

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members of PRIME SECURITIES LIMITED

**Report on the Audit of the Standalone Financial Statements**

**Qualified Opinion**

We have audited the accompanying standalone financial statements of **PRIME SECURITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity and the statement of Cash Flow for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Companies Act 2013 ("the Act") in the manner so required and *except for the effects of the matters described in the Basis for Qualified Opinion section of our report*, give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the total comprehensive income (comprising of profit and other comprehensive income), the changes in equity and its cash flows and for the year ended on that date.

**Basis for Qualified Opinion**

*As referred in Note 30, the Company has, in earlier financial year re-instated advance of Rs. 327.50 Lacs which was earlier written-off as not recoverable and which has not yet been realised. Accordingly, the loss in Surplus (Profit & Loss) is lower and Other Non-Current Asset is higher by the said amount.*

We conducted our audit of the standalone financial statements 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 Standalone Financial Statements 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 ("ICAI") together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we



have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

#### Emphasis of Matter

Our opinion is not modified in respect of the following matters:

- a) As referred to in Note 29, the net worth of Company's subsidiary viz. Primesec Investments Limited has been eroded but having regard to the circumstances specified in the said Note, the subsidiary has prepared its accounts on a going concern basis. Relying on the same, the Company has not considered making any adjustments to its financial exposure in the subsidiary.
- b) As referred to in Note 31, the Company has not received confirmation of account from a debtor whose outstanding balance at the year-end is Rs. 500.00 Lacs. No provision for doubtful debt is considered necessary by the Company as in the opinion of its management the amount will be fully realized in ordinary course of business.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

No.	Key Audit Matter	Auditor's Response
1	<p><u>Recoverability assessment of trade receivables</u></p> <ul style="list-style-type: none"> <li>Trade receivables of the Company comprise of receivables for services rendered.</li> <li>The recoverable amount was estimated by the management based on their specific recoverability assessment of individual debtor.</li> <li>The management would make specific provision against individual balance with reference to the recoverable amount.</li> </ul>	<p>We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>Obtained a list of outstanding receivables and tested the accuracy of aging of each party at year end;</li> <li>Tested subsequent settlement of trade receivables after the balance sheet date, if any;</li> <li>For those outstanding balances, letters were sent to each party seeking direct independent confirmation of balance from them.</li> </ul> <p>We found the key estimates used by management in the recoverability assessment of trade receivables to be supportable based on the obtained evidence except in case of disclosure made in Emphasis of Matter.</p>

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are 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 SAs 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 these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, 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 financial controls 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 adequate internal financial controls system in place 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 management.
- Conclude on the appropriateness of 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 standalone financial statements 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, *except for the effects of the matters described in paragraph of the Basis for Qualified Opinion paragraph*, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.
- e) On the basis of the written representations received from the directors as on March 31, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 28 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For GANDHI & ASSOCIATES LLP

Chartered Accountants

(FRN:102965W/W100192)



*Gandhi*

[MILIND GANDHI]

Partner

Membership No. 043194

Mumbai,

Date: May 18, 2019

**ANNEXURE - A TO THE AUDITORS' REPORT**

The annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2019 we report that:

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, all the fixed assets were physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us, no discrepancies were noticed on such physical verification.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable property is yet to be transferred in the name of the Company pending a legal dispute as disclosed in Note 1 to the standalone financial statements.
2. The Company does not hold any inventories and therefore, clause 3(ii) of the Order is not applicable to the Company.
3. The Company has granted unsecured loans to wholly-owned subsidiary companies covered in the register maintained under section 189 of the Act. Considering that the loans are to wholly-owned subsidiaries, in our opinion, the terms and conditions of the loans are not prejudicial to the Company's interest. The loans are repayable on demand and during the year part of loan to a subsidiary was repaid as demanded. Interest is paid by the subsidiary, where applicable.
4. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Act with respect to the loans and investments made.
5. The Company has not accepted any deposits within the meaning of the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder and therefore, clause 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company and therefore, clause 3(vi) of the Order is not applicable to the Company.
7.
  - a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, goods and service tax and other statutory dues applicable to it though there has been few instances of minor delays in payment of goods and service tax. Further, according to the information and



explanations given to us, there are no undisputed amounts payable in respect of provident fund, income tax, goods and service tax and other statutory dues with the appropriate authorities outstanding at the end of the year for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, the particulars of statutory dues outstanding at the end of the year on account of a dispute are as follows:

Statue	Assessment Year	Nature Dues	Forum before whom pending	Rs. Lacs
Income Tax Act 1961	2006-2007	Income Tax	Assessing Officer (Rectification Proceedings)	13.18
	2009-2010			0.27

8. Based on our audit procedures and according to the information and explanations given by the management, the Company has not defaulted in repayment of its loans and borrowings to any financial institution and banks. The Company does not have any loan or borrowing from Government or debentureholders.
9. The Company did not raise any amount by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3(ix) of the Order is not applicable.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. The Company has paid/provided for managerial remuneration in accordance with provisions of section 197 read with Schedule V of the Act.
12. In our opinion and according to the information and explanation given to us, the Company is not a nidhi company and therefore, clause 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and therefore, clause 3(xiv) of the Order is not applicable.

15. On the basis of our examination and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected to its directors and therefore, clause 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934 and therefore, clause 3(xvi) of the Order is not applicable.

For GANDHI & ASSOCIATES LLP  
Chartered Accountants

(FRN:102965W/W100192)



*Gandhi*

[MILIND GANDHI]

Partner

Membership No. 043194

Mumbai,  
Date: May 18, 2019



**ANNEXURE - B TO THE AUDITORS' REPORT****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting the Company as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; and,
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and,
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For GANDHI & ASSOCIATES LLP

Chartered Accountants

(FRN:102965W/W100192)



*[Signature]*

[MILIND GANDHI]

Partner

Membership No. 043194

Mumbai,

Date: May 18, 2019

**PRIME SECURITIES LIMITED**  
**STANDALONE FINANCIAL STATEMENTS**  
**BALANCE SHEET AS AT MARCH 31, 2019**

(Rs. in Lacs)

Particulars	Note No.	As at 31-Mar-19	As at 31-Mar-18
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant & Equipment	1	293.05	279.33
(b) Other Intangible assets	1	0.96	1.21
(c) Financial Assets			
(i) Investments	2	1,766.04	881.18
(d) Deferred Tax Assets		99.08	89.23
(e) Non-Current Tax Assets (Net)		171.38	157.44
(f) Other Non-Current Assets	3	347.48	347.43
<b>Total Non-Current Assets</b>		<b>2,677.99</b>	<b>1,755.82</b>
<b>2. Current Assets</b>			
(a) Financial Assets			
(i) Investments	4	39.42	28.10
(ii) Trade Receivables	5	561.46	64.73
(iii) Cash & Cash Equivalents	6	19.60	5.76
(iv) Loans	7	4,604.04	5,067.08
(v) Other Financial Assets	8	-	3.58
(b) Other Current Assets	9	26.21	87.61
<b>Total Current Assets</b>		<b>5,250.73</b>	<b>5,256.86</b>
<b>Total Assets</b>		<b>7,928.72</b>	<b>7,012.68</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity Share capital	10	1,329.94	1,329.94
(b) Other Equity	11	6,038.48	4,943.69
<b>Total Equity</b>		<b>7,368.42</b>	<b>6,273.63</b>
<b>2. Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	23.02	7.13
(b) Provisions	13	211.78	186.20
<b>Total Non-Current Liabilities</b>		<b>234.80</b>	<b>193.33</b>
<b>3. Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	173.18	250.00
(ii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	15	23.49	31.77
(iii) Other financial liabilities	16	5.88	204.17
(b) Other current liabilities	17	77.71	25.85
(c) Provisions	18	45.24	33.93
<b>Total Current Liabilities</b>		<b>325.50</b>	<b>545.72</b>
<b>Total Equity and Liabilities</b>		<b>7,928.72</b>	<b>7,012.68</b>

Significant accounting policies Note No. 27

The notes referred to above form an integral part of the financial statements.

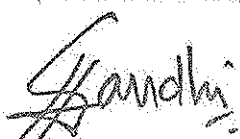
As per our Report attached

For and on behalf of

**GANDHI & ASSOCIATES LLP**

Chartered Accountants

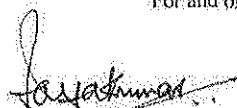
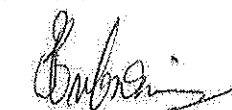
(FRN: 102965W/100192)


Milind Gandhi  
Partner

Membership No. 043194



For and on behalf of the Board


N. Jayakumar  
Managing Director

Pradip Debhashi  
Chairman

S. R. Sharma  
Director

Ajay Shah  
Company Secretary

Mumbai, May 18, 2019

Mumbai, May 18, 2019

**PRIME SECURITIES LIMITED**  
**STANDALONE FINANCIAL STATEMENTS**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019**

(Rs. in Lacs)

Particulars	Note No.	Year ended 31-Mar-19	Year ended 31-Mar-18
I. Revenue from Operations	19	1,038.05	827.18
II. Other Income	20	72.55	72.24
III. Total Income (I+II)		1,110.60	899.42
IV. Expenses			
Employee Benefits Expenses	21	484.87	259.51
Finance Cost	22	3.51	0.97
Depreciation and Amortization Expenses	1	26.39	14.62
Other Expenses	23	244.27	326.27
Total Expenses		759.04	601.37
V. Profit / (Loss) before Exceptional Items and Tax (III - IV)		351.56	298.05
VI. Exceptional Items	24	(76.86)	27.56
VII. Profit / (Loss) Before Tax (V + VI)		274.70	325.61
VIII. Tax Expense:			
Current Tax	25	55.61	67.00
Deferred Tax		(9.85)	(89.23)
Tax of Earlier Years		-	0.64
IX. Profit / (Loss) for the Year (VII - VIII)		228.94	347.20
X. Other Comprehensive Income:			
Items that will not be reclassified to profit or loss			
Remeasurement of Defined Benefit Liability	26	(61.86)	(18.89)
Income Tax effect on above		12.61	3.85
XI. Total Comprehensive Income for the Period (IX + X) (Comprising Profit / (Loss) and other Comprehensive Income for the Period)		179.69	332.16
XII. Earnings per Equity Share			
Basic		0.86	1.31
Diluted		0.85	1.31

Significant accounting policies Note No. 27

The notes referred to above form an integral part of the financial statements.

As per our Report attached

For and on behalf of

**GANDHI & ASSOCIATES LLP**

Chartered Accountants

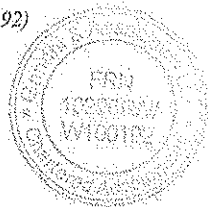
(ERN: 102965W/W100192)



Milind Gandhi

Partner

Membership No. 043194



Mumbai, May 18, 2019

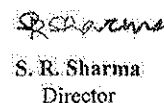
For and on behalf of the Board



N. Jayakumar  
Managing Director



Pradip Dubhashi  
Chairman



S. R. Sharma  
Director



Ajay Shah  
Company Secretary

Mumbai, May 18, 2019

## PRIME SECURITIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2019

	INFLOWS/OUTFLOWS	
	Year ended 31-Mar-19 (Rs. in lacs)	Year ended 31-Mar-18 (Rs. in lacs)
<b>A. Cash flow from Operating Activities</b>		
Net Profit / (Loss) before tax	212.84	306.72
Adjustments for:		
Interest Received	(26.57)	(20.63)
Depreciation	26.39	14.62
Interest & Finance Charges	3.51	0.97
Loss on Sale of Fixed Asset	5.54	-
Loss / (Gain) on Sale of Investments (Net)	-	(3.21)
Amount Written-back	-	(27.56)
Sundry Balance W/Back-Off	(76.86)	-
(Appreciation) /Diminution in value of Investments	(41.18)	(0.86)
Provision for Outstanding ESOS	48.86	29.22
	(60.31)	(7.45)
Operating Profit / (Loss) before Working Capital changes	152.53	299.27
Adjustments for Changes in the Working Capital		
Debtors	(496.73)	(35.96)
Current Assets	61.35	(69.21)
Loans & Advances	543.47	365.35
Current Liabilities & Provisions	78.48	10.72
	186.58	270.90
Cash generated from Operations	339.11	570.17
Direct Taxes (Paid) / Refund (net)	(56.97)	(52.64)
Net Cash from Operating Activities (A)	282.14	517.53
<b>B. Cashflow from Investment Activities</b>		
Purchase of Investments	(855.00)	-
Purchase of Fixed Assets	(51.15)	(3.91)
Sale of Fixed Assets	5.75	-
Sale of Investments	-	3.21
Interest Received	26.57	20.63
	(873.83)	19.93
<b>C. Cashflow from Financing Activities</b>		
Interest & Finance Charges	(3.51)	(0.97)
Application Money against warrants	866.25	2.00
Funds Borrowed / (Repaid) (net)	(257.21)	(541.97)
	605.53	(540.94)
Net Cashflow (A + B + C)	13.84	(3.48)
Changes in the Cash & Bank Balances	13.84	(3.48)
Cash and Cash Equivalents at the beginning of the year	5.76	9.24
Cash and Cash Equivalents at the end of the year	19.60	5.76

## Notes to the cash flow statement

1. Cash comprises Cash on Hand and Current Accounts with Banks.
2. The Cash Flow statement has been prepared under the "Indirect Method" as set out Indian Accounting Standard (Ind AS -7) Statement of Cash flows.
3. Previous year's figures have been regrouped / recasted wherever necessary.

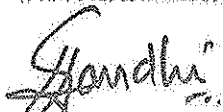
As per our Report attached

For and on behalf of

GANDHI &amp; ASSOCIATES LLP

Chartered Accountants

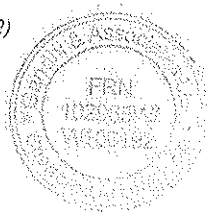
(FRN: 102965W/100192)



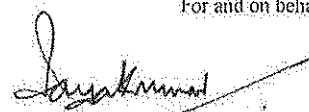
Milind Gandhi

Partner

Membership No. 043194



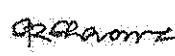
For and on behalf of the Board



N. Jayakumar  
Managing Director



Pradip Dubhashi  
Chairman



S. R. Sharma  
Director



Ajay Shah  
Company Secretary

Mumbai, May 18, 2019

Mumbai, May 18, 2019

# PRIME SECURITIES LIMITED

Statement of Changes in Equity (SOCIE) for the Year ended March 31, 2019

## (a) Equity Share Capital:

(Rs. in Lacs)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the Beginning of the Reporting Period	2,65,15,325	1,329.94	2,65,15,325	1,329.94
Changes in Equity Share Capital during the Year	-	-	-	-
Balance at the End of the Reporting Period	2,65,15,325	1,329.94	2,65,15,325	1,329.94

## (b) Other Equity

(Rs. in Lacs)

Particulars	Reserves and Surplus							Items of Other Comprehensive Income	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Share Options outstanding account	Advance against Share Capital	General Reserve	Retained Earnings	Remeasurements of the net defined benefit plans	
Balance at March 31, 2018	165.00	217.27	5,316.82	29.22	-	2,400.00	(3,136.69)	(47.93)	4,943.69
Profit for the year	-	-	-	-	-	-	228.94	-	228.94
Share based payment to employees	-	-	-	48.85	-	-	-	-	48.85
Provided during the Year:	-	-	-	-	866.25	-	-	-	866.25
Actuarial gain / (Loss) on defined benefits plan net of tax	-	-	-	-	-	-	-	(49.25)	(49.25)
Other comprehensive income for the year	-	-	-	-	-	-	-	(49.25)	(49.25)
Total Comprehensive Income for the Year	-	-	-	-	-	-	-	(49.25)	(49.25)
Interim dividend declared and paid	-	-	-	-	-	-	-	-	-
DDT on interim dividend distributed	-	-	-	-	-	-	-	-	-
Transfer to General reserve	-	-	-	-	-	-	-	-	-
Balance at March 31, 2019	165.00	217.27	5,316.82	78.07	866.25	2,400.00	(2,907.75)	(97.18)	6,038.48

As per our Report attached

For and on behalf of

GANDHI & ASSOCIATES LLP

Chartered Accountants

(FRN: 102965W/W/100192)

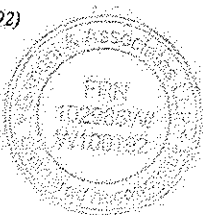
*Gandhi*

Millind Gandhi

Partner

Membership No. 043194

Mumbai, May 18, 2019



For and on behalf of the Board

*N. Jayakumar*

N. Jayakumar  
Managing Director

*Pradip Dubhashi*

Pradip Dubhashi  
Chairman

*S. R. Sharma*

S. R. Sharma  
Director

*Ajay Shah*

Ajay Shah  
Company Secretary

Mumbai, May 18, 2019

## PRIME SECURITIES LIMITED

## NOTE 1 - Property, Plant and Equipment

(Rs. in Lacs)

Particulars	Tangible						Intangible	
	Building	Furniture & Fixture	Office Equipments	Vehicles	Computers	Total	Computer Software	Total
Gross Block								
Balance as at 1st April 2017	260.08	13.05	1.90	26.61	2.11	303.75	0.18	0.18
Additions	-	-	0.29	-	2.98	2.67	1.24	1.24
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance as at 31st March 2018	260.08	13.05	2.19	26.61	4.49	306.42	1.42	1.42
Balance as at 1st April 2018	260.08	13.05	2.19	26.61	4.49	306.42	1.42	1.42
Additions	-	2.67	0.62	46.48	1.37	51.15	-	-
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	19.60	-	19.60	-	-
Balance as at 31st March 2019	260.08	15.73	2.81	53.49	5.86	337.97	1.42	1.42
Depreciation:								
Balance as at 1st April 2017	6.55	2.02	0.57	2.81	0.57	12.52	0.16	0.16
Additions	6.55	2.04	0.47	4.33	1.19	14.58	0.05	0.05
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance as at 31st March 2018	13.09	4.06	1.04	7.14	1.76	27.09	0.21	0.21
Balance as at 1st April 2018	13.09	4.06	1.04	7.14	1.76	27.09	0.21	0.21
Additions	9.31	4.02	0.63	10.48	1.69	26.13	0.25	0.25
Adjustments	-	-	-	(8.30)	-	(8.30)	-	-
Disposals	-	-	-	-	-	-	-	-
Balance as at 31st March 2019	22.40	8.09	1.67	9.31	3.45	44.92	0.46	0.46
Net Block:								
As at 31st March, 2018	246.98	8.99	1.15	19.47	2.73	279.33	1.21	1.21
As at 31st March, 2019	237.67	7.64	1.14	44.18	2.42	293.05	0.96	0.96



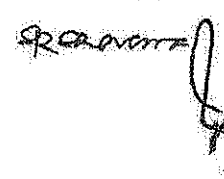
## Note:

1. Net block of the Building include a residential flat of Rs. 237.67 lacs in a co-operative society, acquired from a debtor in satisfaction of a claim. In view of the restraining orders, the society has kept in abeyance the admission of membership of the Company. In the earlier year, pursuant to the order of the Hon'ble High Court, the possession of the flat was handed over to the Official Assignee. An appeal was filed by the Company against the said order whereby the said order was set aside. Pursuant to the fresh chamber summons filed by the Company for removing attachment, the Official Assignee has been directed not to sell or dispose-off the flat. The Company has been legally advised that the said developments will not have a bearing on the Company's title to the flat and consequently there is no impairment in the value of the asset and the Company is not likely to have any further claim or liability against the said flat.

**PRIME SECURITIES LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

(Rs. in Lacs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>2 Investment in Equity instruments (Non-Trade)</b>		
<b>Investment in Wholly-owned Subsidiary Companies</b> (At Amortised Cost less Impairment)		
Unquoted, Fully Paid-up		
(i) 53,41,000 (March 31, 2018 53,41,000) Equity Shares of Rs. 10/- each of Prime Broking Company (India) Limited	1,719.70	1,719.70
(ii) 5,00,000 (March 31, 2018 5,00,000) Equity Shares of Rs. 10/- each of Prime Commodities Broking (India) Limited	50.00	50.00
(iii) 13,50,000 (March 31, 2018 3,50,000) Equity Shares of Rs. 10/- each of Prime Research & Advisory Limited	883.02	33.02
(iv) 16,36,000 (March 31, 2018 16,36,000) Equity Shares of Rs. 10/- each of Primesec Investments Limited	798.00	798.00
(v) 50,000 (March 31, 2018 Nil) Equity Shares of Rs. 10/- each of Prime Funds Management Limited	5.00	-
	3,455.72	2,600.72
Less: Impairment in Value of Investments.	1,719.70	1,752.72
<b>Total (A)</b>	<b>1,736.02</b>	<b>848.00</b>
<b>In Other Companies</b> (At Fair Value through Profit & Loss Account)		
<b>I) Quoted, Fully Paid-up</b>		
(i) 14,37,277 (March 31, 2018 14,37,277) Equity Shares of Rs. 10/- each of EL Forge Limited	-	-
(ii) 79,000 (March 31, 2018 79,000) Equity Shares of Rs. 10/- each of Greycells Education Limited	30.02	33.18
<b>Total B (I)</b>	<b>30.02</b>	<b>33.18</b>
<b>II) Unquoted, Fully Paid-up</b>		
(i) 18,28,300 (March 31, 2018 18,28,300) Equity Shares of Rs. 10/- each of Baron International Limited	-	-
(ii) 1,00,000 (March 31, 2018 1,00,000) Equity Shares of Rs. 10/- each of Blue Chip Technologies Limited	-	-
(iii) 28,500 (March 31, 2018 28,500) Equity Shares of Rs. 10/- each of Gateway Entertainment Limited	-	-
(iv) 5,35,000 (March 31, 2018 5,35,000) Equity Shares of Rs. 10/- each of Sarju International Limited	-	-
(v) 3,20,000 (March 31, 2018 3,20,000) Equity Shares of Rs. 10/- each of Trinity Fuels Limited	-	-
(vi) 6,23,687 (March 31, 2018 6,23,687) Equity Shares of Rs. 10/- each of Tunip Agro Limited	-	-
Less: Impairment in Value of Investments.	-	-
<b>Total B (II)</b>	<b>-</b>	<b>-</b>
<b>Total B [B (I)+B (II)]</b>	<b>30.02</b>	<b>33.18</b>
<b>Total C [A + B]</b>	<b>1,766.04</b>	<b>881.18</b>
<b>3 Other Non-Current Assets</b>		
Advances other than Capital Advances		
(i) Security Deposit (Unsecured, Considered good)	19.98	19.93
(ii) Advance Given (Unsecured, Considered good)	327.50	327.50
<b>Total</b>	<b>347.48</b>	<b>347.43</b>
<b>4 Investment in Equity Instruments (Non-Trade)</b>		
<b>In Other Companies</b> (At Fair Value through Profit & Loss Account)		
<b>Quoted, Fully Paid-up</b>		
(i) 4,00,000 (March 31, 2018 4,00,000) Equity Shares of Rs. 10/- each of International Hometex Limited	-	-
(ii) 41,939 (March 31, 2018 41,939) Equity Shares of Rs. 10/- each of Solid Stone Limited	39.42	28.10
<b>Total</b>	<b>39.42</b>	<b>28.10</b>


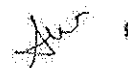








**PRIME SECURITIES LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

(Rs. in Lacs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>5 Trade Receivables</b>		
Unsecured, Considered Good.	561.46	64.73
<b>Total</b>	<b>561.46</b>	<b>64.73</b>
<b>6 Cash and Cash Equivalents</b>		
Cash on Hand	0.17	0.18
Balance with Banks in Current Accounts	19.43	5.58
<b>Total</b>	<b>19.60</b>	<b>5.76</b>
<b>7 Loans</b>		
Loans to Related Parties		
Subsidiary Companies (Unsecured, Considered Good)	4,604.04	5,067.08
Subsidiary Companies (Unsecured, Considered Doubtful)	48.59	48.59
	4,652.63	5,115.67
Less: Provision for Doubtful Loans	(48.59)	(48.59)
<b>Total</b>	<b>4,604.04</b>	<b>5,067.08</b>
<b>8 Other Financial Assets</b>		
Other Receivables (Unsecured, Considered Good)	-	3.58
Other Receivables (Unsecured, Considered Doubtful)	-	-
	-	3.58
Less: Provision for Doubtful Loans	-	-
<b>Total</b>	<b>-</b>	<b>3.58</b>
<b>9 Other Current Assets</b>		
Advances other than Capital Advances		
Prepaid Expenses	6.04	8.82
Other Advances	20.17	78.79
<b>Total</b>	<b>26.21</b>	<b>87.61</b>
<b>10 Equity Share Capital</b>		
Authorised		
3,50,00,000 (March 31, 2018 3,00,000) Equity Shares of Rs. 5/- each	1,750.00	1,750.00
18,00,000 (March 31, 2018 18,00,000) Unclassified Shares of Rs. 100/- each	1,800.00	1,800.00
<b>Total</b>	<b>3,550.00</b>	<b>3,550.00</b>
Issued		
2,72,64,525 (March 31, 2018 2,72,64,525) Equity Shares of Rs. 5/- each	1,363.23	1,363.23
<b>Total</b>	<b>1,363.23</b>	<b>1,363.23</b>
Subscribed & Fully Paid-up		
2,65,15,325 (March 31, 2018 2,65,15,325) Equity Shares of Rs. 5/- each	1,325.77	1,325.77
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited] (Refer Note no 29)	4.17	4.17
<b>Total</b>	<b>1,329.94</b>	<b>1,329.94</b>
<b>11 Other Equity</b>		
(a) Capital Reserve		
The Reserve comprises of Profits / Gains of Capital nature earned by the Company and credited directly to such Reserve		
At the Commencement and at the End of the Year	165.00	165.00
<b>Total</b>	<b>165.00</b>	<b>165.00</b>
(b) Capital Redemption Reserve		
As per the Companies Act, 2013, the Capital Redemption Reserve is created when the Company purchases its own Shares out of Free Reserves or Securities Premium. A sum equal to the Nominal Value of the Shares so purchased is transferred to Capital Redemption Reserve.		
At the Commencement and at the End of the Year	217.27	217.27
<b>Total</b>	<b>217.27</b>	<b>217.27</b>
(c) Securities Premium		
Securities Premium is used to record the premium on issue of Shares. The Reserve is utilised in accordance with the provisions of the Companies Act, 2013		
At the Commencement of the Year	5,316.82	5,316.82
Add: Received during the Year	-	-
<b>Total</b>	<b>5,316.82</b>	<b>5,316.82</b>

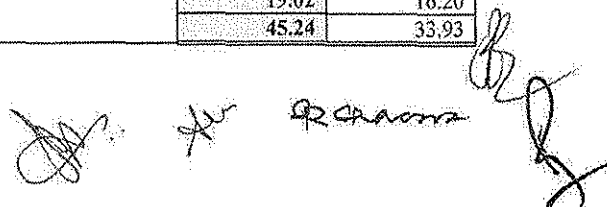





160

**PRIME SECURITIES LIMITED**  
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(Rs. in Laacs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
(d) Share Options Outstanding Account The amount is provided on determination of fair value of options in accordance with requirements of Ind AS 102 At the commencement of the Year.. 29.22 - Add: Provided during the Year 48.86 29.22 <b>Total</b> 78.08 29.22		
(e) Advance against Share Capital At the commencement of the Year... - - Add: Advance received against issue of warrants 866.25 - <b>Total</b> 866.25 - (Refer Note no 34)		
(f) General Reserve General Reserve forms part of the Retained Earnings and is permitted to be distributed to Shareholders as part of Dividend At the Commencement and at the End of the Year.. 2,400.00 2,400.00 <b>Total</b> 2,400.00 2,400.00		
(g) Surplus At the Commencement of the Year... (3,136.69) (3,483.89) Add: Net Profit / (Loss) for the Year 228.94 347.20 <b>Total</b> (2,907.76) (3,136.69)		
(h) Items of Other Comprehensive Income Remeasurement of Defined Benefit Liability Remeasurements of the Net Defined Benefit Plans comprises Actuarial Gains and Losses and Return on Plan Assets (excluding interest income). At the Commencement of the Year..... (47.93) (32.89) Add: Remeasurement of Defined Benefit Liability (49.25) (15.04) <b>Total</b> (97.18) (47.93) <b>Total Other Equity</b> 6,038.48 4,943.69		
12 Borrowings - Non-Current Liabilities Secured Loan (For Security and terms of repayment : Refer Note no 35) Term Loan from Bank 23.02 7.13 <b>Total</b> 23.02 7.13		
13 Non-Current Provisions Provision for Employee Benefits (Refer note no 43) Compensated Absences 211.78 186.20 <b>Total</b> 211.78 186.20		
14 Borrowings - Current Liabilities Unsecured Loans repayable on demand from Banks 3.18 - Loans and advances from Related Parties 170.00 250.00 <b>Total</b> 173.18 250.00		
15 Trade Payables Trade Payables 23.49 31.77 <b>Total</b> 23.49 31.77		
As at March 31, 2019 and March 31, 2018, there are no outstanding dues to Micro, Small and Medium Enterprises.		
16 Other Current Financial Liabilities (a) Current Maturities of Long-Term Debt (Refer note no 35) 5.88 202.17 (b) Application Money received for Allotment of Warrants - 2.00 <b>Total</b> 5.88 204.17		
17 Other current liabilities (a) Revenue received in Advance 2.40 2.40 (b) Statutory Dues Payable (includes Provident Fund, GST, Withholding Tax etc.) 15.03 10.39 (c) Outstanding Expenses Payable 42.98 13.06 (d) Other Payables 17.30 - <b>Total</b> 77.71 25.85		
18 Current Provisions Provision for Employee Benefits (Refer note no 43) Gratuity 26.22 17.73 Compensated Absences 19.02 16.20 <b>Total</b> 45.24 33.93		



**PRIME SECURITIES LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**


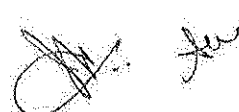
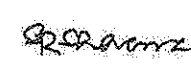

		(Rs. in Laes)	
Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18	
19 Revenue from Operations			
Merchant Banking and Advisory Fees	1,038.05	827.18	
Total	1,038.05	827.18	
<b>Reconciliation of Revenue from operations with contract price</b>			
Particulars		Year ended 31-Mar-19	
Contract Price		1,038.05	
Less : Adjustments		-	
Revenue from Operations		1,038.05	
Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18	
20 Other Income			
Interest Income	26.57	20.63	
Net Gain / (Loss) on Sale of Investments	-	3.21	
Appreciation in Value of Investments	41.18	0.86	
Gain on Foreign Exchange Transactions	-	2.74	
Rent	4.80	4.80	
Reimbursement of Expenses	-	40.00	
Total	72.55	72.24	
21 Employee Benefits Expense			
Salaries	428.43	222.02	
Contribution to Provident and Other Funds	4.38	4.16	
Share Based Payment to Employees	48.85	29.22	
Staff Welfare Expenses	3.21	4.11	
Total	484.87	259.51	
22 Finance Costs			
Interest Expense	3.51	0.97	
Total	3.51	0.97	
23 Other Expenses			
Electricity Expenses	2.42	3.03	
Rent	38.16	37.99	
Repairs & Maintenance	9.10	5.53	
Insurance Premium	3.99	2.90	
Rates & Taxes	1.04	0.36	
Travelling & Conveyance	28.43	38.03	
Consultancy & Professional Charges	55.96	95.21	
Director's Sitting Fees	24.20	43.30	
Auditor's Remuneration			
- For Audit Fees	6.00	6.00	
- For Other Services	0.75	0.85	
Corporate Social Responsibility Expenses	-	19.00	
Loss on Sale of Fixed Assets	5.54	-	
Miscellaneous Expenses	68.67	74.08	
Total	244.27	326.28	
24 Extraordinary Items			
Amounts Written Back	-	27.56	
Sundry Balance W/Back-Off	(76.86)	-	
Total	(76.86)	27.56	
25 Tax Expenses			
(a) Amounts recognised in Profit & Loss			
Current Income Tax	43.00	67.00	
Adjustment in respect of Current Income Tax of Previous Year	-	0.64	
Deferred Income Tax Liability / (Asset), Net			
Origination and Reversal of Temporary Differences	(9.85)	(89.23)	
Deferred Tax Expense	(9.85)	(89.23)	
Tax Expense for the Year	33.15	(21.59)	
Effective Tax Rate for the Year	27.82%	N.A.	

*[Handwritten Signature]*  
*[Handwritten Name]*

**PRIME SECURITIES LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

(Rs. in Laos)

Particulars	Year ended 31-Mar-19			Year ended 31-Mar-18		
(b) Amounts Recognised in Other Comprehensive Income						
Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	Before Tax	Tax (Expense) Benefit	Net of Tax	Before Tax	Tax (Expense) Benefit	Net of Tax
Items that will not be Reclassified to Profit or Loss						
Remeasurement of Defined Benefit Liability	(61.86)	12.61	(49.24)	(18.89)	3.85	(15.04)
Total	(61.86)	12.61	(49.24)	(18.89)	3.85	(15.04)
(c) Reconciliation of Effective Tax Rate						
Profit Before Tax				212.85		306.72
Applicable Tax Rate				27.82%		27.55%
Computed Tax Expense				59.21		84.51
Tax effect of:						
Allowances				(11.46)		(12.65)
Expenses Disallowed				47.35		14.46
Capital Gains Set off against brought forward losses				-		(0.88)
Brought forward losses				-		(49.19)
MAT under Section 115JB				-		26.91
Brought forward MAT Credit				(52.10)		-
Current Tax Provision (A)				43.00		63.15
Deferred Tax Asset on account of Property, Plant and Equipment				0.42		(27.99)
Deferred Tax Asset on account of Retirement Benefit of Employees				(10.26)		(61.24)
Deferred Tax Provision (B)				(9.85)		(89.23)
Adjustment in respect of Current Income Tax of Previous Year				-		0.64
Tax Expense recognised in Statement of Profit and Loss (A) + (B) + (C)				33.15		(25.44)
The applicable Indian corporate statutory rate for the year ended March 31, 2019 and March 31, 2018 is 27.82% and 27.55% respectively.						
(d) Movement in Deferred Tax Balances						
	March 31, 2019					
	Net Balance April 1, 2018	Recognised in Profit or Loss	Net Balance March 31, 2019	Deferred Tax Asset	Deferred Tax Liability	
Deferred Tax Asset / (Liabilities)						
Property, Plant and Equipment	27.99	(0.41)	27.58	27.58	-	
Employee Benefits	61.24	10.26	71.50	71.50	-	
Tax Assets / (Liabilities)	89.23	9.85	99.08	99.08	-	
Set off Tax	-	-	-	-	-	
Net Tax Assets / (Liabilities)	89.23	9.85	99.08	99.08	-	
1) The Company offsets Tax Assets and Liabilities if and only if it has a legally enforceable right to set off Current Tax Assets and Current Tax Liabilities and the Deferred Tax Assets and Deferred Tax Liabilities relate to Income Taxes levied by the same Tax Authority.						
2) Significant management judgment is required in determining Provision for Income Tax, Deferred Income Tax Assets and Liabilities and recoverability of Deferred Income Tax Assets. The recoverability of Deferred Income Tax Assets is based on estimates of Taxable Income in which the relevant entity operates and the period over which Deferred Income Tax Assets will be						
				Year ended 31-Mar-19	Year ended 31-Mar-18	
26 Other Comprehensive Income						
Gratuity Provision				(13.66)	(5.54)	
Leave Encashment Provision				(48.19)	(13.35)	
Total				(61.86)	(18.89)	

**PRIME SECURITIES LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**27 Significant accounting policies**

**a) Basis of preparation of Financial Statements:**

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the section 133 of the Companies Act 2013 ("the 2013 Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, and Companies (Indian Accounting Standards) Rules, 2016. The financial statements were authorised for issue by the Company's Board of Directors on May 18, 2019.

**Current and Non Current Classification:**

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. The Company has ascertained the operating cycle to be 12 months.

**Functional and presentation currency:**

These financial statements are presented in Indian rupees, which is the Company's functional currency. All amounts have been rounded off to two decimal places to the nearest lakh, unless otherwise indicated.

**Historical cost convention:**

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value;
- defined benefit plans – plan assets measured at fair value

**b) Use of Estimates and Judgements:**

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The actual amounts realised may differ from these estimates. Estimates and assumptions are required in particular for:

• **Determination of the estimated useful lives of Property Plant and Equipments:**

Useful lives of Property Plant and Equipments are based on the life prescribed in Schedule II of the Companies Act, 2013.

• **Recognition and measurement of defined benefit obligations:**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

• **Recognition of deferred tax assets:**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be

• **Recognition and measurement of other provisions:**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

• **Discounting of long-term financial assets / liabilities:**

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities/assets which are required to subsequently be measured at amortised cost, interest is accrued using the effective interest method.

• **Measurement of fair values:**

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
- The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**c) Property, plant and equipment:**

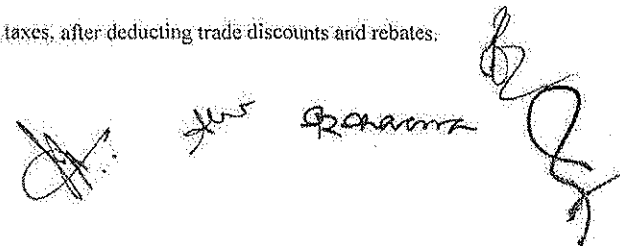
• **Recognition and measurement:**

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2016 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment

The cost of an item of property, plant and equipment comprises:

Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.



# PRIME SECURITIES LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### d) Depreciation:

- Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act, 2013;
- Useful life of Property Plant and Equipment are reviewed at each balance sheet date and adjusted prospectively, if appropriate.
- Depreciation on addition to assets or on sale /discarding of assets, is calculated pro rata from the date of such addition or upto the date of such sale/discarding, as the case may be;
- Individual assets except assets given on lease acquired for less than Rs. 5,000 are depreciated entirely in the year of acquisition.

### e) Intangible Fixed Assets:

Intangible assets, which are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets, which are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

### f) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts and, interest rate swaps and currency options; and embedded derivatives in the host contract.

Financial instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

#### Financial Assets:

##### Classification:

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Equity investments:

Equity investments in subsidiaries are measured at cost less impairment.

All other equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is

If the Company decides to classify an equity instrument as FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

##### Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### Impairment of financial assets:

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

*[Handwritten signatures and initials]*

# PRIME SECURITIES LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

- b) Trade receivables - The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

### Financial liabilities:

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### g) Employee Benefits:

#### Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering the service are recognised in the period in which the employee renders the related service.

#### Post Employment / Retirement Benefits:

Contribution to Defined Contribution Plans such as Provident Fund, Employees' State Insurance Corporation, etc., are charged to the Statement of Profit and Loss as incurred.

Defined Benefit Plans - The present value of the obligation under such plans, is determined based on an actuarial valuation by an independent actuary at the end of each year, using the Projected Unit Credit Method. In the case of gratuity, which is funded, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

Remeasurement of net defined benefit liability, which comprises actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any excluding interest), are recognized immediately in other comprehensive income.

#### Other Long Term Employee Benefits:

##### Compensated Absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they

### h) Foreign Exchange Transactions:

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in statement of profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate as at the date of transaction.

### i) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### j) Revenue Recognition

The Company derives revenues primarily from advisory services.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) - 'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets/liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

*[Handwritten signatures and initials]*



# PRIME SECURITIES LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised services to customers in an amount that reflects the consideration the Company is contractually expected to receive in exchange for those services.

The Company does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or,
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or,
3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from services are recognised at a time on which the performance obligation is satisfied. The period over which revenue is recognised is based on entity's right to payment for performance completed. In determining whether an entity has right to payment, the entity shall consider whether it would have an enforceable right to demand or retain payment for performance completed to date if the contract were to be terminated before completion for reasons other than entity's failure to perform as per the terms of the contract.

### k) Recognition of Non-Operating Income:

- i) Dividend income is recognised when the right to receive is established.
- ii) Interest income is recognised on accrual basis.
- iii) Gain or losses on sale of investments are recognized on trade dates by comparing the sales realization with the weighted average cost of such investment.

### l) Leases:

#### • Lease payments:

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

### m) Impairment of non-financial assets:

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not

### n) Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### o) Taxation:

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### i) Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### ii) Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and



## PRIME SECURITIES LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax asset / liabilities in respect of on temporary differences which originate and reverse during the tax holiday period are not recognised. Deferred tax assets / liabilities in respect of temporary differences that originate during the tax holiday period but reverse after the tax holiday period are recognised.

p) **Provisions, Contingent Assets and Contingent Liabilities:**

Provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

q) **Segment reporting:**

Operating segments are reported in a manner consistent with the internal reporting. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

## PRIME SECURITIES LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

28. Contingent Liabilities to the extent not provided for in respect of: (Rs. in lacs)
- | Sr. No. | Particulars  | March 31, 2019 | March 31, 2018 |
|---------|--|----------------|----------------|
| i)      | Demands raised by Tax Authorities against which the Company has preferred appeals. | 13.45          | 13.18          |
29. The Company has a financial exposure of Rs. 5,071.97 lacs (Rs. 5,341.37 lacs) in its wholly-owned subsidiary viz. Primesec Investments Limited ('PIL') - investment in equity shares of Rs. 798.00 lacs (Rs. 798.00 lacs) and loans & advances of Rs. 4,273.97 lacs (Rs. 4,543.37 lacs). PIL has a negative net worth of Rs. 2,923.91 lacs (Rs. 4,263.02 lacs). However, having regard to efforts undertaken by the Board of PIL, among other things to augment revenue sources and realize value of its investments, the financial statements of PIL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities. Considering that the Company's investment in PIL is of strategic and long term in nature and having regard to the efforts undertaken by the Board of PIL, no provision is considered necessary by the management for diminution in the value of the Company's financial exposure in PIL.
30. In the earlier financial year, the Company has reinstated an advance of Rs. 327.50 lacs which was previously written-off as not recoverable. The management is hopeful of recovery of the same.
31. The Company has not received confirmation of account from a debtor whose balance outstanding at the year-end was Rs. 500.00 Lacs. No provision for doubtful debt is considered necessary by the Company as in the opinion of its management the amount will be fully realized in ordinary course of business.
32. Share capital:

## (a) Rights, preferences and restrictions attached to Equity Shares:

The Company has only one class of equity shares having a par value of Rs. 5/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## (b) Details of equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company:

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Judith Investments Private Limited	17,83,497	6.73	17,83,497	6.73
N. Jayakumar	34,03,059	12.83	31,24,759	11.78

## (c) Reconciliation of number of equity shares outstanding as on beginning and closing of the year

Particulars	2018-19		2017-18	
	Numbers	Rs. in Lacs	Numbers	Rs. in Lacs
Opening Balance	2,65,15,325	1,329.94	2,65,15,325	1,329.94
Add: Shares issued during the year	-	-	-	-
Closing Balance	2,65,15,325	1,329.94	2,65,15,325	1,329.94

## 33. Employees Stock Option Schemes (ESOS)

The Company's stock based compensation plan for Employees comprises ESOS 2018, which have been instituted for all eligible Employees / Directors of the Company and its Subsidiaries. ESOS 2018 permits allocation of an aggregate of 4,500,000 Equity Shares of the face value of Rs. 5/- per share to the eligible Employees / Directors of the Company and its Subsidiaries, on the recommendation of the Nomination and Remuneration Committee, at an Exercise Price which shall be at 10% discount to the Three Months Average Market Price on the Grant Date. During the Year, the Company has granted 18,87,000 Options to the eligible Employees / Directors of the Company and its Subsidiaries. All Options granted under earlier ESOS viz. ESOS 2007, ESOS 2008 and ESOS 2009 have lapsed / expired and accordingly, ESOS 2007, ESOS 2008 and ESOS 2009 have been discontinued.

The number of options granted, exercised and lapsed under the above schemes is set out below:

Particulars (Exercise Price)	ESOS 2007		ESOS 2009		ESOS 2018	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options outstanding, beginning of the Year	-	40,000	1,06,400	2,13,200	-	-
Add: Granted during the Year	-	-	-	-	18,87,000	-
Less: Exercised during the Year	-	-	-	-	-	-
Less: Lapsed during the Year	-	40,000	1,06,400	1,06,800	5,12,000	-
Options outstanding, end of the Year	-	-	-	1,06,400	13,75,000	-

The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options during the year are as follows:

Sr. No.	Particulars	2018-19
(A)	Risk-free rate	7.87%
(B)	Expected life of options	6.5 years - 7.5 years
(C)	Expected volatility	60.74%
(E)	Weighted average share price	Rs. 41.10 Per Share
(F)	Weighted average exercise price	Rs. 34.70 Per Share
(G)	Method used to determine expected volatility	Based on the returns generated on equity shares of Company for the period from F.Y. 2017 to F.Y. 2019

Expense on Employee Stock Options Scheme debited to the Statement of Profit and Loss during the year is Rs. 48.85 lacs.

**PRIME SECURITIES LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**34 Equity Share Warrants**

During the year, the Company has issued and allotted 70,00,000 (Seventy Lacs) Equity Share Warrants on a preferential basis, carrying an entitlement to subscribe to an equivalent number of Equity Shares of Rs. 5/- each, to the Investors at an Exercise Price of Rs. 49.50 per share. The Company has received 25% of Exercise Price at the time of application of warrants. The warrant holders have an option to acquire the Equity Shares, in one or more tranches, on or before the expiry of 18 months from the date of allotment of the Warrants upon payment of balance 75%. The Company has shown the amount received from warrant holders as advance against share capital under Other Equity.

**35 Borrowings:**

**(A) Secured loans:**

**a) Term Loan from Bank:**

Term loan of Rs. 28.90 Lakhs (March 31, 2018 Rs. 9.29 lakhs) from the Bank is secured against Vehicle of the Company.

**b) Other Loan from Bank:**

Other Loan from Bank of Rs. Nil (March 31, 2018 Rs. 200 Lakhs) is secured against pledge of shares of other parties.

**c) Term of Repayment:**

Term Loan from Bank is repayable in equal monthly instalment, the last instalment is due on June 5, 2023 as per repayment schedule having interest rate of 8.60% p.a.

**(B) Unsecured loans:**

Loan from other party is unsecured, interest free and repayable on demand. Loan from related party is from an associate company in which a director is interested. It is an interest free unsecured loan and repayable on demand.

**36 Related Party Disclosures:**

Related party disclosures in respect of related parties with whom transactions have taken place during the year are given below:

**Names of related parties and their relationships:**

**Subsidiary Companies:**

Prime Research & Advisory Limited  
 Prime Commodities Broking (India) Limited  
 Primesec Investments Limited  
 Prime Funds Management Limited

**Associate Companies:**

Gateway Entertainment Limited  
 Judith Investments Private Limited

**Key Management Personnel:**

Mr. N. Jayakumar  
 Mr. Ajay Shah

**Independent Directors:**

Mr. Pradip Dubhashi  
 Mr. S.R. Sharma  
 Mr. Anil Dharker (up to November 13, 2018)  
 Ms. Alpna Parida  
 Ms. Namrata Kaul (from February 14, 2019)  
 Ms. Smita Cawas Affinwalla (from February 14, 2019)

**Relative of Independent Director:**

Mr. Samresh Parida (Proprietor of S P Growth Consulting)

**Director in Group Company:**

Mr. Puneet Pandey





**Other Related Party:**

ALSS Investments

The following transactions were carried out with the related parties in the ordinary course of business during the year 2018-2019:

(Rs. in lacs)

Sr. No.	Nature of Transaction	Relationship	Transactions	
			Current Year	Previous Year
1	Interest received from Prime Commodities Broking (India) Limited	Subsidiary	26.57	17.71
2	Inter corporate deposit paid to Prime Commodities Broking (India) Limited	Subsidiary		
	Sums Paid		1,065.47	1,167.45
	Refund received		1,170.00	950.45
3	Interest free Inter corporate deposit paid to Prime Research & Advisory Limited	Subsidiary		
	Sums Received		175.22	1.00
	Sums paid		62.20	33.00
4	Interest free Inter corporate deposit given to Primesec Investment Limited	Subsidiary		
	Sums paid		508.00	1,214.80
	Sums Received		775.25	1,849.90
5	Investment in shares of Prime Funds Management Limited	Subsidiary	5.00	-

## PRIME SECURITIES LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

6	Interest free Inter corporate deposit received from Gateway Entertainment Limited Write back of ICD no longer payable	Associate Company		30.00
7	Remuneration paid to Key Managerial Personnel	Key Management Personnel	290.46	159.00
8	Sitting Fees to Independent Directors	Independent Directors	24.20	43.30
9	Rent received from S P Growth Consulting	Relative of Director	4.80	4.80
10	Repayment of Interest free unsecured loan received from Mr. N Jayakumar	Key Management Personnel	-	255.00
11	Repayment of Interest free unsecured Inter Corporate Deposit from Judith Investments Private Limited	Associate Company	80.00	85.00
12	Advance Received against Share Capital from Mr. Puneet Pandey	Director in Group Company	432.13	2.00
13	Advance Received against Share Capital from ALSS Investments	Other Related Party	432.13	-

## Outstanding Balance

(Rs. in lacs)

Sr. No.	Nature of Transaction	Relationship	Balance as on	
			March 31, 2019	March 31, 2018
1	Inter corporate deposit given to Prime Commodities Broking (India) Limited	Subsidiary	267.87 (Debit)	348.49 (Debit)
2	Interest free Inter corporate deposit given to Prime Research & Advisory Limited	Subsidiary	62.20 (Debit)	175.22 (Debit)
3	Interest free Inter corporate deposit given to Primesec Investment Limited	Subsidiary	4273.97 (Debit)	4543.37 (Debit)
4	Interest free unsecured Inter Corporate Deposit from Judith Investments Private Limited	Associate Company	170.00 (Credit)	250.00 (Credit)

## Note:

The remuneration paid to key managerial personnel excludes gratuity and compensated absences as the provision is computed for the company as a whole and separate figures are not available.

## 37. Operating Lease in respect of Assets taken on Lease:

(Rs. in lacs)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
i) Total of future minimum lease payments		
a) Not later than one year	34.99	38.16
b) Later than one year and not later than five years	6.65	41.64
ii) Lease payments recognised in the Profit and Loss account	38.16	37.99

38. In accordance with IND AS 108 – Operating Segment, segment information has been given in the Consolidated Financial Statement of Prime Securities Limited and therefore no separate disclosure on segment information is given in these financial statements.

## 39. Subsequent Events :

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet

## 40. Corporate Social Responsibility

As required by Section 135 of Companies Act, 2013 and rules therein, a Corporate social responsibility committee has been formed by the Company. The Company has spent the following amount during the year towards corporate social responsibility (CSR) for activities listed under schedule VII of the Companies Act, 2013

(a) Gross amount required to be spent by the Company during the year 2018-19 Rs. 10.81 lakhs (Previous year Rs.5.47 lakhs).

(b) Amount spent during the year on:

(Rs. in lacs)

Particulars	2018-19	2017-18
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	-	19.00

*[Handwritten signatures and initials]*

## PRIME SECURITIES LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## 41 Financial instruments – Fair values and risk management

## A) Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Rs. in lacs)

March 31, 2019	Fair value through Profit and Loss				Amortised Cost			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non Current Investments *	30.02	-	-	30.02	-	-	-	-
Security Deposits	-	-	-	-	-	-	19.98	19.98
Advance Given	-	-	-	-	-	-	327.50	327.50
Quoted Equity Shares	39.42	-	-	39.42	-	-	-	-
Trade receivables	-	-	-	-	-	-	561.46	561.46
Cash and cash equivalents	-	-	-	-	-	-	19.60	19.60
Loans	-	-	-	-	-	-	4,604.04	4,604.04
Other Current Assets	-	-	-	-	-	-	26.21	26.21
	69.44	-	-	69.44	-	-	5,558.79	5,558.79
<b>Financial liabilities</b>								
Non - current borrowings	-	-	-	-	-	-	23.02	23.02
Current borrowings	-	-	-	-	-	-	173.18	173.18
Trade and other payables	-	-	-	-	-	-	23.49	23.49
Other Current financial liabilities	-	-	-	-	-	-	5.88	5.88
	-	-	-	-	-	-	225.57	225.57

(Rs. in lacs)

March 31, 2018	Fair value through Profit and Loss				Amortised Cost			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non Current Investments *	33.18	-	-	33.18	-	-	-	-
Security Deposits	-	-	-	-	-	-	19.93	19.93
Advance Given	-	-	-	-	-	-	327.50	327.50
Quoted Equity Shares	28.10	-	-	28.10	-	-	-	-
Trade receivables	-	-	-	-	-	-	64.73	64.73
Cash and cash equivalents	-	-	-	-	-	-	5.76	5.76
Loans	-	-	-	-	-	-	5,067.08	5,067.08
Other Current Financial Assets	-	-	-	-	-	-	3.58	3.58
	61.28	-	-	61.28	-	-	5,488.58	5,488.58
<b>Financial liabilities</b>								
Non - current borrowings	-	-	-	-	-	-	7.13	7.13
Current borrowings	-	-	-	-	-	-	250.00	250.00
Trade and other payables	-	-	-	-	-	-	31.77	31.77
Other Current financial liabilities	-	-	-	-	-	-	204.17	204.17
	-	-	-	-	-	-	493.07	493.07

\* The fair value in respect of the unquoted equity investments is equal to the cost of the investments as per the contractual agreements.

## B) Measurement of fair values:

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique
Fixed rates long term borrowings	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.
Security Deposits	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.

## C) Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

## i) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's Risk Management framework. The Board of Directors have adopted an Enterprise Risk Management Policy framed by the Company, which identifies the risk and lays down the risk minimization procedures. The Management reviews the Risk management policies and systems on a regular basis to reflect changes in market conditions and the Company's activities, and the same is reported to the Board of Directors periodically. Further, the Company, in order to deal with the future risks, has in place various methods / processes which have been imbibed in its organizational structure and proper internal controls are in place to keep a check on lapses, and the same are been modified in accordance with the regular requirements.

The Audit Committee oversees how Management monitors compliance with the Company's Risk Management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by the internal auditors.

*[Handwritten signatures and initials]*

**PRIME SECURITIES LIMITED**  
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables and loans and advances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer in which it operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

For trade receivables, the company individually monitors outstanding balances. Accordingly, the Company makes specific provisions against such trade receivables wherever required and monitors the same at periodic intervals.

The Company monitors each loans and advances given and makes any specific provision wherever required.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables and loans and advances.

Impairment:

At March 31, 2019, the ageing of trade receivables was as follows.

Particulars	Carrying amount (Rs. in lacs)	
	March 31, 2019	March 31, 2018
Neither past due nor impaired		
Past due 1-90 days	-	-
Past due 91-180 days	500.00	61.45
Past due 181-365 days	-	-
Past due 366 days	61.46	3.28
	561.46	64.73

Management believes that the unimpaired amounts which are past due are collectible in full.

Cash and cash equivalents and other Bank balances

The Company held cash and cash equivalents and other bank balances of Rs. 19.60 lacs as on March 31, 2019 (March 31, 2018: Rs. 5.76 lacs).

The cash and cash equivalents are held with banks with good credit ratings.

Loans and Advances:

The Company held Loans and advances of Rs. 4604.65 lacs as on March 31, 2019 (March 31, 2018: Rs. 5070.66 lacs). The loans and advances are in nature of rent deposit paid to landlords and advance to subsidiary and are fully recoverable.

iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturity profile of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(Rs in lacs)							
March 31, 2019	Carrying amount	Contractual cash flows					
		Total	less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	196.20	196.20	173.18	-	6.41	16.61	-
Trade and other payables	23.49	23.49	23.49	-	-	-	-
Other financial liabilities	5.88	5.88	2.88	3.00	-	-	-

(Rs in lacs)							
March 31, 2018	Carrying amount	Contractual cash flows					
		Total	less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	257.13	257.13	250.00	-	5.00	2.13	-
Trade and other payables	31.77	31.77	31.77	-	-	-	-
Other financial liabilities	204.17	204.17	2.00	202.17	-	-	-

The gross inflows/(outflows) disclosed in the above tables represent the contractual undiscounted cash flows relating to the financial liabilities, which are not usually closed out before contractual maturity.

iv) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is not significantly exposed to currency risk. The functional currency of the Company is Indian Rupee.

Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)

The currency profile of financial assets and financial liabilities as at March 31, 2019 are as below:

March 31, 2019	GBP
Financial assets	
Trade and other receivables	66,600
	66,600

v) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

*[Handwritten signature]*

173

**PRIME SECURITIES LIMITED**  
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**42. Capital Management:**

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using debt to equity ratio.

Particulars	(Rs. in lacs)	
	As at March 31, 2019	As at March 31, 2018
Non-Current Borrowings	23.02	7.13
Current Borrowings	173.18	250.00
Current maturity of long term debt	5.88	202.17
Gross Debt	202.08	459.30
Total equity	7,368.42	6,273.63
Adjusted Net debt to equity ratio	0.03	0.07

**43. Employee Benefits**

The Company contributes to the following post-employment defined benefit plans in India:

**(i) Defined Contribution Plans:**

The contributions to the Provident Fund and Family Pension Fund of certain employees are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution.

The Company recognised Rs. 4.38 lacs for year ended March 31, 2019 (Rs. 4.16 lacs for year ended March 31, 2018) provident fund contributions in the Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**(ii) Defined Benefit Plan:**

**Gratuity**

The Company participates in the Employees Gratuity scheme, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on death or on separation / termination in terms of the provisions of the Payment of Gratuity Act, 1972.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Particulars	(Rs. in lacs)	
	March 31, 2019	March 31, 2018
Defined benefit obligation	58.14	42.61
Fair value of Plan Assets at the end of the year	31.92	24.88
Net Obligation at the end of the year	26.22	17.73

**B) Movement in net defined benefit (asset) liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	(Rs. in lacs)					
	Gratuity					
	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Opening balance	42.61	34.88	24.88	22.62	17.73	12.27
Included in profit or loss:	-	-	-	-	-	-
Current service cost	7.91	7.83	-	-	7.91	7.83
Past service cost	-	-	-	-	-	-
Interest cost (income)	3.36	2.57	1.96	1.66	1.40	0.90
	53.88	45.28	26.84	24.28	27.04	21.00
Included in OCI:	-	-	-	-	-	-
Remeasurement loss (gain):	-	-	-	-	-	-
Actuarial loss / (gain) arising from:	-	-	(0.14)	(0.01)	0.14	0.01
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	-	-	-	-	-	-
Experience adjustment	4.26	(2.68)	-	-	4.26	(2.68)
Return on plan assets excluding	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
	58.14	42.61	26.70	24.27	31.44	18.33
Other:	-	-	-	-	-	-
Contributions paid by the employer	-	-	5.22	0.60	(5.22)	(0.60)
Benefits paid	-	-	-	-	-	-
Closing balance	58.14	42.61	31.92	24.88	26.22	17.73
Represented by:	-	-	-	-	-	-
Net defined benefit asset	-	-	-	-	(31.92)	(24.88)
Net defined benefit liability	-	-	-	-	58.14	42.61
	-	-	-	-	26.22	17.73

*[Handwritten signatures]*



174

**PRIME SECURITIES LIMITED**  
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

**C) Plan assets**

Plan assets comprise the following:

Particulars	March 31, 2019	March 31, 2018
Fund managed by Insurance Company	31.92	24.88
	31.92	24.88

**D) Defined benefit obligations**

**i) Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	March 31, 2019	March 31, 2018
Discount rate	7.69%	7.88%
Expected Rate of Return on Plan Assets	7.69%	7.88%
Salary escalation rate	5.00%	5.00%
Employee Turnover	2.00%	2.00%
Mortality rate	N.A.	N.A.
	Indian Assured Lives	Indian Assured Lives
	Mortality (2006-08)	Mortality (2006-08)
	Ult.	Ult.

Assumptions regarding future mortality have been based on published statistics and mortality tables.

**ii) Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	March 31, 2019		March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3.02)	3.41	(2.65)	3.01
Future salary growth (1% movement)	3.47	(3.12)	3.07	(2.75)
Rate of employee turnover (1% movement)	0.63	(0.70)	0.31	(0.37)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

**Expected future cash flows**

The expected future cash flows in respect of gratuity as at March 31, 2019 were as follows

**Expected contribution**

The expected contributions for defined benefit plan for the next financial year will be in line with the contribution for the year ended March 31, 2019, i.e. Rs. 5.22 lacs

Expected future benefit payments	(Rs. in lacs)
March 31, 2020	1.81
March 31, 2021	1.89
March 31, 2022	38.17
March 31, 2023	0.83
March 31, 2024	0.88
Thereafter	58.27

**Compensated Absences:**

The Compensated Absences is payable to all eligible employees for each day of accumulated leave on death or on resignation. Compensated Absences debited to Statement of Profit and Loss during the year amounts to Rs. 48.19 lacs (March 31, 2018 Rs. 13.35 lacs) and is included in Note 26 - 'Other Comprehensive Income'. Accumulated non-current provision for leave encashment aggregates Rs. 211.78 lacs (March 31, 2018 Rs. 186.20 lacs) and current provision aggregates Rs. 19.02 lacs (March 31, 2018 Rs. 16.20 lacs).

**44. Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

**a) Profit attributable to Equity holders of Company**

(Rs. in lacs)

Particulars	March 31, 2019	March 31, 2018
Continuing operations	228.94	347.20
Profit attributable to equity holders of the Company for basic earnings	228.94	347.20
Profit attributable to equity holders of the Company adjusted for the effect of dilution	228.94	347.20

**b) Weighted average number of ordinary shares**

(Rs. in lacs)

Particulars	March 31, 2019	March 31, 2018
Issued ordinary shares at April 1	2,65,15,325	2,65,15,325
Effect of dilutive common equivalent shares - share options outstanding	5,19,863	-
Weighted average number of shares at March 31 for basic and Diluted EPS	2,70,35,188	2,65,15,325

**c) Basic and Diluted earnings per share**

(Rs. in lacs)

	March 31, 2019	March 31, 2018
Basic earnings per share	0.86	1.31
Diluted earnings per share	0.85	1.31

*[Handwritten Signature]*