
Walker Chandio & Co LLP

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Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Prime Securities Limited

Opinion

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

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Statement section of our report*. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and that obtained by other auditors in terms of their reports referred to in paragraph 14 of the Other Matter section below is sufficient and appropriate to provide a basis for our opinion.

Prime Securities Limited

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Emphasis of Matters

4. We draw attention to Note 8 to the accompanying Statement, which indicates that the Company had adopted Ind AS from 1 April 2017 instead of 1 April 2019 and considered transition date as 1 April 2016 which is not in compliance with Companies (Indian Accounting Standards) (Amendment) Rules, 2016, dated 30 March 2016. However, management has assessed that the impact of applying the appropriate transition date as well as the possible impact of fines/penalty, if any, on account of such non-compliance on the financial statement of the Company would not be material.
5. We draw attention to Note 9 to the accompanying Statement, regarding the restatement done by the management of the Company in accordance with the principles of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors on account of various adjustments which are further described in the aforesaid note.

Our opinion is not modified in respect of these matter.

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

6. The Statement, which is the responsibility of the Holding Company's management and has been approved by the Holding Company's Board of Directors, has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit after tax and other comprehensive income, and other financial information of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations, including SEBI Circular. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group 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 financial results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.
7. In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
8. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Statement

9. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under section 143(10) of the Act, will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error, and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

Prime Securities Limited

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10. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Group, 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 the 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 ability of the Group, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial results/ financial information/ financial statements of the entities within the Group, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors. For the other entities included in the Statement, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
11. We communicate with those charged with governance of the Holding Company 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.
12. 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.
13. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

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Walker Chandiook & Co LLP

Prime Securities Limited

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Other Matters

14. We did not audit the annual financial statements of 3 subsidiaries included in the Statement, whose financial information reflects total assets of ₹ 4311 lakhs as at 31 March 2020, total revenues of ₹ 5206 lakhs, total net profit after tax of ₹ 1028 lakhs total comprehensive income of ₹ (2) lakhs, and cash outflows (net) of ₹ (32) lakhs for the year ended on that date, as considered in the Statement. These annual financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the audit reports of such other auditors, and the procedures performed by us as stated in paragraph 10 above.

Our opinion is not modified in respect of this matter.

The Statement includes the annual financial information of 1 subsidiary, which has not been audited, whose annual financial information reflect total assets of ₹ 5 lakhs as at 31 March 2020, total revenues of ₹ Nil, total net profit/(loss) ₹ Nil, total comprehensive income/loss of ₹ Nil for the year ended 31 March 2020, and cash flow (net) of ₹ Nil for the year then ended, as considered in the Statement. This financial information has been furnished to us by the Holding Company's management. Our opinion on the Statement, and our report in terms of Regulation 33 of the Listing Regulations, read with SEBI Circulars, in so far as it relates to the aforesaid subsidiary, are based solely on such unaudited financial information. In our opinion, and according to the information and explanations given to us by the management, this financial information is not material to the Group.

Our opinion is not modified in respect of this matter.

15. The Statement includes the consolidated financial results for the quarter ended 31 March 2020, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us.
16. The audit of consolidated financial results for the corresponding quarter and year ended 31 March 2019 included in the Statement was carried out and reported by M/s. Gandhi & Associates LLP, Chartered Accountants, who have expressed qualified opinion vide their audit report dated 18 May 2019, whose report have been furnished to us and which have been relied upon by us for the purpose of our audit of the Statement.
17. The comparative financial information of the opening balance sheet as at 1 April 2018 in these consolidated financial results which is restated as mentioned in the aforesaid para 5 are based on the previously issued financial statement for the year ended 31 March 2018 were audited by previous auditors, M/s. Gandhi & Associates LLP, Chartered Accountants, who have expressed qualified opinion vide their audit report dated 29 May 2018, whose report have been furnished to us, and which have been relied upon by us for the purpose of our audit of the Statement.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No:001076N/N500013

Sudhir N. Pillai

Partner

Membership No:105782

UDIN: 20105782AAAAEU9109

Place: Mumbai

Date: 19 June 2020

Prime Securities Limited

Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Annexure 1

List of entities included in the Statement

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

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PRIME SECURITIES LIMITED - CONSOLIDATED

Regd. Office : 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021
Tel: +91-22-61842525 Fax: +91-22-24970777 Website: www.primesec.com Email: prime@primesec.com
CIN: L67120MH1982PLC026724

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

(Rs. in Lakhs, unless otherwise stated)

Particulars	For the Quarter ended			For the Year ended	
	31-Mar-20 (Unaudited)*	31-Dec-19 (Unaudited)#	31-Mar-19 (Unaudited)*#	31-Mar-20 Audited	31-Mar-19 Audited#
I Revenue from operations					
(i) Interest income	25	31	16	75	40
(ii) Dividend Income	0	-	0	0	17
(iii) Rental Income	-	2	1	4	5
(iv) Fees and commission income	3,081	1,352	1,344	7,366	4,586
(v) Net gain on fair value changes	9	16	19	-	42
Revenue from operations	3,115	1,401	1,380	7,445	4,690
II Other income	1	-	5	1	5
III Total income (I+II)	3,116	1,401	1,385	7,446	4,695
Expenses					
i) Finance cost	6	3	3	22	17
ii) Fees and commission expense	817	552	74	1,880	720
iii) Net loss on fair value changes	-	-	-	129	-
iv) Impairment on Financial Assets	1,452	339	138	1,969	138
v) Employee benefit expense	715	380	678	1,847	1,748
vi) Depreciation & amortisation expense	33	21	12	99	29
vii) Other expenses	179	111	94	426	396
IV Total expenses	3,202	1,408	999	6,372	3,048
V Profit / (loss) before tax (III - IV)	(86)	(7)	386	1,074	1,647
VI Tax expenses / (credits)					
- Current tax	11	104	77	269	390
- Deferred tax liabilities / (assets)	16	(1)	(6)	16	(6)
VII Profit / (Loss) after tax from continuing operations (V - VI)	(113)	(110)	315	789	1,263
VIII Other comprehensive income					
A. (I) Items that will not be reclassified to profit or loss					
(a) Remeasurement of defined employee benefit plans	(1)	(1)	(4)	(9)	(10)
(II) Income Tax relating to items that will not be reclassified to profit or loss	1	-	2	3	2
B. (I) Items that will be reclassified to profit or loss	-	-	-	-	-
(II) Income Tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
IX Total Comprehensive Income for the period / year (VII-VIII) (Comprising profit / (loss) and other Comprehensive Income for the period / year)	(113)	(111)	313	783	1,255
X (i) Paid-Up Equity Share Capital (Face Value Rs. 5/- each)	1,330	1,330	1,330	1,330	1,330
(ii) Other Equity				3,200	2,028
XI Earning/(loss) per Equity Share for continuing operation (face value Rs.5 per equity share)					
(Rs. not annualised for the quarters and period ended)					
- Basic (amount in Rs.)	(0.43)	(0.41)	1.19	2.98	4.76
- Diluted (amount in Rs.)	(0.42)	(0.41)	1.18	2.95	4.75
* Refer Note 12					
# Refer Note 9					

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CIN: L67120MH1982PLC026724

Consolidated statement of Assets & Liabilities

(Rs. in Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)#	As at April 1, 2018 (Audited)#
ASSETS			
I. Financial assets			
a) Cash and cash equivalents	201	87	11
b) Bank balance other than (a) above	1,439	347	525
c) Receivables			
(i) Trade receivables	439	2,211	130
(ii) Other receivables	393	518	526
d) Loans	0	100	200
e) Investments	189	275	164
f) Other financial assets	2,249	884	363
	4,910	4,422	1,919
II. Non-financial assets			
a) Current tax assets (net)	550	69	97
b) Deferred tax assets (net)	84	98	89
c) Property, plant and equipment	374	201	38
d) Capital work-in-progress	-	-	-
e) Other intangible assets	4	5	1
f) Other non-financial assets	245	63	170
	1,257	436	395
TOTAL ASSETS	6,167	4,858	2,314
LIABILITIES AND EQUITY			
I. Financial liabilities			
a) Payables			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	245	43	34
b) Borrowings	44	383	797
c) Other financial liabilities	533	233	55
	822	659	886
II. Non-financial liabilities			
a) Current tax liabilities (net)	-	-	-
b) Provisions	504	655	242
c) Other non-financial liabilities	311	186	28
	815	841	270
III. Equity			
a) Equity share capital	1,330	1,330	1,330
b) Other equity	3,200	2,028	(172)
	4,530	3,358	1,158
TOTAL LIABILITIES AND EQUITY	6,167	4,858	2,314

Refer note 9

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Consolidated statement of Cash flow for the year ended 31 March 2020

(Rs. in Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities:		
Profit before tax	1,065	1,637
Adjustments for :		
Depreciation and amortisation expense	99	29
Changes in fair valuation of investment (net) through profit or loss	130	(43)
(Profit)/ Loss on sale of property, plant and equipments (net)	16	6
Gain on sale of investments (net)	(1)	(4)
Interest Expense	22	17
Interest income on deposits	(75)	(40)
Dividend income	(0)	(17)
Share based payment to employees	383	78
Operating profit before working capital changes	1,639	1,663
Adjustments for changes in working capital:		
(Decrease) / Increase in provisions		
Increase / (Decrease) in trade payables	202	9
Increase/ (Decrease) in other financial liabilities	300	178
(Decrease)/ Increase in provisions	(151)	413
Increase/ (Decrease) in other non-financial liabilities	125	158
(Increase)/ Decrease in Loans	100	100
(Increase)/ Decrease in other financial assets	(1,365)	(521)
(Increase)/ Decrease in other receivables	(0)	9
Decrease/ (Increase) in trade receivables	1,897	(2,081)
Decrease/ (Increase) in other bank balances	(1,092)	178
Decrease/ (Increase) in other non-financial assets	(183)	107
Total changes in working capital	(167)	(1,450)
Cash generated from operations	1,472	213
Taxes paid, net of refunds	(743)	(363)
Net cash generated/(used) from operating activities	(A) 729	(150)
Cash flow from investing activities:		
Purchase of property, plant and equipments including capital work-in-progress	(332)	(208)
Proceeds from sale / disposal of property, plant and equipments	44	6
Purchase of Investments	(42)	(64)
Interest income	75	40
Dividend received	0	17
Net cash generated/(used) from in investing activities	(B) (255)	(209)

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Consolidated statement of Cash flow for the year ended 31 March 2020**(Rs. in Lakhs, unless otherwise stated)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from financing activities:		
Application Money against warrants	-	866
Borrowings repaid during the year	(338)	(414)
Interest Paid	(22)	(17)
Interim dividend (including dividend distribution tax) paid	-	-
Net cash from/ (used in) financing activities before exceptional items	(360)	435
Exceptional items	-	-
Net cash generated/(used) in financing activities	(C) (360)	435
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	114	76
Cash and cash equivalents at the beginning of the year	87	11
Cash and cash equivalents at the end of the year	201	87
Total	114	76
Notes:		
1) Cash and cash equivalents comprise of		
Cash on hand	1	1
Balances with banks		
In current account	200	86
Demand deposits (less than 3 months maturity)	-	-
	201	87
Book overdraft	-	-
Cash and cash equivalents	201	87

Notes:

The above Statement of Cash Flows has been prepared under indirect method as set out in Ind AS 7, 'Statement of Cash Flows', as specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules, 2015 (as amended).

Consolidated Notes:

- 1 The above consolidated financial results have been prepared in accordance with the recognition and measurement principles of Ind AS prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. The consolidated financial results were reviewed by Audit Committee and taken on record by the Board of Directors at its Meeting held on June 19, 2020. The results for the year ended 31 March 2020 have been audited by the statutory auditors of the company.
- 2 The Consolidated financial results include the audited financial results of the wholly-owned subsidiaries - Primesec Investments Limited, Prime Research & Advisory Limited, Prime Commodities Broking (India) Limited and Prime Funds Management Limited.
- 3 Employee benefit expense include employee stock option expenses and ex-gratia
- 4 Other Comprehensive Income represents net actuarial gain / (loss) on employee defined benefit obligation.
- 5 The SARS-CoV-2 virus responsible for COVID -19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian Financial Markets and a significant decrease in the economic activities. On 11 March 2020, the COVID-19 outbreak was declared as a global pandemic by the World Health Organisation. In view of the complete lockdown, we have moved to a 100% work from home mode of operation and we have been able to conduct business without any interruption during this period using digital tools. All our employees have been able to work remotely and securely. We will gradually open our physical offices once permitted based on the guidelines and rules issued by the governments.
The Company believes that it has taken into account all the possible impact of known events arising out of COVID 19 pandemic in the preparation of financial results. However the impact assessment of COVID 19 is a continuing process given its nature and duration. The Company will continue to monitor for any material changes to future economic conditions.
- 6 Board of Directors had on January 9, 2020 approved the Scheme of Arrangement, under Sections 230 to 232 read with Section 66 & Section 52 & other applicable provisions of the Companies Act, 2013 and the rules & regulations made thereunder, comprising merger of wholly-owned subsidiaries, Primesec Investments Limited & Prime Commodities Broking (India) Limited into the Company, which is subject to necessary approvals by stock exchanges, SEBI, shareholders and creditors, as may be applicable, and jurisdictional bench of National Company Law Tribunal and such other statutory / regulatory approvals, as may be required.
- 7 The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. However, the Company has elected to not to apply the concessional tax rate and continue with prevailing tax rate.
- 8 The Company had adopted IND AS from 1 April 2017 and comparative financial information for the year ended 31 March 2018 and transition date opening balance sheet as at 1 April 2016 were prepared in accordance with Ind AS. The Company being a listed NBFC with a net-worth of less than Rs. 500 crores, should have adopted Ind AS from 1 April 2019 with transition date being 1 April 2018 in accordance with Companies (Indian Accounting Standards) (Amendment) Rules, 2016, dated 30 March 2016.
The Management has ascertained the impact of change in transition date from 1 April 2016 to 1 April 2018 which has an insignificant impact on the equity and the management believes that no adjustment is required in the financial statements for the current year.
Further, the Management has also sought legal opinion to ascertain the qualitative and quantitative impact, for the contravention of Companies (Indian Accounting Standards) (Amendment) Rules, 2016, dated 30 March 2016 and believes that the same is not material to the financial statements.
Further, the Ministry of Corporate Affairs (MCA), vide its notification dated October 11, 2018 issued Division III of Schedule III, which provides the format for financial Statements of Non-Banking Financial Companies, as defined in the Companies (Indian Accounting Standards) (Amendments) Rules 2016. These Financial Statements have been prepared in accordance with Division III. The corresponding figures for the year ended March 2019 has been reclassified to comply with the requirements of the Division III.
- 9 In accordance with the requirements of Indian Accounting Standards (IND AS) – 8, “Accounting Policies, Changes in Accounting Estimates and Errors” – management has restated certain account balances for the comparative year/quarters in order to comply with the accounting principles enunciated under the relevant IND-AS’s.
 - a) Depreciation Expense for the quarter ended 31 March 2019 and year ended 31 March 2019 aggregating to Rs. 12 lakhs and Rs. 29 lakhs have been adjusted on account of reversal of depreciation expense pertaining to reclassification of PPE to ‘Other receivable’ as per Ind AS 16 to the financial asset to the tune of Rs. 2 lakhs and Rs. 9 lakhs respectively for the quarter and year ended 31 March 2019.
Accordingly, opening reserve as on 1 April 2018 is adjusted to the tune of Rs. 146 lakhs on account of reversal of the aforesaid depreciation.
 - b) Employee Benefit Expenses and other expenses for the quarter and year ended 31 March 2019 aggregating to Rs. 244 Lacs and Rs. 439 Lacs respectively and Employee Benefit Expenses amounting to Rs. 65 Lacs for quarter ended 31 December 2019 has been adjusted on account of expenses related to performance bonus and ex gratia.
- 10 The Group has identified two reportable segments (i) Financial Advisory & Intermediation services and (ii) Brokerage from mutual fund distribution as per Ind AS 108. However, the segment "Brokerage from mutual fund distribution" does not exceed the quantitative thresholds as prescribed by paragraph 13 of Ind AS 108. Hence, the entity has not reported separate information for each operating segment.
- 11 Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases" using the cumulative catch-up approach. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

