)	977	130	69	2,544	1,111
Expenses					
i) Finance cost	3	1	1	8	4
ii) Fee and commission expense	500	-	-	540	-
iii) Net Loss on fair value changes	0	-	-	33	-
iv) Impairment on financial instruments	703	186	77	889	77
v) Employee Benefit Expenses	254	209	292	836	825
vi) Depreciation and amortisation expense	17	6	7	34	17
vii) Other Expenses	132	73	81	422	264
IV Total expenses	1,610	475	458	2,762	1,187
V Profit / (loss) before tax (III - IV)	(633)	(345)	(389)	(218)	(76)
VI Tax expenses / (credits)					
- Current tax	(36)	(41)	(112)	(2)	-
- Deferred tax liabilities / (assets)	23	(1)	(8)	23	(8)
VII Profit / (loss) after tax from continuing operations (V - VI)	(620)	(303)	(269)	(239)	(68)
VIII Other comprehensive income					
A. (I) Items that will not be reclassified to profit or loss					
(a) Remeasurement of defined employee benefit plans	(2)	1	(3)	(7)	(9)
(II) Income Tax relating to items that will not be reclassified to profit or loss	(0)	1	2	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)	(622)	(301)	(270)	(244)	(75)
X (i) Paid-Up Equity Share Capital (Face Value Rs. 5/- each)	1,330	1,330	1,330	1,330	1,330
(ii) Other Equity				6,098	5,959
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.)	(2.34)	(1.14)	(1.01)	(0.90)	(0.26)
- Diluted (amount in Rs.)	(2.31)	(1.13)	(1.00)	(0.90)	(0.26)
* Refer Note 13					
# Refer Note 10					

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(CIN: L67120MH1982PLC026724)

Standalone statement of Assets and Liabilities

(Rs. in Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)#	As at April 1, 2018 (Audited)#
ASSETS			
I. Financial assets			
a) Cash and cash equivalents	166	20	6
b) Bank balance other than (a) above	185	-	-
c) Receivables			
(i) Trade receivables	267	561	65
(ii) Other receivables	393	393	396
d) Loans	4,525	4,604	5,067
e) Investments	2,122	1,876	909
f) Other financial assets	40	347	348
	7,698	7,801	6,791
II. Non-financial assets			
a) Current tax assets (net)	383	215	157
b) Deferred tax assets (net)	78	99	89
c) Property, plant and equipment	271	55	32
d) Other intangible assets	1	1	1
e) Other non-financial assets	30	26	88
	763	396	367
TOTAL ASSETS	8,461	8,197	7,158
LIABILITIES AND EQUITY			
I. Financial liabilities			
a) Payables			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	17	24	32
b) Borrowings	23	202	459
c) Other financial liabilities	226	16	2
	266	242	493
II. Non-financial liabilities			
a) Provisions	490	649	233
b) Other non-financial liabilities	277	17	13
	767	666	246
III. Equity			
a) Equity share capital	1,330	1,330	1,330
b) Other equity	6,098	5,959	5,089
	7,428	7,289	6,419
TOTAL LIABILITIES AND EQUITY	8,461	8,197	7,158

Refer note 10

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Standalone Statement of Cash Flow for the year ended 31 March 2020

(Rs. in Lakhs, unless otherwise stated)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Cash flow from operating activities:		
Profit before tax	(225)	(85)
Adjustments for :		
Depreciation and amortisation expenses	34	17
Changes in fair valuation of investment (net) through profit or loss	32	(41)
(Profit)/ Loss on sale of property, plant and equipments (net)	-	6
Interest on finance lease	4	-
Interest Expense	2	4
Interest income	(48)	(27)
Dividend income	(0)	(0)
Share based payment to employees	105	7
Impairment on financial instruments	889	77
Operating profit before working capital changes	793	(42)
Adjustments for changes in working capital:		
(Decrease) / Increase in provisions		
Increase / (Decrease) in trade payables	(6)	(8)
Increase/ (Decrease) in other financial liabilities	(17)	15
(Decrease)/ Increase in provisions	(159)	415
Increase/ (Decrease) in other non-financial liabilities	260	5
(Increase)/ Decrease in other receivables	-	4
Decrease/ (Increase) in trade receivables	(267)	(497)
Decrease/ (Increase) in other non-financial assets	(4)	(15)
Total changes in working capital	(193)	(81)
Cash generated from operations	600	(123)
Taxes paid, net of refunds	(167)	(58)
(Increase)/ Decrease in Current tax assets (net)	(169)	(58)
Current tax expense	2	-
Net cash generated/(used) from operating activities	(A) 433	(181)
Cash flow from investing activities:		
Purchase of property, plant and equipments	(10)	(51)
Proceeds from sale / disposal of property, plant and equipments	-	6
Purchase of Investments	(0)	(855)
Movement in Loans to Subsidiaries	79	463
Decrease/ (Increase) in other bank balances	(184)	-
Interest income	46	27
Net cash generated/(used) from investing activities	(B) (69)	(410)

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CIN: L67120MH1982PLC026724

Standalone Statement of Cash Flow for the year ended 31 March 2020**(Rs. in Lakhs, unless otherwise stated)**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Cash flow from financing activities:		
Application Money against warrants	-	866
Borrowings repaid during the year	(178)	(257)
Interest Paid	(2)	(4)
Payment of Lease Liability	(18)	-
Payment of Security Deposit	(20)	(0)
Net cash generated/(used) in financing activities (C)	(218)	605
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	146	14
Cash and cash equivalents at the beginning of the year	20	6
Cash and cash equivalents at the end of the year	166	20
Total	146	14
Notes:		-
1) Cash and cash equivalents comprise of		
Cash on hand	1	0
Balances with banks	-	-
In current account	165	19
Cash and cash equivalents	166	20
Notes:		
The above Statement of Cash Flows has been prepared under indirect method as set out in Ind AS 7, 'Statement of Cash Flows', as specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules, 2015 (as amended).		

Standalone 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 taken on record by the Board of Directors at its Meeting held on June 19, 2020. The results for the year ended 31 March 2020 have been audited by the statutory auditors of the company.
- 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 The SARS-CoV-2 virus responsible for COVID -19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian Financial Markets and a significant decrease in the economic activities. On 11 March 2020, the COVID-19 outbreak was declared as a global pandemic by the World Health Organisation. In view of the complete lockdown, we have moved to a 100% work from home mode of operation and we have been able to conduct business without any interruption during this period using digital tools. All our employees have been able to work remotely and securely. We will gradually open our physical offices once permitted based on the guidelines and rules issued by the governments.
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.
- 5 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, which is subject to necessary approvals by stock exchanges, SEBI, shareholders and creditors, as may be applicable, and jurisdictional bench of National Company Law Tribunal and such other statutory / regulatory approvals, as may be required.
- 6 The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. However, the Company has elected to not to apply the concessional tax rate and continue with prevailing tax rate.
- 7 The Company had adopted IND AS from 1 April 2017 and comparative financial information for the year ended 31 March 2018 and transition date opening balance sheet as at 1 April 2016 were prepared in accordance with Ind AS. The Company being a listed NBFC with a net-worth of less than Rs. 500 crores, should have adopted Ind AS from 1 April 2019 with transition date being 1 April 2018 in accordance with Companies (Indian Accounting Standards) (Amendment) Rules, 2016, dated 30 March 2016.
The Management has ascertained the impact of change in transition date from 1 April 2016 to 1 April 2018 which has an insignificant impact on the equity and the management believes that no adjustment is required in the financial statements for the current year.
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 30 March 2016 and believes that the same is not material to the financial statements.
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 Financial Statements have been prepared in accordance with Division III. The corresponding figures for the year ended March 2019 has been reclassified to comply with the requirements of the Division III.
- 8 No provision has been made in the carrying value of financial exposure in the subsidiary (PIL) having regard to the erosion in the net worth, as the management is confident of generating sufficient income to restore its networth based on the valuation report obtained from an independent valuation expert.
- 9 Other income includes, Business Support Service income, for the quarter and year ended 31 March 2020 aggregating to Rs. 65 Lakhs and Rs. 260 Lakhs charged from its subsidiary company (PIL) in accordance with the cost sharing agreement between the group companies.
- 10 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 year / quarters in order to comply with the accounting principles enunciated under the relevant IND-AS’s.
 - a) Employee Benefit Expenses for the quarter and year ended 31 March 2019 aggregating to Rs. 292 lakhs and Rs. 825 lakhs respectively, have been adjusted on account of de-recognition of expenses pertaining to share based payment transactions of subsidiaries employees, which was earlier charged to the holding company to the tune of Rs. 46 Lakhs and 71 Lakhs for the quarter and year ended 31 March 2019 respectively, and correspondingly recognized as deemed investment in subsidiaries.
 - b) Depreciation Expense for the quarter ended 31 March 2019 and year ended 31 March 2019 aggregating to Rs. 6 lakhs and Rs. 17 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. 2 lakhs and Rs. 9 lakhs respectively for the quarter and year ended 31 March 2019.
Accordingly, opening reserve as on 1 April 2018 is adjusted to the tune of Rs. 146 lakhs on account of reversal of the aforesaid depreciation.
 - c) Employee Benefit Expenses and other expenses for the quarter and year ended 31 March 2019 aggregating to Rs. 154 Lakhs and Rs. 349 Lakhs respectively and Employee Benefit Expenses amounting to Rs. 65 Lacs for quarter ended 31 December 2019 has been adjusted on account of expenses related to performance bonus and ex gratia.
 - d) Other income for the quarter ended 31 December 2019 aggregating to Rs. 65 Lakhs adjusted on account of income from Business Support Service charged to its subsidiary company in accordance with the cost sharing agreement.
- 11 The Company has only one segment i.e. Financial Advisory & Intermediation services. There are no separate reportable segments as required by Ind AS 108.

- Mumbai
June 19, 2020

JAYAKUMAR
NARAYANSWAMI

Digitally signed by JAYAKUMAR NARAYANSWAMI
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67a5294795ebc8cf8ab37, cn=JAYAKUMAR NARAYANSWAMI
Date: 2020.06.19 18:52:54 +05'30'

N. Jayakumar
Managing Director & Group CEO