
Walker Chandiok & Co LLP

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Independent Auditor's Review Report on Consolidated 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 unaudited consolidated financial results of **Prime Securities Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') (refer Annexure 1 for the list of subsidiaries included in the Statement) for the quarter ended 30 September 2020 and the consolidated year to date results for the period 1 April 2020 to 30 September 2020 ('the Statement'), being submitted by the Holding 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. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding 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.

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.

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4. Based on our review conducted and procedures performed as stated in paragraph 3 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 5 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 noncompliance on the financial statement of the Company would not be material.
6. 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.
7. We draw attention to Note 3 to the accompanying Statement, the following Emphasis of Matter is given by another firm of Chartered Accountants vide their report dated 04 November 2020 on the financial results of Primesec Investment Limited and Prime Research and Advisory Limited, subsidiaries of the Holding Company, reproduced by us as under:

“the uncertainties relating to the effects of COVID-19 pandemic and management’s evaluation of its impact on the accompanying financial results and operations of the Company as at the balance sheet date, the extent of which is significantly dependent on future developments as they evolve.”

Our conclusion is not modified in respect of the above matters

8. We did not review the interim financial results of three subsidiaries included in the statement, whose financial information reflects total assets of ₹ 2,418 lakhs as at 30 September 2020, and total revenues of ₹ 73 lakhs and ₹ 533 lakhs, total net (loss) after tax of ₹ (228) lakhs and ₹ (381) lakhs, total comprehensive (loss) of ₹ (4) lakhs and ₹ (382), for the quarter and year to date six-month period ended on 30 September 2020, respectively, and cash outflow (net) of ₹ 14 lakhs for the six month period ended 30 September 2020, as considered in the Statement. These interim financial results have been reviewed by other auditor whose review reports has been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the review reports of such other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditor.

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The Statement includes the interim financial information of one subsidiary, which has not been reviewed by its auditors, whose interim financial information reflects total assets of ₹ 5.00 lakhs as at 30 September 2020, and total revenues of ₹ 0.00 and ₹ 0.00, net loss after tax of ₹ (0.04) lakhs and ₹ (0.04) lakhs, total comprehensive loss of ₹ (0.04) lakhs and ₹ (0.04) lakhs for the quarter and year to date six month period ended 30 September 2020 respectively, cash outflow (net) of ₹ 0.04 lakhs for the six month period ended 30 September 2020 as considered in the Statement, and have been furnished to us by the Holding Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such unreviewed interim financial information. According to the information and explanations given to us by the management, these interim financial information are not material to the Group.

Our conclusion is not modified in respect of this matter with respect to our reliance on the financial information certified by the Board of Directors.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No:001076N/N500013

Murad D. Daruwalla

Partner

Membership No:043334

UDIN:20043334AAAAAX7973

Place: Mumbai

Date: 05 November 2020

Prime Securities Limited
Independent Auditor's Review Report on Consolidated 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)

Annexure 1

List of entities included in the Statement

1. Primesec Investments Limited
2. Prime Research & Advisory Limited
3. Prime Commodities Broking (India) Private Limited
4. Prime Funds Management Limited

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PRIME SECURITIES LIMITED - CONSOLIDATED

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(CIN: L67120MH1982PLC026724)

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2020

(Rs. in Lakhs, unless otherwise stated)

Particulars	Quarter ended			Half year ended		Year ended
	30-Sep-20 (Unaudited)	30-Jun-20 (Unaudited)	30-Sep-19 (Unaudited) #	30-Sep-20 (Unaudited)	30-Sep-19 (Unaudited) #	31-Mar-20 Audited
I Revenue from operations						
i) Interest income	56	39	1	95	18	75
ii) Dividend income	-	-	-	-	0	0
iii) Rental income	-	-	2	-	3	4
iv) Fee and commission income	790	943	1,876	1,733	2,933	7,366
v) Net gain on fair value changes	35	17	-	52	0	-
vi) Gain on sale/ redemption of investments (net)	12	9	0	21	0	-
Revenue from operations	893	1,008	1,879	1,901	2,954	7,445
II Other income	2	0	-	2	-	1
III Total income (I+II)	895	1,008	1,879	1,903	2,954	7,446
Expenses						
i) Finance cost	12	8	6	20	13	22
ii) Fees and commission expense	74	212	160	286	402	1,880
iii) Net loss on fair value changes	-	-	134	-	153	129
iv) Impairment on financial instruments	44	57	178	101	178	1,969
v) Employee benefit expense	362	366	389	728	752	1,847
vi) Depreciation & amortisation expense	35	29	22	64	45	99
vii) Other expenses	79	123	113	202	265	426
IV Total expenses	606	795	1,002	1,401	1,808	6,372
V Profit / (loss) before tax (III-IV)	289	213	877	502	1,146	1,074
VI Tax expenses / (credits)						
- Current tax	76	82	176	158	257	269
- Deferred tax liabilities / (assets)	(1)	37	(1)	36	(1)	16
VII Profit / (loss) after tax (V-VI)	214	94	702	308	890	789
VIII Other comprehensive income / (loss)						
a) I) Items that will not be reclassified to profit or loss						
(a) Remeasurement of defined employee benefit plans	(7)	5	(5)	(2)	(7)	(9)
II) Income tax relating to items that will not be reclassified to profit or loss	2	(1)	1	1	2	3
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)	(5)	4	(4)	(1)	(5)	(6)
IX Total comprehensive income for the quarter / period (VII +VIII) (Comprising profit / (loss) and other comprehensive income for the quarter / period)	209	98	698	307	885	783
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						3,200
XI Earning / (loss) per equity share (face value Rs. 5 per equity share) (Rs. not annualised for the quarters and period ended)						
- Basic (amount in Rs.)	0.81	0.35	2.65	1.16	3.35	2.98
- Diluted (amount in Rs.)	0.79	0.35	2.63	1.14	3.33	2.95

Refer Note 6

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CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES

(Rs. in Lakhs, unless otherwise stated)

Particulars	As at September 30, 2020 (Unaudited)	As at March 31, 2020 (Audited)
ASSETS		
I. Financial assets		
a) Cash and cash equivalents	80	201
b) Bank balance other than (a) above	752	1,439
c) Receivables		
(i) Trade receivables	321	439
(ii) Other receivables	393	393
d) Investments	2,824	189
e) Other financial assets	168	2,249
	4,538	4,910
II. Non-financial assets		
a) Current tax assets (net)	760	550
b) Deferred tax assets (net)	49	84
c) Property, plant and equipment	397	374
d) Other intangible assets	4	4
e) Other non-financial assets	59	245
	1,269	1,257
TOTAL ASSETS	5,807	6,167
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	214	245
b) Borrowings	39	44
c) Other financial liabilities	330	533
	583	822
II. Non-financial liabilities		
a) Provisions	103	504
b) Other non-financial liabilities	74	311
	177	815
III. Equity		
a) Equity share capital	1,330	1,330
b) Other equity	3,717	3,200
	5,047	4,530
TOTAL LIABILITIES AND EQUITY	5,807	6,167

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CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED SEPTEMBER 30, 2020

(Rs. in Lakhs, unless otherwise stated)

Particulars	Period ended September 30,2020	Period ended September 30,2019
Cash flow from operating activities:		
Profit before tax	500	1,139
Adjustments for :		
Depreciation and amortisation expense	64	45
Changes in fair valuation of investment (net) through profit or loss	(52)	153
Lease rental payment	-	-
Gain on sale of investments (net)	(21)	-
Interest Expense	16	9
Interest income on deposits	(96)	(18)
Dividend income	-	(0)
Share based payment to employees	213	163
Impairment of financial assets	-	-
(Appreciation) /Diminution in value of Investments	-	-
Deposit written off	(101)	178
Operating profit before working capital changes	523	1,669
Adjustments for changes in working capital:		
(Decrease) / Increase in provisions	(401)	(377)
Increase / (Decrease) in trade payables	(31)	(23)
Increase/ (Decrease) in other financial liabilities	(221)	(5)
Increase/ (Decrease) in other non-financial liabilities	(203)	(15)
(Increase)/ Decrease in other financial assets	2,175	406
(Increase)/ Decrease in other receivables	-	10
Decrease/ (Increase) in trade receivables	218	89
Decrease/ (Increase) in other non-financial assets	186	(17)
Total changes in working capital	1,723	68
Cash generated from operations	2,246	1,737
Taxes paid, net of refunds	(367)	(413)
Net cash generated/(used) from operating activities (A)	1,879	1,324
Cash flow from investing activities:		
Purchase of property, plant and equipments including capital work-in-progress	(88)	(30)
Proceeds from sale / disposal of property, plant and equipments	-	-
Purchase of Investments	(2,562)	6
(Increase)/ Decrease in Loans	-	100
Decrease/ (Increase) in other bank balances	687	(710)
Interest income	9	18
Dividend received	-	0
Net cash generated/(used) from in investing activities (B)	(1,954)	(616)
Cash flow from financing activities:		
Application Money against warrants	-	-
Borrowings repaid during the year	(5)	(333)
Interest Paid	(2)	(5)
Payment of lease rental	(32)	(27)
Increase/Decrease in security deposits	(7)	-
Interim dividend (including dividend distribution tax) paid	-	-
Net cash generated/(used) in financing activities (C)	(46)	(365)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(121)	343
Cash and cash equivalents at the beginning of the year	201	87
Cash and cash equivalents at the end of the year	80	430
Total	(121)	343

Consolidated 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 approved by the Board of Directors at its Meeting held on November 05, 2020. The results for the quarter and half year ended September 30, 2020 have been reviewed by the statutory auditors of the Company.
- 2) The Consolidated financial results includes the reviewed financial results of the wholly-owned subsidiaries - Primesec Investments Limited, Prime Research & Advisory Limited, Prime Commodities Broking (India) Limited and Prime Funds Management Limited.
- 3) COVID-19 pandemic continues to remain a major public health emergency. The resultant lockdown imposed by Government is now gradually been phased out and the economic activities across the nation are slowly returning to its normal. All the employees of the group continues to work from home. The group 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. Primesec Investments Limited, which provides corporate advisory services for corporate restructuring, have seen the assignment on slow motion / hold due to non-functioning of NCLT / moratorium granted by RBI in view of COVID-19. Prime Research & Advisory Limited, have witnessed fewer deal closure during the quarter. 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.
- 4) 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. 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 the NCLT has granted dispensation from holding meeting of Shareholders / Creditors. Copy of the order is awaited. Post receipt of representation from statutory and regulatory authorities, NCLT will take up Petition for approval of Scheme of Arrangement.
- 5) 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 results for the current quarter and half year 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. The corresponding figures for the quarter & half year ended September 30, 2019 has been reclassified to comply with the requirements of the Division III.
- 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 half year ended in order to comply with the accounting principles enunciated under the relevant Ind-AS's:
 - a) Employee Benefit Expenses for the quarter and half year ended September 30, 2019 aggregating to Rs. 389.43 lakhs and Rs. 752.04 lakhs respectively have been adjusted on account of de-recognition of expenses related to performance bonus to the tune of Rs.354 lakhs and Rs. 289 lakhs respectively.
 - b) Depreciation Expense for the quarter and half year ended September 30, 2019 aggregating to Rs.21.80 lakhs and Rs. 44.89 lakhs respectively have been adjusted for Rs. 1.65 lakhs and Rs. 3.28 lakhs respectively on account of reversal of depreciation expense pertaining to reclassification of PPE to 'Other receivable' as per Ind-AS 16 under the financial asset to the tune of Rs. 392.80 lakhs for the quarter and half year ended September 30, 2019.
- 7) The Group has identified two business 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.
- 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 confirm to the quarter and half year end presentation.

Mumbai
November 05, 2020

For Prime Securities Limited

JAYAKUMAR
NARAYANSWAMI

N. Jayakumar
Managing Director & Group CEO