



### INDEPENDENT AUDITORS' REPORT

TO,  
The Board of Directors  
PRIME COMMODITIES BROKING (INDIA) LIMITED

#### Report on the Indian Accounting Standards (Ind AS) Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **PRIME COMMODITIES BROKING (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at September 30, 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 six months 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 financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at September 30, 2019, its profit and cash flows for the six months ended on that date.

#### Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. 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 Ind AS 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**

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.

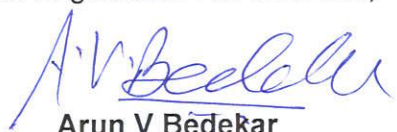
#### Restriction on Use

This report and the accompanying standalone financial statements of the Company are addressed to the Board of Directors of the Company solely for the purpose to enable compliance with the requirement of regulatory authorities in relation to scheme of arrangement of merger of the Company with its holding company under applicable provisions of the Companies Act 2013 and should not be used by any other person or for any other purpose.

Mumbai,  
February 24, 2020  
UDIN: 20114123AAAAAI2989



**For Arun Bedekar & Co**  
Chartered Accountants  
(Firm Registration No.123640W)

  
**Arun V Bedekar**  
(Membership No. 114123)  
(Proprietor)

# PRIME COMMODITIES BROKING (INDIA) LIMITED

## STANDALONE FINANCIAL STATEMENTS BALANCE SHEET AS AT SEPTEMBER 30, 2019

(Rs. in Lacs)

| Particulars  | Note No. | As at 30-Sep-19 | As at 31-Mar-19 |
|--|----------|-----------------|-----------------|
| <b>ASSETS</b>  |          |                 |                 |
| <b>1. Non-current assets</b>   |          |                 |                 |
| Non-Current Tax Assets (Net)   |          | 3.79            | 3.27            |
| <b>Total Non-Current Assets</b>  |          | 3.79            | 3.27            |
| <b>1 Current assets</b>  |          |                 |                 |
| Financial Assets   |          |                 |                 |
| (i) Cash & Cash equivalents  | 1        | 2.55            | 2.45            |
| (ii) Bank Balance other than (iii) above   | 2        | 856.91          | 347.36          |
| (iii) Other Financial Assets   | 3        | 10.14           | 3.90            |
| <b>Total Current Assets</b>  |          | 869.60          | 353.71          |
| <b>Total Assets</b>  |          | 873.39          | 356.98          |
| <b>EQUITY AND LIABILITIES</b>  |          |                 |                 |
| <b>1 Equity</b>  |          |                 |                 |
| (a) Equity Share capital   | 4        | 50.00           | 50.00           |
| (b) Other Equity   | 5        | 37.75           | 36.25           |
| <b>Total Equity</b>  |          | 87.75           | 86.25           |
| <b>2 Current liabilities</b>   |          |                 |                 |
| (a) Financial Liabilities  |          |                 |                 |
| (i) Borrowings.  | 6        | 766.87          | 267.87          |
| (ii) Trade Payables  |          |                 |                 |
| Total outstanding dues of Micro Enterprises and Small Enterprises                      |          | -               | -               |
| Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 7        | -               | 0.20            |
| (b) Other current liabilities  | 8        | 18.77           | 2.66            |
| (c) Current tax liabilities (Net)  |          | -               | -               |
| <b>Total Current Liabilities</b>   |          | 785.64          | 270.73          |
| <b>Total Equity and Liabilities</b>  |          | 873.39          | 356.98          |

### Significant accounting policies Note No. 14

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

As per our Report attached

For and on behalf of

**Arun Bedekar & Co.**

Chartered Accountants

(Firm Reg. No.123640W)

For and on behalf of the Board



**Arun V Bedekar**

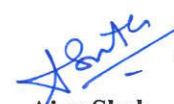
Proprietor

M. No. 114123




**N. Jayakumar**

Director



**Ajay Shah**

Director

Mumbai, February 24, 2020

Mumbai, February 24, 2020



**PRIME COMMODITIES BROKING (INDIA) LIMITED**  
**STANDALONE FINANCIAL STATEMENTS**  
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

(Rs. in Lacs)

| Particulars  | Note No. | Period ended 30-Sep-19 | Year ended 31-Mar-19 |
|--|----------|------------------------|----------------------|
| I Revenue from Operations  |          | -                      | -                    |
| II Other Income  | 9        | 20.86                  | 39.66                |
| III <b>Total Income (I+II)</b>   |          | 20.86                  | 39.66                |
| IV Expenses:   |          |                        |                      |
| Finance cost   | 10       | 18.77                  | 36.08                |
| Other expenses   | 11       | 0.04                   | 0.36                 |
| <b>Total Expenses</b>  |          | 18.81                  | 36.44                |
| V Profit / (loss) before exceptional items and tax (III -IV)   |          | 2.05                   | 3.22                 |
| VI Exceptional Items   | 12       | -                      | 0.05                 |
| VI Profit / (loss) before tax ( V + VI )   |          | 2.05                   | 3.27                 |
| VII <b>Tax expense:</b>  |          |                        |                      |
| Current tax  | 13       | 0.56                   | 0.85                 |
| Deferred tax   |          | -                      | -                    |
| Tax of earlier years   |          | -                      | -                    |
| VIII Profit / (loss) for the year (VII - VIII)   |          | 1.50                   | 2.42                 |
| IX Other Comprehensive Income  |          |                        |                      |
| <b>Items that will not be reclassified to profit or loss</b>   |          |                        |                      |
| Remeasurement of defined benefit liability   |          | -                      | -                    |
| Income tax effect on above   |          | -                      | -                    |
| X Total Comprehensive Income for the period (VIII + IX) (Comprising Profit / (loss) and other comprehensive income for the period) |          | 1.50                   | 2.42                 |
| XI Earnings per equity share   |          |                        |                      |
| Basic  |          | 0.30                   | 0.48                 |
| Diluted  |          | 0.30                   | 0.48                 |

**Significant accounting policies Note No. 14**

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

As per our Report attached

For and on behalf of

**Arun Bedekar & Co.**

Chartered Accountants

(Firm Reg. No.123640W)

For and on behalf of the Board



**Arun V Bedekar**

Proprietor

Membership No. 114123




**N. Jayakumar**

Director



**Ajay Shah**

Director

Mumbai, February 24, 2020

Mumbai, February 24, 2020

**PRIME COMMODITIES BROKING (INDIA) LIMITED**

Statement of Changes in Equity (SOCIE) for the period ended September 30, 2019

**(a) Equity Share Capital**

(Rs. in Lacs)

| Particulars                                       | As at September 30, 2019 |              | As at March 31, 2019 |              |
|---|--------------------------|--------------|----------------------|--------------|
|   | No. of Shares            | Amount       | No. of Shares        | Amount       |
| Balance at the beginning of the reporting period  | 5,00,000                 | 50.00        | 5,00,000             | 50.00        |
| Changes in equity share capital during the period | -                        | -            | -                    | -            |
| <b>Balance at the end of the reporting period</b> | <b>5,00,000</b>          | <b>50.00</b> | <b>5,00,000</b>      | <b>50.00</b> |

**(b) Other Equity**

(Rs. in Lacs)

| Particulars   | Retained Earnings | Total        |
|---|-------------------|--------------|
| <b>Balance at March 31, 2019</b>                            | <b>36.25</b>      | <b>36.25</b> |
| Profit for the year   | 1.50              | 1.50         |
| Actuarial gain / (Loss) on defined benefits plan net of tax | -                 | -            |
| Other comprehensive income for the period                   | -                 | -            |
| <b>Total comprehensive income for the year</b>              | <b>1.50</b>       | <b>1.50</b>  |
| Interim dividend declared and paid                          | -                 | -            |
| DDT on interim dividend distributed                         | -                 | -            |
| Transfer to General reserve                                 | -                 | -            |
| <b>Balance at September 30, 2019</b>                        | <b>37.75</b>      | <b>37.75</b> |

As per our Report attached

For and on behalf of

**Arun Bedekar & Co.**

Chartered Accountants

(Firm Reg. No.123640W)

For and on behalf of the Board



**Arun V Bedekar**  
Proprietor  
M. No. 114123




**N. Jayakumar**  
Director



**Ajay Shah**  
Director

Mumbai, February 24, 2020

Mumbai, February 24, 2020



# PRIME COMMODITIES BROKING (INDIA) LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD ENDED ON SEPTEMBER 30, 2019

(Rs. in Lacs)

|  | INFLOWS/(OUTFLOWS)        |                         |
|--|---------------------------|-------------------------|
|  | Period ended<br>30-Sep-19 | Year ended<br>31-Mar-19 |
| <b>A Cash flow from Operating Activities</b>             |                           |                         |
| Net Profit / (Loss) before Tax                           | 2.05                      | 3.27                    |
| Adjustments for:   |                           |                         |
| Interest Income  | (20.86)                   | (39.66)                 |
| Operating Profit / (Loss) before Working Capital changes | (18.81)                   | (36.39)                 |
| Adjustments for Changes in the Working Capital           |                           |                         |
| Loans, Advances & Other Current Assets                   | (6.24)                    | 3.07                    |
| Current Liabilities & Provisions                         | 15.91                     | 0.84                    |
|  | 9.67                      | 3.91                    |
| Cash generated from operations                           | (9.13)                    | (32.48)                 |
| Direct Taxes Paid (Net)                                  | (1.08)                    | (4.72)                  |
| Net Cash from Operating Activities (A)                   | (10.21)                   | (37.20)                 |
| <b>B Cashflow from Investment Activities</b>             |                           |                         |
| Interest Received  | 20.86                     | 39.66                   |
| Net Cash from Investment Activities (B)                  | 20.86                     | 39.66                   |
| <b>C Cashflow from Financing Activities</b>              |                           |                         |
| Funds Borrowed / (Repaid) (Net)                          | 499.00                    | (177.98)                |
| Net Cash from Financing Activities (C)                   | 499.00                    | (177.98)                |
| <b>Net Cashflow (A + B + C)</b>                          | <b>509.65</b>             | <b>(175.52)</b>         |
| <b>Changes in the Cash &amp; Bank Balance</b>            | <b>509.65</b>             | <b>(175.52)</b>         |
| Cash and Cash Equivalents at the beginning of the year   | 349.81                    | 525.33                  |
| Cash and Cash Equivalents at the end of the year         | 859.46                    | 349.81                  |

### 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  
**Arun Bedekar & Co.**  
Chartered Accountants  
(Firm Reg. No.123640W)

For and on behalf of the Board

*A. V. Bedekar*

**Arun V Bedekar**  
Proprietor  
M. No. 114123



*N. Jayakumar*  
**N. Jayakumar**  
Director

*Ajay Shah*  
**Ajay Shah**  
Director

Mumbai, February 24, 2020

Mumbai, February 24, 2020

# PRIME COMMODITIES BROKING (INDIA) LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(Rs. in Lacs)

| Particulars  | As at<br>30-Sep-19 | As at<br>31-Mar-19 |
|--|--------------------|--------------------|
| <b>1 Cash and Cash Equivalents</b>   |                    |                    |
| Cash on Hand   | 0.10               | 0.10               |
| Balance with Banks in Current Accounts   | 2.45               | 2.35               |
| <b>Total</b>   | <b>2.55</b>        | <b>2.45</b>        |
| <b>2 Bank Balances other than Cash and Cash Equivalents</b>  |                    |                    |
| Bank Deposits with 3-12 months original maturity   | 856.91             | 347.36             |
| <b>Total</b>   | <b>856.91</b>      | <b>347.36</b>      |
| <b>3 Other Current Financial Assets</b>  |                    |                    |
| Interest Receivable (Unsecured, Considered Good)   | 10.14              | 3.90               |
| Interest Receivable (Unsecured, Considered Doubtful)   | -                  | -                  |
|  | 10.14              | 3.90               |
| Less: Provision for Doubtful Loans.  | -                  | -                  |
| <b>Total</b>   | <b>10.14</b>       | <b>3.90</b>        |
| <b>4 Equity Share Capital</b>  |                    |                    |
| <b>Authorised</b>  |                    |                    |
| 20,00,000 (March 31, 2019 20,00,000) Equity Shares of Rs. 10/- each  | 200.00             | 200.00             |
| <b>Total</b>   | <b>200.00</b>      | <b>200.00</b>      |
| <b>Issued, Subscribed &amp; Fully Paid-up</b>  |                    |                    |
| 5,00,000 (March 31, 2019 5,00,000) Equity Shares of Rs. 10/- each  | 50.00              | 50.00              |
| <b>Total</b>   | <b>50.00</b>       | <b>50.00</b>       |
| <b>5 Other Equity</b>  |                    |                    |
| <b>Surplus</b>   |                    |                    |
| At the commencement of the year....  | 36.25              | 33.83              |
| Add: Net Profit / (Loss) for the Year  | 1.50               | 2.42               |
| <b>Total</b>   | <b>37.75</b>       | <b>36.25</b>       |
| <b>Total Other Equity</b>  | <b>37.75</b>       | <b>36.25</b>       |
| <b>6 Borrowings - Current Liabilities</b>  |                    |                    |
| <b>Secured Loan (For Security and terms of repayment : Refer Note no 16)</b>                                       |                    |                    |
| Other Loan from Bank.  | -                  | -                  |
| <b>Unsecured</b>   |                    |                    |
| Loans and advances from related parties  | 766.87             | 267.87             |
| <b>Total</b>   | <b>766.87</b>      | <b>267.87</b>      |
| <b>7 Trade Payables</b>  |                    |                    |
| Trade Payables   | -                  | 0.20               |
| <b>Total</b>   | <b>-</b>           | <b>0.20</b>        |
| As at September 30, 2019 and March 31, 2019, there are no outstanding dues to Micro, Small and Medium Enterprises. |                    |                    |
| <b>8 Other current liabilities</b>   |                    |                    |
| (a) Statutory Dues Payable (includes Provident Fund, GST, Withholding Tax etc.)                                    | -                  | 2.66               |
| (b) Outstanding Expenses Payable   | 18.77              | -                  |
| <b>Total</b>   | <b>18.77</b>       | <b>2.66</b>        |





# PRIME COMMODITIES BROKING (INDIA) LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(Rs. in Lacs)

| Particulars  | Period ended<br>30-Sep-19 | Year ended<br>31-Mar-19 |
|--|---------------------------|-------------------------|
| <b>9 Other Income</b>  |                           |                         |
| Interest Income  | 20.86                     | 39.66                   |
| <b>Total</b>   | <b>20.86</b>              | <b>39.66</b>            |
| <b>10 Finance Costs</b>                                      |                           |                         |
| Interest Expense   | 18.77                     | 36.08                   |
| <b>Total</b>   | <b>18.77</b>              | <b>36.08</b>            |
| <b>11 Other Expenses</b>                                     |                           |                         |
| Consultancy & Professional Charges                           | -                         | 0.12                    |
| Auditor's Remuneration                                       |                           |                         |
| - For Audit Fees   | -                         | 0.20                    |
| Miscellaneous Expenses                                       | 0.04                      | 0.04                    |
| <b>Total</b>   | <b>0.04</b>               | <b>0.36</b>             |
| <b>12 Extraordinary Items</b>                                |                           |                         |
| Amounts Written Back   | -                         | 0.05                    |
| <b>Total</b>   | <b>-</b>                  | <b>0.05</b>             |
| <b>13 Tax Expenses</b>                                       |                           |                         |
| Amounts recognised in profit & loss                          |                           |                         |
| Current income tax   | 0.56                      | 0.85                    |
| Adjustment in respect of current income tax of previous year | -                         | -                       |
| Deferred income tax liability / (asset), net                 |                           |                         |
| - Origination and reversal of temporary differences          | -                         | -                       |
| Deferred tax expense   | -                         | -                       |
| Tax expense for the year                                     | 0.56                      | 0.85                    |
| Effective tax rate for the year                              | 27.07                     | 26.00                   |
| <b>(c) Reconciliation of effective tax rate</b>              |                           |                         |
| Profit before tax  | 2.05                      | 3.27                    |
| Applicable Tax Rate  | 26.00%                    | 26.00%                  |
| Computed Tax Expense   | 0.53                      | 0.85                    |
| Current Tax Provision  | 0.53                      | 0.85                    |
| Tax Expense recognised in Statement of Profit and Loss       | 0.53                      | 0.85                    |



# PRIME COMMODITIES BROKING (INDIA) LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### 14 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 February 24, 2020.

#### 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.

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.





# PRIME COMMODITIES BROKING (INDIA) LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### 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 /discardment of assets, is calculated pro rata from the date of such addition or upto the date of such sale/discardment, 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 omprehensive 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.
- 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





# PRIME COMMODITIES BROKING (INDIA) LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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.

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,





# PRIME COMMODITIES BROKING (INDIA) LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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.

**j) 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.

**k) 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.

**l) 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

**m) 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.

**n) 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
- 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.

Unrecognized 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:

- a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and



# PRIME COMMODITIES BROKING (INDIA) LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

b) 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.

**o) 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.

**p) 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.



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# PRIME COMMODITIES BROKING (INDIA) LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### 15 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.10 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 September 30, 2019 |              | As at March 31, 2019 |              |
|---|--------------------------|--------------|----------------------|--------------|
|   | No. of shares held       | % of Holding | No. of shares held   | % of Holding |
| Prime Securities Limited (Including Nominee Shareholders) | 5,00,000                 | 100%         | 5,00,000             | 100%         |

- (c) **Reconciliation of number of equity shares outstanding as on beginning and closing of the period ended**

| Particulars                          | As at September 30, 2019 |             | As at March 31, 2019 |             |
|--------------------------------------|--------------------------|-------------|----------------------|-------------|
|                                      | Numbers                  | Rs. in Lacs | Numbers              | Rs. in Lacs |
| Opening Balance                      | 5,00,000                 | 50.00       | 5,00,000             | 50.00       |
| Add: Shares issued during the period | -                        | -           | -                    | -           |
| Closing Balance                      | 5,00,000                 | 50.00       | 5,00,000             | 50.00       |

### 16 Borrowings:

#### Unsecured loans:

Loan from related party is from 100% holding company. It is an unsecured loan and repayable on demand having interest rate of 7% p.a.

### 17 Related Party Disclosures

Related Party Disclosures in respect of related parties with whom transactions have taken place during the period are given below :

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

##### Holding Company

Prime Securities Limited

The following transactions were carried out with the related parties in the ordinary course of business during the period as at September 30, 2019:

(Rs. in Lacs)

| Sr. No. | Nature of Transactions   | Relationship    | Transactions       |                |
|---------|--|-----------------|--------------------|----------------|
|         |  |                 | September 30, 2019 | March 31, 2019 |
| 1       | Inter-corporate deposit received from Prime Securities Limited | Holding Company |                    |                |
|         | Sums Received  |                 | 1,001.00           | 1,065.47       |
|         | Sum Paid   |                 | 502.00             | 1,170.00       |

#### Outstanding Balance

(Rs. in Lacs)

| Sr. No. | Nature of Transactions   | Relationship    | Balance as on      |                |
|---------|--|-----------------|--------------------|----------------|
|         |  |                 | September 30, 2019 | March 31, 2019 |
| 1       | Inter-corporate deposit received from Prime Securities Limited | Holding Company | 766.87             | 267.87         |
|         |  |                 | (Credit)           | (Credit)       |

- 18 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.

### 19 Subsequent Events :

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



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# PRIME COMMODITIES BROKING (INDIA) LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### 20 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)

| September 30, 2019                  | Fair value thru Profit and Loss |         |         |       | Amortised Cost |         |         |        |
|-------------------------------------|---------------------------------|---------|---------|-------|----------------|---------|---------|--------|
|                                     | Level 1                         | Level 2 | Level 3 | Total | Level 1        | Level 2 | Level 3 | Total  |
| <b>Financial assets</b>             |                                 |         |         |       |                |         |         |        |
| Cash and cash equivalents           |                                 |         | -       | -     |                |         | 2.55    | 2.55   |
| Bank Balance Other                  |                                 |         | -       | -     |                |         | 856.91  | 856.91 |
| Other Current Financial Assets      |                                 |         | -       | -     |                |         | 10.14   | 10.14  |
|                                     | -                               | -       | -       | -     | -              | -       | 869.60  | 869.60 |
| <b>Financial liabilities</b>        |                                 |         |         |       |                |         |         |        |
| Current borrowings                  |                                 |         | -       | -     |                |         | 766.87  | 766.87 |
| Trade and other payables            |                                 |         | -       | -     |                |         | -       | -      |
| Other Current financial liabilities |                                 |         | -       | -     |                |         | 18.77   | 18.77  |
|                                     | -                               | -       | -       | -     | -              | -       | 785.64  | 785.64 |

(Rs.in lacs)

| March 31, 2019                      | Fair value thru Profit and Loss |         |         |       | Amortised Cost |         |         |        |
|-------------------------------------|---------------------------------|---------|---------|-------|----------------|---------|---------|--------|
|                                     | Level 1                         | Level 2 | Level 3 | Total | Level 1        | Level 2 | Level 3 | Total  |
| <b>Financial assets</b>             |                                 |         |         |       |                |         |         |        |
| Cash and cash equivalents           | -                               | -       | -       | -     |                |         | 2.45    | 2.45   |
| Bank Balance Other                  | -                               | -       | -       | -     |                |         | 347.36  | 347.36 |
| Other Current Financial Assets      | -                               | -       | -       | -     |                |         | 3.90    | 3.90   |
|                                     | -                               | -       | -       | -     | -              | -       | 353.71  | 353.71 |
| <b>Financial liabilities</b>        |                                 |         |         |       |                |         |         |        |
| Current borrowings                  | -                               | -       | -       | -     |                |         | 267.87  | 267.87 |
| Trade and other payables            | -                               | -       | -       | -     |                |         | 0.20    | 0.20   |
| Other Current financial liabilities | -                               | -       | -       | -     |                |         | 2.66    | 2.66   |
|                                     | -                               | -       | -       | -     | -              | -       | 270.73  | 270.73 |

\* 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.

##### 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.

##### Cash and cash equivalents and other Bank balances

The Company held cash and cash equivalents and other bank balances of Rs. 2.55 lacs as on September 30, 2019 (March 31, 2019: Rs. 2.45 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. Nil as on September 30, 2019 (March 31, 2019: Rs. 3.90 lacs). The loans and advances are in nature of rent deposit paid to landlords and are fully recoverable.



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# PRIME COMMODITIES BROKING (INDIA) LIMITED

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### 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)

| Septemembr 30, 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               | 766.87          | 766.87                 | 766.87             | -           | -         | -         | -                 |
| Trade and other payables | -               | 0.20                   | 0.20               | -           | -         | -         | -                 |

(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               | 267.87          | 267.87                 | 267.87             | -           | -         | -         | -                 |
| Trade and other payables | 0.20            | 0.25                   | 0.25               | -           | -         | -         | -                 |

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.

### 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.

## 21 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.

(Rs. in lacs)

| Particulars                       | As at September 30, 2019 | As at March 31, 2019 |
|-----------------------------------|--------------------------|----------------------|
| Current Borrowings                | 766.87                   | 267.87               |
| <b>Gross Debt</b>                 | <b>766.87</b>            | <b>267.87</b>        |
| Total equity                      | 87.75                    | 86.25                |
| Adjusted Net debt to equity ratio | 8.74                     | 3.11                 |

## 22 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.

(Rs. in lacs)

| a) Profit attributable to Equity holders of Company                                      |                    |                |
|--|--------------------|----------------|
| Particulars  | September 30, 2019 | March 31, 2019 |
| Continuing operations  | 1.50               | 2.42           |
| Profit attributable to equity holders of the Company for basic earnings                  | 1.50               | 2.42           |
| Profit attributable to equity holders of the Company adjusted for the effect of dilution | 1.50               | 2.42           |

(Rs. in lacs)

| b) Weighted average number of ordinary shares                               |                    |                |
|---|--------------------|----------------|
| Particulars   | September 30, 2019 | March 31, 2019 |
| Issued ordinary shares at April 1   | 5,00,000           | 5,00,000       |
| Effect of shares issued for cash  | -                  | -              |
| Weighted average number of shares at September 30 for basic and Diluted EPS | 5,00,000           | 5,00,000       |

(Rs. in lacs)

| c) Basic and Diluted earnings per share |                    |                |
|---|--------------------|----------------|
|   | September 30, 2019 | March 31, 2019 |
| Basic earnings per share                | 0.30               | 0.48           |
| Diluted earnings per share              | 0.30               | 0.48           |



*Handwritten signature and initials.*