



***PRIME SECURITIES LIMITED***

**ANNUAL REPORT**

**31-MAR-2015**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Pradip Dubhashi, Chairman (DIN: 01445030)  
Mr. N. Jayakumar, Managing Director (DIN: 00046048)  
Ms. Alpana Parida, Director (DIN: 06796621)  
Mr. Anil Dharker, Director (DIN: 00117871)  
Mr. S. R. Sharma, Director (DIN: 03096740)

## REGISTERED OFFICE

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

## STATUTORY AUDITORS

M/s. Gandhi & Associate  
Chartered Accountants

## BANKERS

IndusInd Bank Limited  
ICICI Bank Limited  
HDFC Bank Limited  
Bank of India

## CORPORATE IDENTITY NUMBER

CIN: L67120MH1982PLC026724

## 32ND ANNUAL GENERAL MEETING

Monday, September 21, 2015 @ 10.00 a.m. at  
Victoria Memorial School for the Blind  
Tardeo Road, Opp. Film Centre, Near Bharat  
Petroleum Petrol Pump, Mumbai 400034

## KEY MANAGERIAL PERSONNEL

Mr. Vinay Motwani, Director - Prime Broking  
Mr. Nikhil Shah, Chief Financial Officer  
Mr. Ajay Shah, V.P. - Legal & Company Secretary  
Mr. Apurva Doshi, V.P. - Corporate Finance  
Mr. Paurav Lakhani, V.P. - Corporate Finance

## REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited  
13AB, Samhita Warehousing Complex, Gala No. 52,  
2<sup>nd</sup> Floor, Near Sakinaka Telephone Exchange,  
Off. Andheri Kurla Road, Andheri (E), Mumbai 400072  
Tel: +91-22-67720300, Fax: +91-22-28509827

## INTERNAL AUDITORS

M/s. K.V.S. & Company  
Chartered Accountants

## ISIN / LISTING OF EQUITY SHARES

ISIN: INE032B01021  
Scrip Code: NSE (PRIMESECU) / BSE (500337)

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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 32<sup>nd</sup> Annual General Meeting of the Members of Prime Securities Limited will be held on Monday, September 21, 2015 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp. Film Centre, Near Hindustan Petroleum Petrol Pump, Mumbai 400034 to transact the following business:

### ORDINARY BUSINESS

#### 1. Adoption of Audited Financial Statements

To receive, consider and adopt:

- a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2015 together with the Reports of the Board of Directors and Auditors thereon;
- b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2015 together with the Reports of the Auditors thereon;

#### 2. Appointment of Director

To appoint a Director in place of Mr. N. Jayakumar (DIN: 00046048), who retires by rotation and being eligible, offers himself for re-appointment.

#### 3. Appointment of Auditors

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, M/s. Gandhi & Associates, Chartered Accountants (ICAI Firm Registration No. 102965W), the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of 36<sup>th</sup> Annual General Meeting of the Company (subject to ratification of their appointment at every Annual General Meeting), on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of service tax and out-of-pocket expenses.”

### SPECIAL BUSINESS

#### 4. Appointment of Mr. Pradip Dubhashi as an Independent Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the listing agreement as may be in force from time to time, Mr. Pradip Dubhashi (DIN: 01445030), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of an independent director, being so eligible for appointment, be and is hereby appointed as an independent director of the Company, to hold office for a term of five consecutive years with effect from March 1, 2015 to February 28, 2020, not liable to retire by rotation.”

#### 5. Appointment of Mr. Anil Chandrakant Dharker as an Independent Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the listing agreement as may be in force from time to time, Mr. Anil Chandrakant Dharker (DIN: 00117871), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of an independent director, being so eligible for appointment, be and is hereby appointed as an independent director of the Company, to hold office for a term of five consecutive years with effect from March 1, 2015 to February 28, 2020, not liable to retire by rotation.”

# ***PRIME SECURITIES LIMITED***

## **6. Appointment of Mr. S. R. Sharma as an Independent Director**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the listing agreement as may be in force from time to time, Mr. S. R. Sharma (DIN: 03096740), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of an independent director, being so eligible for appointment, be and is hereby appointed as an independent director of the Company, to hold office for a term of five consecutive years with effect from March 1, 2015 to February 28, 2020, not liable to retire by rotation.”

## **7. Appointment of Ms. Alpana Parida as an Independent Director**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the listing agreement as may be in force from time to time, Ms. Alpana Parida (DIN: 06796621), who was appointed as an additional director (non-executive and independent) at the meeting of the board of directors of the Company held on March 27, 2015 and who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing her candidature for the office of an independent director, being so eligible for appointment, be and is hereby appointed as an independent director of the Company, to hold office for a term of five consecutive years with effect from March 27, 2015 to March 26, 2020, not liable to retire by rotation.”

## **8. Borrowing Limits of the Company**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in supersession of the resolution passed under section 293(1)(d) of the Companies Act, 1956 by the members of the Company at their extraordinary general meeting held on February 10, 1994 and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) for borrowing, from time to time, any sum or sums of money, which together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) up to Rs. 150 Crores (Rupees One Hundred Fifty Crores only), if the aggregate for the time being of the Paid-up Capital of the Company and its Free Reserves is less than Rs. 150 Crores (Rupees One Hundred Fifty Crores only).

## **9. Increase in limits of Investments in other Bodies Corporate**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**“RESOLVED THAT THAT** in supersession of the resolution passed under section 372A of the Companies Act, 1956 by the members of the Company at their annual general meeting held on June 19, 1995 and pursuant to the provisions of Section 186 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to give loan to any person or other body corporate and/or to acquire the securities of any other body corporate, by way of subscription, purchase or otherwise, up to an amount of Rs. 250 Crores (Rupees Two Hundred Fifty Crores only), notwithstanding that the aggregate of the investments made so far or to be made exceeds the limits / will exceed the limits laid down by the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take from time to time all decisions and steps necessary, expedient or proper, in respect of the above mentioned loans / investment(s) (collectively “transactions”) including the timing, the amount and other terms and conditions of such transactions and also to take all other decisions including varying any of them, through transfer or sale, divestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate, subject to the specified limits for effecting the aforesaid transaction.”

**NOTES:**

1. An explanatory statement, pursuant to Section 102 of the Companies Act, 2013, relating to the special business to be transacted at the annual general meeting forms part of this notice. Additional information, pursuant to the clause 49 of the listing agreement with the stock exchanges, in respect of the directors seeking appointments / re-appointments at the annual general meeting is furnished as annexure to this notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing proxy as per the format included in this annual report should be returned to registered office of the Company not less than 48 hours before the time of for holding the meeting. Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than 50 members and holding in the aggregate not more than 10% of the total share capital of the Company. Members holding more than 10% of the total share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other member.
3. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the board resolution authorising their representative to attend and vote in their behalf at the Meeting along with the Proxy Form.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members / proxies should bring the enclosed attendance slip duly filled in, for attending the meeting, along with the annual report. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.
6. The financial year of the Company was extended by a period of six months so as to end on March 31, 2015. Accordingly, the financial consists of a period of eighteen months from October 1, 2013 to March 31, 2015. In view of the same, the Company has obtained the approval of the Registrar of Companies, Maharashtra for extending the time for holding the annual general meeting on or before September 23, 2015.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, September 16, 2015 to Monday, September 21, 2015 (both days inclusive).
8. All the documents referred to in the accompanying notice and explanatory statement are open for inspection at the registered office of the Company on all working days of the Company between 11.00 a.m. and 1.00 p.m. upto the date of the meeting.
9. Members holding shares in physical form are requested to consider converting their holding in dematerialised form. The members are requested to contact the Registrar and Share Transfer Agent of the Company for assistance in this regard.
10. For all matters relating to the change in address, ECS mandates, bank details, nomination, power of attorney, etc., the members are requested to approach the Registrar and Shares Transfer Agent of the Company in case of shares held in physical form and to their respective Depository Participants in case of shares held in electronic form.
11. Members holding shares in physical form may obtain the Nomination Form from the Registrar and Share Transfer Agent of the Company and members holding shares in the electronic form may obtain the Nomination Form from their respective Depository Participants.
12. Pursuant to the provisions of Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies are permitted to serve annual report and other communication through electronic mode to those members who have registered their email address with either the Company or the Depository Participants. Members, who have not registered their email address so far, are requested to do so immediately, so that they can received the annual report and other communications from the Company electronically, by registering their email address with the Registrar and Share Transfer Agent of the Company in case shares are held in physical form and with their respective Depository Participants in case shares are held in electronic form. Members, who have registered their email address, are entitled to receive such communications in physical form upon request.
13. The Company has designated an exclusive e-mail id (prime@primesec.com) for redressal of investor complaints / grievances. In case you have any queries / complaints or grievances, then please write to us at email id (prime@primesec.com).
14. Members desirous of asking any questions at the annual general meeting, are requested to send in their questions so as to reach the Company at least 7 days before the annual general meeting so that the same can be suitably replied.
15. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the year ended 1994 has been transferred to the general revenue account of the Central Government. The members who have not yet encashed their

# PRIME SECURITIES LIMITED

dividend warrants for the said period are requested to forward their claim in Form No. II prescribed under the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, 1978 to Office of the Registrar of Companies, Central Government Office Building, A Wing, Second Floor, Next to Reserve Bank of India, CBD Belapur, Navi Mumbai 400614.

Pursuant to the introduction of Section 205C of the Companies Act, 1956, the amount of dividends for the subsequent years remaining unclaimed for a period of seven years from the dates they became due for payment is required to be transferred to the Investor Education & Protection Fund ("IEPF") set up by the Central Government. The members are requested to note that no claim of the members shall lie against the Company or IEPF in respect of any unclaimed dividend transferred to IEPF as above. Accordingly, the Company has transferred to the IEPF all unclaimed dividend upto Interim Dividend 2007-08.

Any member, who has not yet claimed dividend in respect of the following dividend declared by the Company, is requested to approach the Company or Registrar and Share Transfer Agent of the Company for claiming the same. The members are requested to note the following details of the unclaimed dividends that will be transferred to IEPF:

Dividend	Date of Declaration of Dividend	Unclaimed Dividend to be claimed by	Transfer to IEPF
Final Dividend 2007-08	September 30, 2008	October 2015	November 2015

16. The annual report of the Company circulated to the members of the Company, is available on the Company's website ([www.primesec.com](http://www.primesec.com)) and also on the website of the stock exchanges.

## 17. Voting Options

- a) Pursuant to the provisions of section 108 of Companies, Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and clause 35B of the listing agreement with the stock exchanges, the Company is pleased to provide to its members the facility to exercise their right to vote on resolutions proposed to be considered at the annual general meeting by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL). The members may cast their vote using an electronic voting system from a place other than the venue of the annual general meeting. ("remote e-voting").
- b) The Company shall make available at the annual general meeting, the facility for voting through e-voting system or ballot form or polling paper.

The process and manner for remote e-voting is as under:

### A) In case a member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company / Depository Participants(s)]:

- (i) Open e-mail and open PDF file viz; "Prime Securities Limited e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder – Login
- (iv) If you are already registered with NSDL for remote e-Voting, then you can use your existing user ID and password/PIN for casting your vote.
- (v) If you are logging in for the first time, please enter your user ID and password provided in the PDF file attached with the email as initial password. Click Login.
- (vi) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) Home page of remote e-voting opens. Click on remote e-Voting > Active e-Voting Cycles.
- (viii) Select "EVEN (102627)" of "Prime Securities Limited". Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [saurabhshah361@gmail.com](mailto:saurabhshah361@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**B) In case a Member receives physical copy of the notice of annual general meeting and attendance slip [for members whose e-mail IDs are not registered with the Company / Depository Participants(s) or requesting physical copy]:**

(i) Initial password is provided as the bottom of the Attendance Slip for the Annual General Meeting:

EVEN (102627)	USER ID	PASSWORD/PIN
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(ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast your vote.

**OTHER INSTRUCTIONS:**

- 1) In case of any queries, you may refer the frequently asked questions (FAQs) for members and e-voting user manual for members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- 2) You can also update your mobile number and email id in the user profile details of the folio, which may be used for sending future communications.
- 3) The remote e-voting period will commence at 9.00 a.m. on Friday, September 18, 2015 and will end at 5.00 p.m. on Sunday, September 20, 2015. During this period, members of the Company, holding shares either in physical form or in electronic form, as on the cut-off date, i.e. September 14, 2015, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- 4) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, i.e. September 14, 2015.
- 5) A person whose names appear in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. September 14, 2015, shall be entitled to avail the facility of remote e-Voting, voting through ballot form as well as voting at the annual general meeting. Through e-Voting or polling paper.
- 6) Any person who acquires shares of the Company and becomes members of the Company after dispatch of this notice of annual general meeting and holding shares as on the cut-off date, i.e. September 14, 2015, may obtain the login ID and password by sending an email to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user Id and password for casting your vote. If you forget your password, you can reset your password by using “forget user details / password” option available on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- 7) Mr. Pramod S. Shah of M/s. Pramod S. Shah & Associates, Practising Company Secretaries (Membership No. FCS 3804), has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- 8) At the annual general meeting, at the end of the discussion of the resolutions on which voting is to be held, the Chairman shall with the assistance of the scrutiniser order voting for all those members who are present but have not cast their vote electronically using the remote e-voting facility.
- 9) The Scrutinizer shall, immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the annual general meeting and thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall not later than 48 hours of conclusion of the annual general meeting, submit a consolidated scrutiniser’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.
- 10) The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.
- 11) The results declared along with the report of the scrutiniser shall be placed on the website of the Company ([www.primesec.com](http://www.primesec.com)) and on the website of NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) immediately after the result declared Chairman or a person authorized by him in writing and the same shall be communicated to the stock exchanges where shares of the Company are listed.

**By Order of the Board of Directors**

**Registered Office:**

1109/1110, Maker Chamber V,  
Nariman Point, Mumbai 400021  
CIN: L67120MH1982PLC026724  
August 14, 2015

**Ajay Shah**  
**Vice President - Legal**  
**& Company Secretary**

# ***PRIME SECURITIES LIMITED***

## **EXPLANATORY STATEMENT PURSUANT SECTION 102 OF THE COMPANIES ACT, 2013**

The following explanatory statement sets out all the material facts relating to the special business mentioned at item nos. 4 to 9 of the accompanying notice.

### **Item nos. 4 to 6**

Pursuant to the provisions of section 149, 152 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time and clause 49 of the listing agreement with the stock exchanges, every Company is required to have at least one-third of the total number of director as independent directors, who shall not be liable to retire by rotation and also they can hold office for two fixed terms, each of which not exceeding 5 years.

The Company has three independent directors, viz. Mr. Pradip Dubhashi, Mr. Anil Chandrakant Dharker and Mr. S. R. Sharma. In compliance with the provisions of the Companies Act, 2013, the board of directors recommended the appointment of independent directors for a term of five years from March 1, 2015 to February 28, 2020. Mr. Pradip Dubhashi, Mr. Anil Chandrakant Dharker and Mr. S. R. Sharma, have given a declaration to the board that they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

In the opinion of the board of directors, Mr. Pradip Dubhashi, Mr. Anil Chandrakant Dharker and Mr. S. R. Sharma fulfill the conditions specified in the Companies Act, 2013 and the rules made thereunder for their appointment as independent directors of the Company.

In compliance with the provisions of section 149 of the Companies Act, 2013 read with schedule IV to the Companies Act, 2013, the appointment of these directors as independent directors is now being placed before the members for their approval. Copy of the draft letter of appointment for independent directors setting out the terms and conditions of their appointment shall be open for inspection the members at the registered office of the Company during normal business hours on any working day (i.e. excluding Saturdays and Sundays).

None of the directors, except the proposed appointees concerning their respective appointment or any key managerial personnel of the Company or relatives of any of them are, in any way, concerned or interested in these resolutions. None of these directors are related to any of the directors of the Company. The board of directors considers that their continued association would be of immense benefit to the Company and it is hence desirable to continue to avail services of Mr. Pradip Dubhashi, Mr. Anil Chandrakant Dharker and Mr. S. R. Sharma as independent directors. Accordingly, the board recommends these resolutions in relation to appointment of all of them as independent directors, for the approval of the members of the Company.

The details under clause 49 of the listing agreements with the stock exchanges in respect of directors proposed to be appointed / re-appointed at the general meeting, is contained in the respective explanatory statement.

### **Item no. 7**

The board of directors of the Company, at their meeting held on March 27, 2015, appointed Ms. Alpana Parida as an additional director, for a term of five consecutive years, with effect from March 27, 2015 to March 26, 2020. Pursuant to the provisions of section 161 of the Companies Act, 2013, Ms. Alpana Parida holds office up to the date of this annual general meeting and is eligible to be appointed a director of the Company. The Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing her candidature of for the office of director.

The Company has received from Ms. Alpana Parida (i) consent in writing to act as a director in form DIR-2 pursuant to rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under section 164(2) of Companies Act, 2013 (iii) a declaration to the effect that he meets the criteria of independence as provided in section 149(6) of Companies Act, 2013.

The resolution seeks the approval of the members in terms of section 149 and other applicable provisions of the Companies Act, 2013, read with schedule IV of the Companies Act, 2013 and the rules made thereunder, for appointment of Ms. Alpana Parida as an independent director of the Company for a term of five consecutive years, with effect from March 27, 2015 to March 26, 2020. Ms. Alpana Parida is not liable to retire by rotation.

In the opinion of the board of directors, Ms. Alpana Parida fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for her appointment as an independent director of the Company.

In compliance with the provisions of section 149 of the Companies Act, 2013 read with schedule IV to the Companies Act, 2013, the appointment of Ms. Alpana Parida as independent director is now being placed before the members for their approval. Copy of the draft letter of appointment of Ms. Alpana Parida as independent director setting out the terms and conditions of her



appointment shall be open for inspection the members at the registered office of the Company during normal business hours on any working day (i.e. excluding Saturdays and Sundays).

None of the directors, except Ms. Alpana Parida or any key managerial personnel of the Company or relatives of any of them are, in any way, concerned or interested in this resolution. Ms. Alpana Parida is not related to any of the director of the Company. The board of directors considers that her continued association would be of immense benefit to the Company and it is hence desirable to continue to avail services of Ms. Alpana Parida as independent director. Accordingly, the board recommends this resolution in relation to appointment of her as independent directors, for the approval of the members of the Company.

#### **Item No. 8**

Pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, the members of the Company had approved, at their extraordinary general meeting held on February 10, 1994, an ordinary resolution for granting authority to the board for borrowing monies on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of Rs. 250 Crores at any point of time. Pursuant to the provisions of section 180 of the Companies Act, 2013, the above powers of the board are required to be exercised only with the consent of the members of the Company obtained by way of a special resolution passed at the meeting of the members. Further, the Ministry of Corporate Affairs ("MCA") has vide its general circular no. 4/2014 dated March 25, 2014 clarified that the ordinary resolution passed under section 293(1)(d) of the Companies Act, 1956 would be sufficient compliance of section 180 of the Companies Act, 2013 until September 11, 2014.

In view of the above, the board of directors proposes to obtain the approval of the members by means of a special resolution, to enable the board of directors to borrow money in excess of the aggregate of the paid-up share capital and free reserves of the Company, apart from temporary loans obtained from the bankers in the ordinary course of business.

The board of directors recommends this resolution for approval by the members of the Company by a special resolution.

None of the directors or any key managerial personnel of the Company or relatives of any of them are, in any way, concerned or interested in this resolution.

#### **Item No. 9**

Pursuant to the provisions of section 372A of the Companies Act, 1956, the members of the Company had approved, at their annual general meeting held on June 19, 1995, a special resolution granting authority to the board of directors to acquire, by way of subscription, purchase or otherwise the securities of any other body corporate, exceeding sixty per cent of the paid-up capital and free reserves, or one hundred per cent of free reserves of the Company, whichever is more. Pursuant to the provisions of section 186 of the Companies Act, 2013 read with the rules made there under, as amended from time to time, no Company shall directly or indirectly acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding 60% of its paid-up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more, without obtaining the approval of the consent of the members by a special resolution.

In view of the above, the board of directors proposes to obtain the approval of the members by means of a special resolution, to enable the board of directors to acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding 60% of its paid-up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more.

The board of directors recommends this resolution for approval by the members of the Company by a special resolution.

None of the directors or any key managerial personnel of the Company or relatives of any of them are, in any way, concerned or interested in this resolution.

**By Order of the Board of Directors**

#### **Registered Office:**

1109/1110, Maker Chamber V,  
Nariman Point, Mumbai 400021  
CIN: L67120MH1982PLC026724  
August 14, 2015

**Ajay Shah**  
**Vice President - Legal**  
**& Company Secretary**

# PRIME SECURITIES LIMITED

Annexure to the Notice Details of the directors seeking appointment / re-appointment at the annual general meeting (pursuant to the provisions of clause 49 of the listing agreement with the stock exchanges)					
<b>Name of Director</b>	<b>Mr. Pradip Dubhashi</b>	<b>Mr. Anil Dharker</b>	<b>Mr. S. R. Sharma</b>	<b>Ms. Alpana Parida</b>	<b>Mr. N. Jayakumar</b>
<b>Date of Birth</b>	August 25, 1948 January 29, 2004	August 15, 1946 May 28, 2011	August 7, 1959 January 25, 2011	January 22, 1963 March 27, 2015	December 31, 1960 February 12, 2011
<b>Expertise in Specific Functional Area</b>	He has experience of two decades in capital project planning and investment analysis, materials management and PPC, corporate planning and general management in a reputed industrial group in India. At present, he is a consultant and advisor in the areas of strategy, business planning, competitive intelligence, investment analysis and finance. He runs his own Strategy Consulting firm and is also on the board of few Indian companies as an Independent Director	He holds degrees in Mathematics and Engineering from London University that led to a position on the academic staff of the University of Glasgow and as a consultant in a Mumbai architectural firm. He has been editor of the some of India's best known publications, such as The Illustrated Weekly of India, The Independent and Midday. He has been a columnist for many of India's leading newspapers such as The Times of India, The Economic Times, The Hindu and DNA. He has also been a columnist for Gulf News and Khaleej Times. He has also written for The Independent (London), The Scotsman (Edinburgh), The Glasgow Herald, Foreign Policy and other publications. He has been head of the National Film Development Corporation and has held prominent positions in leading television channels. He is the author of six books.	He is a qualified professional graduated from IIT Delhi as a Chemical Engineer and received his post graduate diploma in management. He has a wide and varied experience across multiple sectors including industrial and speciality chemicals, FMCG and financial services. He was based in Japan for 9 years where he worked for Shinsei Bank, a leading Japanese bank which has set new benchmarks for consumer banking. He has specialized in the transformation of business processes both customer facing and post transaction operations by leveraging the use of IT.	She has more than two decades of extensive experience in retail and marketing communications in the US and in India. Currently she is the President of DY Works, India's oldest and largest branding firm headquartered in Mumbai with offices in Delhi and Singapore. Prior to that she was Head of Marketing with Tanishq, a prominent jewellery brand of India. She conducts branding workshops for large corporate houses.	Mr. N. Jayakumar is associated with the Company since 1992 and he was designated as a President of the Company since 2002. He a qualified professional with expertise in Corporate Finance and Investment Management and has vast experience in advising in areas of financial restructuring, evaluation of business plans / joint venture proposals / acquisitions, fund raising and strategic alliances. He is with the Company for more than 23 years handling corporate relationships. Before joining the Company, he had 7 years experience in Citibank, N. A. as Vice President, Head - Merchant Banking Group & Corporate Finance, India
<b>Qualifications</b>	B. E., P.G.D.B.M. (XLRI)	B.Sc. (Maths), B.Sc. (Eng) (London), Salzburg Fellow	B. Tech. (Chemical Engineering), IIT-Delhi, PGDM, IIM-Ahmedabad	Degree in Economics from St. Stephens, Delhi University, PGDM (MBA), IIM Ahmedabad (1983-1985)	B. Tech. (Mechanical Engineering), I.I.T. Delhi (1978-1983), PGDM (MBA), IIM Ahmedabad (1983-1985)
<b>Directorship held in other Companies</b>	Onward Technologies Limited Onward eServices Limited Rooop Automotives Limited Microline (India) Private Limited Divgi Metalwaves Private Limited	Riteverses Solutions Private Limited	MaxiGreen Designs-Solutions Private Limited Asia Bio Energy (India) Limited Primary Cuisine Private Limited Prime Capital Advisors Limited	Cosmo Films Limited SH Kelkar and Company Limited	Prime Broking Company (India) Limited Primesec Investments Limited Prime Research & Advisory Limited Prime Commodities Broking (India) Limited Judith Investments Private Limited Gateway Entertainment Limited
<b>Membership / Chairmanship of Committees of the Board of other Companies in which he is a Director</b>	Chairman of Audit Committee of Onward Technologies Limited and Onward eServices Limited Member of Nomination and Remuneration Committee of Onward Technologies Limited and Onward eServices Limited Member of Stakeholders Relationship Committee of Onward Technologies Limited	None	None	None	Chairman of Audit Committee of Prime Broking Company (India) Limited

## DIRECTORS' REPORT

Your Directors are pleased to present their 32<sup>nd</sup> Report on the business operations along with the Audited Financial Statements of your Company for the Financial Year ended March 31, 2015.

### FINANCIAL HIGHLIGHTS (STANDALONE)

(Rs. in lacs)

	Period ended March 31, 2015 (18 months)	Period ended September 30, 2013 (18 months)
Total Revenues	(45.86)	(1,303.32)
Total Expenses	445.67	3,846.31
<b>Profit / (Loss) before Tax</b>	<b>(491.53)</b>	<b>(5,149.63)</b>
Tax Expenses	Nil	Nil
<b>Profit / (Loss) after Tax</b>	<b>(491.53)</b>	<b>(5,149.63)</b>
Profit / (Loss) Brought Forward from Previous Year	<b>(3,705.59)</b>	1,444.04
<b>Balance Carried to Balance Sheet</b>	<b>(4,197.12)</b>	<b>(3,705.59)</b>

### CHANGE IN FINANCIAL YEAR

The Company has obtained an approval of the Registrar of Companies, Maharashtra, under section 2 (41) of the Companies Act, 2013, vide their order dated November 17, 2014, to extend the Financial Year of the Company by a period of six months so as to end on March 31, 2015. Accordingly, the financial statements for the current period are for eighteen months.

### BUSINESS REVIEW & PROSPECTS

The period under review saw new political dispensation at the centre and that, together with determined leadership at the Reserve Bank of India, saw renewed initiatives to deal with the NPAs in the banking sector through stricter controls and recapitalization. The new leadership at the Ministry of Finance also initiated measures to bring investors back to the capital market. Nonetheless, this period was tumultuous for the corporate sector with slowing growth and squeeze on liquidity due to banking sector problems inherited from the past. Fears of withdrawal of global liquidity through roll back of quantitative easing by western central banks helped create a feeling of uncertainty in the minds of domestic corporate leadership.

Your company was also affected by these factors playing out in the economy and the larger corporate finance area, as plans to raise long term capital through the Private Equity route were largely kept on the back burner. However, there was also an opportunity for your company's advisory team in handling stressed assets and consequent sell down of distressed portfolios. There has been some turn around in corporate plans and as a consequence, your company sees significant rise in deal flow in the recent quarters. However, successful closure may take some time.

As a consequence of this unwarranted action by the NSE, Prime Broking has filed a suit for damages in the Bombay High Court, along with the Appeal in the Hon'ble Supreme Court (in which SEBI, too, has been made one of the respondents).

The corporate finance and advisory business has seen improvement in activities in this period, especially in the advisory part of handling of stressed assets and sell down of distressed portfolios. While there are numerous deals in the pipeline, closures of such deals could take time.

Pursuant to clause 49 of the listing agreements with the stock exchanges, management discussion and analysis report giving a detailed account of the state of affairs of the Company is given as an annexure to this report.

### DIVIDEND

The board of directors has not recommended any dividend on equity shares for the year under review.

### DIRECTORS

In accordance with the provisions of section 161 of the Companies Act, 2013 read with the rules made thereunder, as amended from time to time, and article 94 of the articles of association, Ms. Alpana Parida was appointed as an additional director of the Company, for a term of five years with effect from March 27, 2015 to March 26, 2020, not liable to retire by rotation.

Pursuant to the provisions of section 149 the Companies Act, 2013 read with the rules made thereunder, as amended from time to time, and clause 49 of the listing agreement with the stock exchanges, Mr. Pradip Dubhashi, Mr. Anil Dharker and Mr. S. R. Sharma, existing independent directors, were appointed independent directors of the Company, for a fresh term of five years w.e.f. March 27, 2015 to March 26, 2020 and shall not be liable to retire by rotation.

Mr. N. Jayakumar, Managing Director, retires by rotation and being eligible, offers himself for re-appointment.

Appropriate resolution for appointment / re-appointment is being placed before you for your approval at the ensuing annual general meeting. The information on the particulars of director seeking appointment / re-appointment, as required under clause

# ***PRIME SECURITIES LIMITED***

49 of the listing agreement, has been given as an annexure to the notice of annual general meeting in this annual report.

The Company has received declaration form all the independent directors of the Company confirming that they meet the criteria of independence as prescribed under section 149 (6) of the Companies Act, 2013 and clause 49 of the listing agreement.

## **NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR**

During the year under review, seven board meetings were conducted.

## **BOARD EVALUATION**

Annual performance evaluation of board of directors, its committees and all the directors individually have been done in accordance with the performance evaluation framework adopted by the Company. The performance evaluation framework sets out the performance parameters as well as the process of the performance evaluation. Pursuant to the provisions of the Companies Act, 2013, a separate meeting of independent directors was held during the year to review the performance of (i) non-independent directors and the board of directors as a whole (ii) board committees (iii) the chairperson of the Company, taking into account the views of executive directors and non-executive directors (iv) assess the quality, quantity and timeliness of flow of information between the management and the board of directors that is necessary for the board of directors to effectively and reasonably perform its duties.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have selected such accounting policies in consultation with the statutory auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2015 and of the profit / (loss) of the Company for the year ended on that date;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.

## **CONSOLIDATED FINANCIAL STATEMENT**

The audited consolidated financial statement has been prepared by your Company in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the accounting standards notified under section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014) and the relevant provisions of the Companies Act, 1956 or the Companies Act, 2013, as applicable and shows the financial information of the Company and its subsidiaries as a single entity, after elimination of minority interest, if any. As required under provisions of the Companies Act, 1956 or the Companies Act, 2013, as applicable and the listing agreement, the audited consolidated financial statement of the Company and all its subsidiaries together with auditor's report thereon forms part of this annual report.

During the period, the consolidated revenues were Rs. (248.29) lacs as compared to Rs. (3,563.81) lacs in the previous period, which comprises merchant banking and advisory fees of Rs. 269.14 lacs, gain / (loss) on sale of investments, derivatives and other transactions of Rs. (1,263.51) lacs, Amounts written-back / provisions made and earlier no longer required / written-back of Rs. 677.42 lacs and income from dividend, interest & other income of Rs. 68.66 lacs. Extraordinary items of Rs. 591.92 lacs represent income from sale of PMS business of a subsidiary Company. The consolidated net loss after tax & extraordinary items for the period under review was Rs. 1,521.41 lacs as compared to Rs. 8,670.24 lacs in the previous period.

## **SUBSIDIARY COMPANIES / JOINT VENTURES**

A statement containing the salient features of the audited financial statement of the subsidiaries for the year ended March 31, 2015 has been given as an annexure to the consolidated financial statements of the Company and forms part of this annual report.

The policy for determining material subsidiaries has been placed on the website of the Company ([www.primesec.com](http://www.primesec.com)). Separate audited financial statements of each of the subsidiaries are available on the website of the Company ([www.primesec.com](http://www.primesec.com)) and will also be kept open for inspection by any shareholder of the Company at the registered office of the Company and the same will also be made available to the shareholders seeking such information at any point of time.

The summary of the performance of the subsidiaries is given below:

### Prime Broking Company (India) Limited

Prime Broking Company (India) Limited ("PBCIL"), a wholly owned subsidiary of your Company, was at the receiving end of a series of moves by the National Stock Exchange of India Limited ("NSE") in the previous year, where changes in collateral rules were implemented on an arbitrary, retrospective basis by the NSE (to begin with) and subsequently, the unwillingness to sell collateral held by them resulted in a sharp decline in the value of the collateral pledged by PBCIL (on behalf of its clients) to

the NSE – the latter declared PBCIL a defaulter and expelled PBCIL as a member of the exchange, an action followed by the Bombay Stock Exchange Limited (“BSE”) in terms of the cross default clause of SEBI.

The above actions of the exchanges had been challenged by PBCIL in the Securities Appellate Tribunal (“SAT”), which was dismissed by SAT in the month of June/July 2015. PBCIL has preferred an appeal in the Hon’ble Supreme Court against the order of SAT dismissing the appeals. As a consequence of this unwarranted action by the NSE, PBCIL has also filed a suit for damages in the Hon’ble High Court, which is pending hearing.

The National Securities Clearing Corporation Limited (“NSCCL”), a subsidiary Company of NSE, has subsequently filed a petition in the Hon’ble Bombay High Court for winding up of PBCIL, which has been challenged by the Company.

In view of the above eventualities, during the year, PBCIL has not been able to carry on any activities. Since the matter is sub-judice, it suffices to say that the company is taking all possible steps to arrive at a solution, while looking at other options to compensate for the loss in revenues. Further, to protect the interest of the portfolio management services (“PMS”) clients, PBCIL sold its PMS business during the year to Religare Portfolio Managers & Advisor Private Limited and transferred all extant clients with the business.

During the year, total revenues of PBCIL were Rs. (8.48) lacs as compared to Rs. 2,056.70 lacs in the previous year, which comprises of gain / (loss) on sale of investments of Rs. (12.03) lacs and income from securities, dividend & other income of Rs. 3.55 lacs. Extraordinary items of Rs. 591.92 lacs represent income from sale of PMS business. The net loss after tax & extraordinary items for the period under review was Rs. 591.38 lacs as compared to net loss after tax and extraordinary items of Rs. 371.97 lacs in the previous period.

#### Primesec Investments Limited

Primesec Investments Limited (“PIL”) was incorporated in November 2007 to carry on investment activities. During the period under review, PIL earned revenues of Rs. (250.71) lacs as compared to Rs. (3,975.90) lacs in the previous period. This includes gain / (loss) on sale of investments and interest & dividend income. During the period, PIL incurred net loss after tax of Rs. 489.66 lacs vis-à-vis a net loss after tax of Rs. 4,479.09 lacs in the previous period.

#### Prime Research & Advisory Limited

Prime Research & Advisory Limited (“PRAL”) has during the period under review earned revenues of Rs. Nil as compared to Rs. (341.83) lacs in the previous period. PRAL did not undertake any activities during the period under review. During the period, PRAL incurred net loss after tax of Rs. 3.31 lacs vis-à-vis a net loss after tax of Rs. 371.66 lacs in the previous period.

#### Prime Commodities Broking (India) Limited

Prime Commodities Broking (India) Limited (“PCBIL”) was incorporated in 2006 to carry on broking and other related activities in the commodities markets. PCBIL did not undertake any activities during the period under review. During the period under review, PCBIL earned revenues of Rs. 41.65 lacs as compared to Rs. 0.53 lacs in the previous period. During the period, PCBIL earned a net profit after tax of Rs. 3.84 lacs vis-à-vis a net profit after tax of Rs. 0.03 lacs in the previous period.

The Company has not entered into any Joint Ventures.

### **CORPORATE GOVERNANCE AND CODE OF CONDUCT**

Pursuant to clause 49 of the listing agreements with the stock exchanges, report on corporate governance and a certificate from the statutory auditors, confirming compliance by the Company of the conditions of corporate governance as provided in clause 49 of the listing agreement, are given as an annexure to this report and form part of this annual report.

Pursuant to the provisions of clause 49(II)(E) of the listing agreement, your Company has also laid down a code of conduct for its board members and senior management personnel. All the directors and the senior management personnel have affirmed compliance with the said code of conduct. A declaration by the managing director regarding compliance by board members and senior management personnel with the code of conduct for the period ended March 31, 2015 is annexed to this report.

### **RELATED PARTY CONTRACTS & ARRANGEMENTS**

In accordance with the provisions of the Companies Act, 2013 and the listing agreement with the stock exchanges, the Company has formulated a policy on related party transactions and a copy of the same is available on the website of the Company ([www.primesec.com](http://www.primesec.com)). The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions with related parties and also deals with material related party transactions.

All related party transactions are placed before the audit committee for necessary review and approval. Prior omnibus approval of the audit committee is obtained for transactions with related parties, which are repetitive in nature and/or are entered into in the ordinary course of business and are on an arm’s length basis.

All transactions entered into by the Company with related parties during the financial year were in ordinary course of business and are on an arm’s length basis. Disclosure pursuant to accounting standards on related party transaction has been made in the notes to the audited financial statement. No material related party transaction were entered into during the year by the Company and accordingly, the disclosure of contracts or arrangements with related parties in accordance with the provisions of section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

# ***PRIME SECURITIES LIMITED***

## **VIGIL MECHANISM**

The Company has established a vigil mechanism (whistle blower policy) for directors and employees to report genuine concerns, which provides for adequate safeguards against victimization of persons who avail of such a mechanism. A copy of the whistle blower policy is available on the website of the Company ([www.primesec.com](http://www.primesec.com)).

## **EMPLOYEE STOCK OPTION SCHEMES**

The Company presently has three employee stock option schemes viz. Employee Stock Option Scheme 2007 (ESOS 2007), Employee Stock Option Scheme 2008 (ESOS 2008) and Employee Stock Option Scheme 2009 (ESOS 2009). The compensation committee of the board of directors has granted, to eligible employees / directors of the Company and subsidiary companies 999,000, 1,197,750 and 1,485,000 options pursuant to ESOS 2007, ESOS 2008 and ESOS 2009 respectively.

The disclosures in accordance with the provisions of the Section 62(1)(b) of Companies Act, 2013 read with the Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 (as amended from time to time), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out as an annexure to this report. The shares arising out of exercise of employee stock options are allotted in the name of the respective employees and accordingly, the provisions relating to disclosure of voting rights not exercised directly by the employees are not applicable.

## **AUDITORS AND AUDITORS' REPORT**

M/s. Gandhi & Associates, Chartered Accountants, retire as statutory auditors at the ensuing annual general meeting and being eligible, offer themselves for re-appointment. The board of directors of the Company, based on the recommendation of audit committee, recommends the appointment of M/s. Gandhi & Associates, Chartered Accountants (Firm Registration No: 102965W) as statutory auditors of the Company, for a term of four years, commencing from the financial year 2015-16, subject to ratification by members at every annual general meeting. A certificate from them has been received, to the effect that their appointment as statutory auditors of the Company, if made, would be in accordance with the applicable provisions of section 139 and 141 of the Companies Act, 2013 and rules framed thereunder, as amended from time to time.

Report given by the auditors on the audited financial statements of the Company is part of the annual report. Observations made in the auditors' report are self-explanatory and therefore, do not call for any further explanation.

## **MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

## **EMPLOYEES**

The particulars of employees required to be furnished under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, as per the provisions of section 219(1) (b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees. Any member interested in obtaining a copy may write to the Company at the registered office of the Company.

## **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Since the Company is not engaged in any manufacturing activity, the disclosures as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 pertaining to conservation of energy, etc. are not applicable.

During the period, there were no earnings and expenditure in foreign exchange.

## **LISTING & LISTING FEES**

The equity shares of the Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited and the listing fees for the year 2015-16 have been duly paid.

## **ACKNOWLEDGEMENTS**

The board of directors wishes to place on record its sincere appreciation of the efforts put in by the Company's employees in this difficult environment. The board of directors also wishes to thank the Company's members, bankers and all other business associates for their unstinted support during the period.

**For and on behalf of the Board of Directors**

Mumbai  
August 14, 2015

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999**

Particulars		ESOS 2007	ESOS 2008	ESOS 2009
a)	Options granted	999,000	1,197,750	1,485,000
b)	Pricing formula	Rs 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs 15/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)
c)	Options vested	999,000	1,197,750	1,485,000
d)	Options exercised	Nil	148,100	Nil
e)	The total number of shares arising as a result of exercise of option	Nil	148,100	Nil
f)	Options lapsed	772,700	829,150	1,089,600
g)	Variation of terms of options	Nil	Nil	Nil
h)	Money raised by exercise of options	Nil	Rs. 2,221,500/-	Nil
i)	Total number of options in force	226,300	220,500	395,400
j)	Employee wise details of options granted			
	i) Senior managerial personnel	Total 120,000 options granted to 1 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)	Total 93,300 options granted to 1 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)	Total 150,000 options granted to 1 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of the option granted during that year	Nil	Nil	Nil
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Nil	Nil
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard AS20 Earnings Per Share	Rs. (1.86) per share of face value of Rs. 5/- each	Rs. (1.86) per share of face value of Rs. 5/- each	Rs. (1.86) per share of face value of Rs. 5/- each
l)	i) Method of calculation of employee compensation cost	Intrinsic value method	Intrinsic value method	Intrinsic value method
	ii) Difference between the employee compensation cost so computed at (i) above and cost that shall have been recognized if it had used the fair value of the options	Nil	Nil	Nil
	iii) The impact of this difference on profits and on EPS of the Company	The net profit would have been lower by Nil and basic & diluted EPS would have been lower by Nil	The net profit would have been lower by Nil and basic & diluted EPS would have been lower by Nil	The net profit would have been lower by Nil and basic & diluted EPS would have been lower by Nil
m)	Weighted average exercise price and weighted average fair value	Weighted average exercise price – Rs. 38/- Weighted average fair value – Rs. 38/-	Weighted average exercise price – Rs. 15/- Weighted average fair value – Rs. 15/-	Weighted average exercise price – Rs. 38/- Weighted average fair value – Rs. 38/-
n)	Fair value of options based on Black Scholes methodology - assumptions			
	Risk free rate	8.00%	8.00%	8.00%
	Expected life of options	3 years	3 years	3 years
	Expected volatility	(0.19)%	(0.19)%	(0.19)%
	Expected dividends	-	-	-
	Closing market price of share on date of option grant	Rs. 196.40	Rs. 13.60	Rs. 38.75

## MANAGEMENT DISCUSSION & ANALYSIS

### A. Industry Structure & Developments

The period under review (October 2013 to March 2015) has been an extremely eventful period, with a new government and a resurgent RBI (under the stewardship of an iconic governor) leading a memorable effort to clean up banks and attract investors back to the Capital Markets. It was period when interest rates were kept elevated as inflation threatened to derail the fledgling recovery in the economy.

Central Banks across the world had been bracing themselves for the eventual tapering in the Quantitative Easing (QE) program of the Federal Reserve (Fed), an event expected to result in a huge withdrawal of easy money, as bond buying by the Fed would get progressively reduced. Despite the Fed's desire to end QE, other Central Banks, notably those in the European Zone, Japan and China, have been forced to maintain an accommodative stance, given the challenges facing their respective domestic economies. The impact of changes in monetary stance, on financial markets, especially the Emerging Markets, is expected to be quite substantial, as these markets have been at the receiving end of liquidity flows for the past several years.

Domestically, a number of retail and corporate brokers have shut shop, because costs to maintain a full infrastructure, in the face of declining brokerage rates, have been prohibitive. Those in business have been witnessing a climb back in volumes. Investors though, have been making a determined bid to re enter the equity markets, through mutual funds, which have witnessed their highest inflows ever. The Real Estate space and the bullion markets have experienced very high levels of apathy, borne out by sluggishness in volumes and prices. The rotation of interest into equity markets could be the first sign of activity pick up in our Corporate Finance business.

The banking system has been massively affected by the slowing economy, as NPAs have zoomed and the RBI has imposed extremely stringent norms for both, the recognition of non performing accounts in their books and for the handling of such borrowers. The resultant paralysis has meant that the banking system is staring at estimated Rs. 7-9 Lakh Crores as potential debt restructuring candidates. A sustainable rally in the equity markets needs a robust PSU banking network, which requires a recapitalization of an estimated Rs 3 Lakh Crores, at the very least, over the next three to four years.

The new government has made substantial progress on addressing the unlocking of stuck, incomplete projects in the Infrastructure space. Capital formation in the economy had taken a beating, given the structural issues plaguing the country, including the political ambivalence on progressive policy making. One of the foremost areas crying out for attention has been the restructuring of large corporate debt / accounts.

The coming years will see significant activity in the restructuring of corporate balance sheets. This is where banks and institutions will need to take write-downs and corporates make sacrifices in terms of promoter holdings. This is where we see a huge opportunity emerging and finally, a space where the returns and effort equation will have some parity. Further, select mid-caps will be able to attract private equity investors, who typically may emerge as counter-trend investors, looking for bargains in a distress situation.

### B. Opportunities & Threats

In the context of a rallying equity market, the corporate advisory services segment is likely to see new opportunities. New services, like advising on the handling of stressed assets and sell down of distressed portfolios, are likely to see robust growth in coming years.

The revival in mid-cap stocks, clearly noticed towards the end of the period under review, is a harbinger of good tidings, especially for fund-raising and M&A activity, as this segment has been our focus since inception. We see enhanced revenue potential in the coming years.

Risk Management has become a major issue for institutions and organizations, as the underlying risks in the economy and sectors within, have risen quite dramatically in the last few years. It is now commonplace to see a vibrant company and one that is on the brink of default, both survive and subsist in the same industry. These are new, uncharted waters which both, lenders and investors, are coming to terms with.

### C. Segment-wise or Product-wise Performance

The Company operates only in the advisory business. Its subsidiary has been in the business of brokerage for institutional and high net worth clients, an activity which has now been shut down.



#### **D. Outlook**

The company will strive to consummate several deals in the areas of Private Equity and Corporate Finance in the coming months. As the focus of the international investor moves towards the mid-cap segment, our utility as an intermediary is expected to increase.

As banks look to sell down their stressed assets and companies look to restructure their balance sheets, intermediaries, like your company, will play a major role. We believe that the rewards of a successfully handled mandate would be more than commensurate with the efforts required to handle them.

#### **E. Risks & Concerns**

As a conscious strategy, the Company had decided to shut down its trading in the secondary markets. The existing portfolio would be exited at various opportune times, by attempting to optimize on the gains in the portfolio. The company would therefore, going forward, focus on a business model that does not put any capital at risk.

The various corporate advisory services will be beefed up, both in terms of people and the quality of services being offered. Given the lay-offs in the industry, the company believes that sourcing good quality talent, at affordable compensation, will be feasible and key to the execution of the plan laid out.

#### **F. Internal Control Systems & Their Adequacy**

Your Company's Internal Control System and procedures were consciously reviewed during the year and systems and procedures were corrected wherever found to be inadequate to the Company's size, the nature of its business and the endemic business environment. The internal control systems lay down the policies, authorization and approval procedures. The adequacy of the internal control systems has been reported by the auditors under the Companies (Auditor's Report) Order, 2003.

#### **G. Discussion on Financial Performance**

The total revenues of the Company were (Rs. 45.86) lacs for the financial year under review as against previous year Rs. (1,303.32) lacs. The loss after tax was at Rs. 491.53 lacs as against loss after tax of Rs. 5,149.63 lacs. The company and its subsidiary performance has been greatly affected as a result of the actions of the NSE in shutting down the broking business, as also the resultant legal processes that have been taken up since. In future, while the legal process is pursued vigorously, the business and revenues of the company will only stem from the advisory and capital markets intermediation activities.

#### **H. Material Development in Human Resources / Industrial Relations Front, Including Number of People Employed**

Our subsidiary, Prime Broking Ltd., has substantially reduced head-count, because of the termination of the Broking business. Further, the Portfolio Management Business of Prime Broking Ltd has been transferred to Religare, resulting in the shifting out of about ten people. The company's advisory business has not seen any major addition of personnel, but will see measured augmentation in the years ahead.

#### **CAUTIONARY STATEMENT**

Statements in this Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic developments in the country and improvement in the state of capital markets, changes in the Government regulations, tax laws and other status and other incidental factors.

# PRIME SECURITIES LIMITED

## REPORT ON CORPORATE GOVERNANCE

### MANDATORY REQUIREMENTS

#### 1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is aimed at ensuring that the objectives of the Company are well defined along with timely measurement and monitoring of the performance against those objectives. It envisages attainment of a high level of transparency & accountability in the functioning of the Company and helps the management in the efficient conduct of the Company's affairs and in protecting the interest of various participants like shareholders, employees, lenders, clients, etc and at the same time places due emphasis on compliance of various statutory laws.

#### 2. Board of Directors

##### (a) Composition

The Board of Directors of the Company comprises of an optimum combination of Executive and Non-Executive Directors in compliance of the requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

As of the year ended March 31, 2015, the Board of Directors had Five Directors, comprising of Four Non-Executive & Independent Directors and One Executive Director. The Chairman of the Board is a Non-Executive and Independent Director.

##### (b) Attendance of each Director at the Board Meetings and the last Annual General Meeting

During the year under review, 7 Board Meetings were held. The attendance of each of the Directors at the said Board Meetings is given below:

Name of Director	Category of Directorship	No of Meetings attended	% of total Meetings attended during the year
Ms. Aplana Parida #	Independent, Non-Executive	1	100%
Mr. Anil Dharker	Independent, Non-Executive	5	71%
Mr. N. Jayakumar	Managing Director	7	100%
Mr. Pradip Dubhashi	Independent, Non-Executive	7	100%
Mr. S. R. Sharma	Independent, Non-Executive	7	100%

# Appointed w.e.f. March 27, 2015

All Directors of the Company, who were on the Board as on the date of the last Annual General Meeting held on March 24, 2014, attended the Annual General Meeting. None of the Director is related to each other.

##### (c) Number of other Boards or Board Committees in which the Director is a Director / Member / Chairman:

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all the companies in which he is a Director. All the Directors have furnished the necessary disclosure regarding their Directorship and Committee Membership.

Name of Director	Number of other Companies in which Directorship is held (*)	No of Committees in which Memberships is held (**)	Number of Chairmanship(s) in other Board Committees
Ms. Aplana Parida #	2	Nil	Nil
Mr. Anil Dharker	Nil	Nil	Nil
Mr. N. Jayakumar	5	1	1
Mr. Pradip Dubhashi	3	3	2
Mr. S. R. Sharma	2	Nil	Nil

# Appointed w.e.f. March 27, 2015

\* Excludes alternate directorships, directorships in private/foreign companies and interest in firms/other bodies.

\*\* Includes memberships of only audit and stakeholders' relationship committee.

##### (d) Number of Board Meetings held and the dates of the Board Meeting:

During the year under review, 7 Board Meetings were held. The dates on which the said meeting were held are November 29, 2013, February 14, 2014, May 13, 2014, August 13, 2014, November 12, 2014, February 14, 2015 and March 27, 2015.

#### 3. Audit Committee

The Audit Committee, which was originally constituted on November 5, 1995, is a qualified and independent committee, consists of members who are financially literate and having accounting and related financial management expertise.

**(a) Terms of Reference**

The Audit Committee has been given the powers to deal with matters specified under Clause 49 of the Listing Agreement as well as under section 177 of the Companies Act, 2013.

The terms of reference of the Audit Committee are briefly described below:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information;
2. Recommending to the Board, the appointment / re-appointment of statutory auditors, fixation of their remuneration and reviewing and monitoring their independence / performance;
3. Approving the payment to statutory auditors for any other services rendered by them;
4. Reviewing, with the management, the annual / quarterly financial statements and auditor's report thereon before submission to the board for approval;
5. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and frequency of internal audit and the performance of internal auditors;
6. Discussing with internal auditors of any significant findings and follow up there on;
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
8. Discussing with statutory auditors the nature and scope of audit before the audit commences as well as post-audit discussion to ascertain any area of concern;
9. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
10. Reviewing the functioning of the Whistle Blower mechanism;
11. Approving or any subsequent modification of transactions of the Company with related parties;
12. Evaluating internal financial controls and risk management systems;
13. Approval of appointment of CFO;
14. Such other functions as is mentioned in the terms of reference of the Audit Committee.

**(b) Composition, Name of Members and Chairperson**

The Audit Committee presently comprises three members and all members of the Audit Committee including the Chairman are Non-Executive and Independent Directors:

1. Mr. Pradip Dubhashi - Chairman, Independent & Non-Executive Director
2. Mr. Anil Dharker - Member Independent & Non-Executive Director
3. Mr. S. R. Sharma - Member, Independent & Non-Executive Director

All members possess knowledge of corporate finance, accounts and corporate laws.

**(c) Meeting and Attendance during the year**

During the year under review, the members met 6 times on November 29, 2013, February 14, 2014, May 13, 2014, August 13, 2014, November 12, 2014 and February 14, 2015. The attendance of each member at the meeting is given below:

Name of the Member	Designation	No of Meetings Attended	% of total Meetings attended during the year
Mr. Anil Dharker	Member	4	67%
Mr. Pradip Dubhashi	Chairman	6	100%
Mr. S. R. Sharma	Member	6	100%

The Committee invites the Head of the Finance Department, the Managing Director of the Company, the Internal & Statutory Auditors to participate in the meeting. The Company Secretary acts as the Secretary to the meeting. The Chairman of the Committee was present at the last Annual General Meeting held on March 24, 2014.

**(d) Internal Auditors**

The Company has appointed M/s. K. V. S. & Company, Chartered Accountants, as Internal Auditors of the Company to review the Internal Control Systems. The Report of the Internal Auditor along with their suggestions is submitted on a periodic basis before the Audit Committee for its consideration.

**4. Nomination and Remuneration Committee**

**(a) Terms of Reference**

The Board has constituted a Remuneration Committee with effect from March 21, 2002 to determine the Company's policy on remuneration packages of Executive & Non-Executive Directors and for considering any revision in their remuneration packages. During the year, the Remuneration Committee was reconstituted as "Nomination and Remuneration Committee".

# PRIME SECURITIES LIMITED

The terms of reference of the Audit Committee are briefly described below:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

**(b) Composition, Name of Members and Chairperson**

The Remuneration Committee presently comprises three members and all members of the Remuneration Committee including the Chairman are Non-Executive and Independent Directors:

1. Mr. Anil Dharker - Chairman, Independent & Non-Executive Director
2. Mr. Pradip Dubhashi - Member Independent & Non-Executive Director
3. Mr. S. R. Sharma - Member, Independent & Non-Executive Director

**(c) Meeting and Attendance during the year**

No meeting was held during the year under review.

**(d) Remuneration Policy**

1. The Managing Director / Whole-Time Director of the Company is paid remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) as approved by the shareholders in annual general meeting and the payment in excess of the limits envisaged under the provision of the Companies Act, 2013 is subject to approval of the Central Government.
2. Non-Executive & Independent Directors are paid sitting fees for attending Board, Audit and Stakeholders' Committee Meetings. The Company also pays Commission to the Non-Executive & Independent Directors within the ceiling of 1% per annum of the profits of the Company.

**(e) Details of Remuneration paid to all the Directors**

Name of Director	Fixed Salary	Commission	Sitting Fees	Total
Ms. Alpana Parida #	Nil	Nil	Nil	Nil
Mr. Anil Dharker	Nil	Nil	260,000	260,000
Mr. N. Jayakumar *	Nil	Nil	Nil	Nil
Mr. Pradip Dubhashi	Nil	Nil	430,000	430,000
Mr. S. R. Sharma	Nil	Nil	430,000	430,000

# Appointed w.e.f. March 27, 2015.

\* The Contract with the Managing Director and Whole-time Directors are for a period of 5 years or the normal retirement date, whichever is earlier. The appointment of Managing Director and Whole-time Director is terminable by giving three month's notice of either party.

Presently, Mr. N. Jayakumar, along with persons acting in concert with him, is holding 5,398,256 shares of the Company representing 20.39% of the total shareholding of the Company. None of the other Director of the Company is holding any equity shares in the Company.

None of the Non-Executive and Independent Directors is entitled to Employee Stock Options.

**5. Stakeholders Relationship Committee**

The Board of Directors had constituted a Share Transfer Committee to approve transfer of shares and related matters. In line with the recommendations of the Code of Corporate Governance, the Board has re-designated the Committee as "Stakeholders Relationship Committee" and vested the Committee with further powers to monitor and review investors' grievances. The Committee, apart from approving share transfers, transmissions, etc and other related matters, also looks into the redressal of shareholder complaints like non-transfer of shares, non-receipt of annual reports etc.

The powers to approve transfer of shares and redress shareholder complaints have been designated to the Managing Director or the Company Secretary. Such transfer of shares and shareholder complaints which cannot be settled by the Whole-Time Director and the Company Secretary are placed before the Stakeholders Relationship Committee for their decision. The approval of share transfers is normally done on a weekly basis so that the Company is able to return share certificates, duly transferred, within fifteen days.

Details of share transfer / transmission and summary of shareholder queries / complaints are placed at the Meeting of members from time to time.

#### Composition

The Shareholders' / Investors' Grievances Committee presently comprises three members and all members of the Shareholders' / Investors' Grievances Committee including the Chairman are Non-Executive and Independent Directors:

1. Mr. Pradip Dubhashi - Chairman, Independent & Non-Executive Director
2. Mr. Anil Dharker - Member Independent & Non-Executive Director
3. Mr. S. R. Sharma - Member, Independent & Non-Executive Director

#### Compliance Officer

The Board has designated Mr. Ajay Shah, Vice President – Legal and Company Secretary as the Compliance Officer.

#### Summary of Shareholders queries received and replied during the year:

Particulars	Queries / Complaints received	Queries / Complaints Replied to
Transfer Related	23	23
Dividend Related	22	22
Change of Address	22	22
Demat / Remat	1	1
Issue of Duplicate / Loss of Shares	4	4
Deletion Cases	8	8
Mandate	11	11
Transmission	6	6
SEBI Complaints	4	4
<b>Total</b>	<b>101</b>	<b>101</b>

#### 6. Corporate Social Responsibilities Committee

The Board of Directors has constituted a Corporate Social Responsibilities ("CSR") Committee as required under Section 135 of the Companies Act, 2013 and the rules made thereunder, as amended from time to time. The Committee is responsible for recommending to the Board the CSR policy and the CSR initiatives and it also monitors implementation of the activities undertaken as per the policy. CSR Committee presently comprises three members:

1. Mr. Pradip Dubhashi - Chairman, Independent & Non-Executive Director
2. Ms. Alpana Parida - Member Independent & Non-Executive Director
3. Mr. N. Jayakumar - Member, Managing Director

The Company Secretary acts as the Secretary to the Committee.

#### 7. Risk Management Committee

The Board of Directors has constituted a Risk Management Committee as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Committee is responsible for framing, implementing and monitoring the risk management plan for the Company. The Risk Management Committee presently comprises three members:

1. Mr. S. R. Sharma - Chairman, Independent & Non-Executive Director
2. Mr. Anil Dharker - Member Independent & Non-Executive Director
3. Mr. N. Jayakumar - Member, Managing Director

The Company Secretary acts as the Secretary to the Committee.

#### 8. General Body Meetings

##### (a) Location and time, where the last three annual general meetings were held:

Financial year	Date	Location of the meeting	Time
2012-2013 *	March 24, 2014	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2011-2012	September 25, 2012	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2010-2011	September 29, 2011	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.

\* Pursuant to the approval of the Registrar of Companies, the financial year 2012-2013 was extended by a period of six months upto on September 30, 2013 (consisting of 18 months from April 1, 2012 to September 30, 2013) and accordingly, the approval of the Registrar of Companies was obtained to extend the date for holding annual general meeting upto March 24, 2014.

# ***PRIME SECURITIES LIMITED***

(b) **Whether any special resolutions passed in the previous three annual general meetings:**

Special resolution was passed by the shareholders at the 30<sup>th</sup> annual general meeting of the Company for appointment of and payment of remuneration to Mr. R. Ramachandran as Whole-time Director of the Company.

Special resolutions were passed by the shareholders at the 29<sup>th</sup> annual general meeting of the Company for (i) appointment of Mr. N. Jayakumar as Managing Director of the Company; (ii) implementation of employee stock option scheme 2011; and (iii) extension of benefit of employee stock option scheme 2011 to the directors / employees of subsidiary companies.

All the resolutions, including special resolutions, if any, set out in the respective notices were passed by the shareholders unanimously.

(c) **Whether any special resolution passed last year through postal ballot and the person who conducted the postal ballot exercise:**

During the year under review, no special resolutions were passed through the postal ballot.

(d) **Whether any special resolution is proposed to be conducted through postal ballot and procedure for postal ballot**

No special resolutions are proposed to be passed through the postal ballot and any special resolutions proposed to be passed through postal ballot in the current year will be done in accordance with the provisions of the prescribed law.

## **9. Disclosures**

1. **Materially significant related party transactions:**

There are no materially significant related party transactions entered into during the year by the Company with its directors or management, their subsidiaries or relatives that may have a potential conflict with the interests of the Company at large. All related party transactions are at arm's length and in the ordinary course of business. Transactions with the related parties are disclosed in note no. 23.18 to the audited financial statements in the annual report.

2. **Penalties, strictures for non-compliance:**

During the last three years, there were no penalties, strictures imposed on the Company, by either the stock exchanges or SEBI or any other statutory authorities for non-compliance of any matter related to the capital markets.

3. **Whistle blower policy:**

The Company has established a vigil mechanism (whistle blower policy) for directors and employees to report genuine concerns, which provides for adequate safeguards against victimization of persons who avails such mechanism. A copy of the whistle blower policy is available on the website of the Company ([www.primesec.com](http://www.primesec.com)). No personnel of the Company have been denied access to the Audit Committee.

4. **Compliance with mandatory and non-mandatory requirements:**

The Company has complied with all the mandatory requirements of this clause. The extent of adoption of non-mandatory requirements has been stated separately in this report.

## **10. Code of Conduct**

The board of directors has adopted the code of conduct for all board members and senior management of the Company. The said code of conduct has been communicated to all board members and senior management and they have confirmed the annual compliance with the code of conduct. A declaration to that extent signed by Managing Director has been annexed to the annual report of the Company. The code of conduct has also been displayed on the website of the Company ([www.primesec.com](http://www.primesec.com)).

## **11. Means of Communication**

1. The board of directors of the Company approves and takes on record the quarterly, half-yearly and yearly financial results in accordance with the provisions of clause 41 of the listing agreements.
2. The quarterly, half-yearly and yearly financial results of the Company, as approved by the board of directors of the Company, are communicated to all the stock exchanges, where the shares of the Company are listed and published in the mumbai edition of free press journal & navsakti within the stipulated time. The same are not sent individually to each shareholder.
3. The Company's financial results and other official news release are displayed on the Company's website ([www.primesec.com](http://www.primesec.com)).
4. At present, no formal presentations are made to analysts.

## 12. General Shareholder information

- \* AGM: date, time and venue : Monday, September 21, 2015 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp. Film Centre, Mumbai 400034
- \* Financial calendar : Financial Year → April 1, 2015 to March 31, 2016
  - i) First quarter ended June 30, 2015 → on or before August 14, 2015
  - ii) Second quarter & half-year ended September 30, 2015 → on or before November 14, 2015
  - iii) Third quarter & nine months ended December 31, 2015 → on or before February 14, 2016
  - iv) Fourth Quarter and year ended March 31, 2016 → during April 2016 to May 2016.
- \* Date of book closure : Wednesday, September 16, 2015 to Monday, September 21, 2015 (both days inclusive)
- \* Dividend payment date : N.A.
- \* Listing on stock exchanges : The Bombay Stock Exchange Limited (“BSE”) and The National Stock Exchange of India (NSE). The Company has paid the listing fees for the year 2015-2016
- \* Stock code – Physical : BSE: 500337 / NSE: PRIMESECU
- \* Demat ISIN number for NSDL and CDSL : INE032B01021
- \* Market price data: high, low during each month in last financial year : As per Annexure “1”
- \* Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index, etc. : As per Annexure “2”
- \* Registrar and Transfer Agent : Sharepro Services (India) Private Limited  
Samhita Warehousing Complex, 13 AB, Gala No. 52, 2<sup>nd</sup> Floor,  
Nr. Sakinaka Telephone Exchange, Off. Kurla Andheri Road,  
Sakinaka, Mumbai 400072.  
Tel: +91-22-67720300  
Fax: +91-22-28508927  
Email: sharepro@shareproservices.com
- \* Share Transfer System : The Company Secretary or the Managing Director of the Company are authorised to approve the transfer of share and the same are generally registered / confirmed within 15 days of receipt, provided the documents are clear in all aspects. The said transfers are then noted at the subsequent stakeholder’s relationship committee meeting.
- \* Distribution of shareholding : As per Annexure “3”
- \* Shareholding pattern : As per Annexure “4”
- \* Dematerialisation of shares and liquidity : 94.67% of the total shareholding has been dematerialised as on March 31, 2015
- \* Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact of equity : None
- \* Plant location : Not Applicable
- \* Address for correspondence : Shareholders correspondence should be addressed to the Registrar and Share Transfer Agents of the Company, M/s Sharepro Services (India) Private Limited, Samhita Warehousing Complex, 13 AB, Gala No. 52, 2<sup>nd</sup> Floor, Nr. Sakinaka Telephone Exchange, Off. Kurla Andheri Road, Sakinaka, Mumbai 400072. Tel: +91-22-67720300 Fax: +91-22-28508927. The Company has designated an exclusive e-mail id sharepro@shareproservices.com for redressal of investor complaints / grievances.  
Shareholders holding shares in the electronic form should address all their correspondence to their respective depository participants.

# PRIME SECURITIES LIMITED

## NON-MANDATORY REQUIREMENTS

### 1. The Board

The Company has a non-executive chairman. The chairman is not entitled to maintain an office at the Company's expenses. However, the Company reimburses expenses, if any, incurred by him in the performance of his duties.

### 2. Shareholders rights

As the Company's half yearly results are published in the newspapers as prescribed under the clause 49 of the listing agreement, the Company is not sending the half-yearly results to individual shareholder.

### 3. Audit qualification

Observations made in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

### 4. Separate post of chairman and CEO

The posts of chairman and Managing Director are separate.

### 5. Reporting of internal auditor

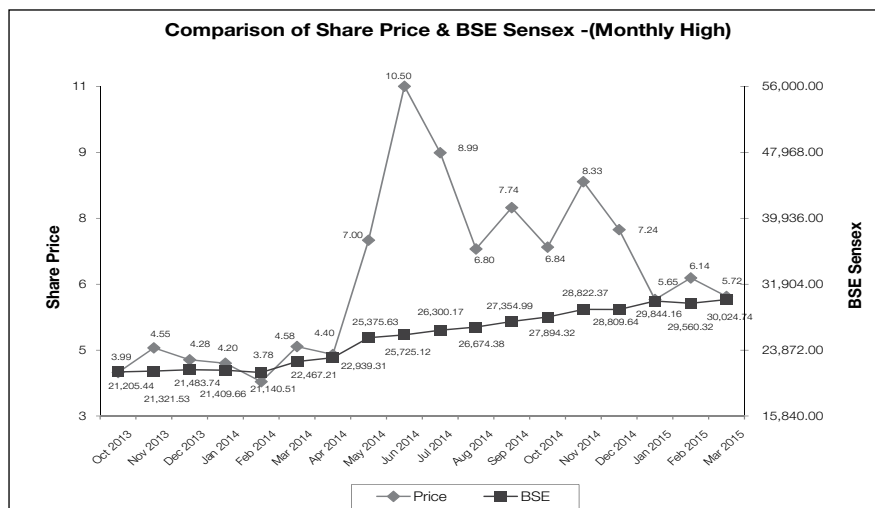
The internal auditor of the Company reports to the Audit Committee.

## Annexure 1

### Market Price Data: High / Low from October 2013 to March 2015

Month	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Nos.)	High (Rs)	Low (Rs)	Volume (Nos.)
October 2013	3.99	3.13	58,992	3.95	3.05	9,310
November 2013	4.55	3.65	41,407	4.70	3.90	12,327
December 2013	4.28	3.44	31,793	4.35	3.80	9,903
January 2014	4.20	3.55	60,471	4.05	3.60	12,180
February 2014	3.78	2.85	83,831	4.25	3.80	194
March 2014	4.58	3.08	107,587	4.45	3.05	80,168
April 2014	4.40	3.41	130,764	4.50	3.40	38,628
May 2014	7.00	3.76	387,539	6.65	3.80	58,951
June 2014	10.50	7.35	514,877	10.00	6.95	167,127
July 2014	8.99	6.20	290,489	8.90	6.40	89,410
August 2014	6.80	5.00	155,042	6.60	5.15	114,503
September 2014	7.74	5.50	233,250	7.75	5.40	243,620
October 2014	6.84	5.43	84,671	6.60	5.80	75,403
November 2014	8.33	5.90	181,593	8.10	5.80	309,858
December 2014	7.24	5.24	168,902	7.40	5.25	200,932
January 2015	5.65	4.84	198,148	5.75	4.95	196,893
February 2015	6.14	4.80	175,230	6.30	4.75	167,811
March 2015	5.72	3.80	168,306	5.80	4.00	100,638

## Annexure 2





**Annexure 3**  
**Distribution of Shareholding (As on March 31, 2015)**

Number of Equity Shares held	Number of Shareholders	Percentage of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 1000	22,679	93.22	4,016,892	15.17
1001 – 2000	664	2.73	1,036,860	3.92
2001 – 3000	286	1.18	730,272	2.76
3001 – 4000	151	0.62	539,691	2.04
4001 – 5000	138	0.57	647,267	2.44
5001 – 6000	61	0.25	341,179	1.29
6001 – 7000	47	0.19	305,456	1.15
7001 – 8000	44	0.18	334,624	1.26
8001 – 9000	19	0.08	161,169	0.61
9001 – 10000	33	0.14	323,149	1.22
Above 10000	204	0.84	18,036,966	68.14
<b>Total</b>	<b>24,326</b>	<b>100.00</b>	<b>26,473,525</b>	<b>100.00</b>

**Annexure 4**  
**Shareholding Pattern of the Company (As on March 31, 2015)**

Category	Number of Shares	% of Share Capital
<b>A Shareholding of Promoter and Promoter Group</b>		
1) Indian	Nil	Nil
2) Foreign	Nil	Nil
<b>Sub-Total</b>	<b>Nil</b>	<b>Nil</b>
<b>B Public Shareholding</b>		
1) Institutions		
a) Mutual Funds & UTI	10,400	0.04
b) Financial Institutions / Banks	4,100	0.02
c) Foreign Institutional Investors	490,300	1.85
<b>Sub-Total</b>	<b>504,800</b>	<b>1.91</b>
2) Non-Institutions		
a) Bodies Corporate	7,644,590	28.88
b) i) Individual Shareholders holding nominal share capital upto Rs. 1 lac	9,750,104	36.83
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lac	6,745,431	25.48
c) Any Other (Foreign Companies)	1,828,600	6.91
<b>Sub-Total</b>	<b>25,968,725</b>	<b>98.09</b>
<b>Grand Total</b>	<b>26,473,525</b>	<b>100.00</b>

**DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT  
BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and all Senior Management Personnel. The Code of Conduct is posted on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2015, received a declaration of Compliance with the Code of Conduct from all the Members of the Board and Senior Management Personnel.

For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Board of Directors as on March 31, 2015.

Mumbai  
August 14, 2015

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

# PRIME SECURITIES LIMITED

## CEO / CFO CERTIFICATION

This is to certify that:

- (a) we have reviewed the audited financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2015, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) we accept the responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) we have indicated to the auditors and the audit committee that:
  - (i) there are no significant changes in internal controls during the year ended March 31, 2015;
  - (ii) there are no significant changes in accounting policies during the year ended March 31, 2015; and
  - (iii) we are not become aware of any instances of significant fraud, having the involvement of the management or an employee, having a significant role in the Company's internal control system over financial reporting.

Mumbai  
August 14, 2015

**N. Jayakumar**  
Managing Director

**Nikhil Shah**  
Head – Accounts & Finance

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
**The Members of**  
**Prime Securities Limited**

We have examined the compliance of conditions of Corporate Governance by Prime Securities Limited for the Year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement except that *since 25th January 2011 no independent director of the Company was a director in the Company's subsidiary as required by Clause 49(V)(A) of the Listing Agreement.*

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Gandhi & Associates**  
**Chartered Accountants**  
[Registration No. 102965W]

**Milind Gandhi**  
Partner  
Membership No. 043194

Mumbai, August 14, 2015

## INDEPENDENT AUDITORS' REPORT

To,  
**The Members of PRIME SECURITIES LIMITED**  
**Report on the Financial Statements**

We have audited the accompanying financial statements of **PRIME SECURITIES LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2015, the statement of Profit & Loss and the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

1. *As referred in Note 23.8 the Company has not provided for interest of Rs. 1,324.15 Lacs on certain secured loans as in the opinion of the management the same is under renegotiations with the lenders. Had the Company made such provision the loss for the period would have been higher by the said amount and the secured loans would have been higher by Rs. 1,704.82 Lacs (including non-provision of interest in earlier year).*
2. *Reference is invited to Note 23.9 according to which the Company has written back an unsecured loan of Rs. 250 Lacs as in the opinion of the management the same was no longer payable. Accordingly, the loss for the period and the unsecured loans are lower by the said amount.*
3. *Reference is invited to Note 23.10 according to which unsecured loan of Rs. 1,400.00 Lacs is categorized as interest-free Short-term Borrowing. We have not been able to validate this assertion in absence of confirmation of balance and terms of repayment/interest. Accordingly, we are unable to ascertain the impact on the financial statements of the categorization of the loan and non-provision of interest thereon.*
4. *Reference is invited to Note 23.11 according to which the management is hopeful of recovery of a capital advance of Rs. 327.50 Lacs in respect of which we are unable to ascertain the impact, if any, that may arise in case if the same, or part thereof, is subsequently determined to be doubtful of recovery.*

### **Qualified Opinion**

In our opinion and to the best of our knowledge and according to the information and explanations given to us, *except for the effects of the matters described in paragraph 1 to 4 of the Basis for Qualified Opinion paragraph*, the said financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) In the case of the Profit and Loss Account, of the loss for the period ended on that date; and,
- c) In the case of the Cash Flow Statement, of the cash flow for the period ended on that date.

### **Emphasis of Matter:**

Our opinion is not modified in respect of the following:

1. The accompanying financial statements are prepared on a going concern basis, notwithstanding the circumstances referred in Note 23.3 which casts significant doubt about Company's ability to meet its financial obligations as and when they fall due. The appropriateness of the said basis is interalia dependent on the Company's ability to generate cash from disposing-off investments and from new revenue streams to meet its liabilities in normal course of business. Relying on the above, no adjustments have been made to the carrying value of the assets and liabilities in the accompanying financial statements.

# **PRIME SECURITIES LIMITED**

2. As referred to in Note 23.4 the Company's subsidiary Primesec Investments Limited's network has been eroded but having regard to receipt of share application monies from the Company, for which shares are proposed to be allotted, Primesec Investments Limited has prepared its accounts on a going concern basis. Relying on the above, the Company has not considered making any adjustments to its financial exposure in the subsidiary.
3. As referred to in Note 23.7 in absence of receipt of demand for interest, the Company has not provided for interest on bank liability in respect of which a one-time settlement proposal is submitted by the Company and the same is pending with the bank for disposal.
4. As referred to in Note 23.12 there is a diminution of Rs. 939.47 Lacs in value of non-current investments (other than in subsidiary companies). The Company has not provided for such diminution on the basis that the same is temporary in nature.

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

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
  - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, *except for the effects of matters described in Basis for Qualified Opinion paragraph*, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 [which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014].
  - e) On the basis of written representation received from the directors as on March 31, 2015 under section 164(2) of the Companies Act, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013 which corresponds to clause (g) of sub-section (1) if section 274 of the Companies Act, 1956.

**For GANDHI & ASSOCIATES**  
**Chartered Accountants**  
(Firm Registration No. 102965W)

**[MILIND GANDHI]**  
**Partner**  
Membership No. 043194

Mumbai, May 27, 2015

## **ANNEXURE TO THE AUDITORS' REPORT**

### **Referred to in paragraph 1 of report on Other Legal and Regulatory requirement of our report of even date**

On the basis of records produced to us for our verification/perusal, such checks as we considered appropriate, and in terms of information and explanations given to us on our inquiries, we state that:

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, all the fixed assets were physically verified by the management at reasonable intervals during the period. According to the information and explanations given to us, no discrepancies were noticed on such physical verification.
  - c) The Company has not disposed off substantial part of its fixed assets during the period.
2.
  - a) The Company does not hold any inventories and therefore Clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
3.
  - a) The Company has taken unsecured interest-free loans, from three parties listed in the register maintained under section 301 of the Companies Act, 1956. As at the period-end the amount of loan outstanding was Rs. 719.04 Lacs and the maximum amount of loan involved during the period under review was Rs. 839.04 Lacs.
  - b) As per the information given to us, in our opinion, the terms and conditions of the loan is prima facie non-prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase and sale of inventories and fixed assets and the sale of services. During the course of our audit no major weaknesses have been observed in the internal controls.

5. a) On the basis of audit procedures performed by us and according to the information and explanation given to us and on our inquiries in this behalf and the records produced to us for our verification, the transactions that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- b) As per the information and explanations given to us, the contracts entered into during the period from the parties covered under the register maintained under section 301 of the Companies Act, 1956 are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits within the meaning of the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.
7. In our opinion the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. To the best of our knowledge and according to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records for the services rendered by the Company and hence the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
9. a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, service tax and other statutory dues applicable to it.
- b) Further, according to the information and explanations given to us, the particulars of statutory dues outstanding at the end of the period on account of a dispute are as follows:

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

10. The accumulated losses of the Company are not in excess of 50% of its net worth. However it has incurred cash loss during the current period as well as in the immediately preceding financial year.
11. According to the examination of documents and records and the information and explanations given to us, the Company has not defaulted in repayment of any dues to any financial institution or a bank except in case of an unsecured loan of Rs. 1097.64 Lacs due to a bank in respect of which the Company has submitted a proposal for one-time settlement which is pending with the bank for disposal.
12. According to the examination of documents and records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the Company is neither a chit fund nor a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
14. Based on our examination of the records and according to the information and explanation given to us, we are of the opinion that the Company has maintained proper records of transaction and contracts in respect of its investments in shares and securities. The shares and securities have been held in the name of the Company except in case of shares pledged as security for loan taken by the Company.
15. According to the information and explanations given to us and the records of the Company examined by us, the Company has not given any guarantee during the period for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us and the records of the Company examined by us, term loans, prima facie, have been applied for the purpose for which the loans were obtained.
17. *On an overall examination of the balance sheet of the Company, we report that funds to the extent of Rs. 6,431.34 Lacs raised on short term basis have been used for long term investments.*
18. The Company has not made any preferential allotment of shares to parties covered or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued debentures.
20. The Company has not raised any money by public issue.
21. On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

**For GANDHI & ASSOCIATES**  
**Chartered Accountants**  
*(Firm Registration No. 102965W)*

**[MILIND GANDHI]**  
**Partner**  
*Membership No. 043194*

Mumbai, May 27, 2015

# PRIME SECURITIES LIMITED

## BALANCE SHEET AS AT MARCH 31, 2015

	Note No.	Period ended 31-Mar-15 (Rs. in Lacs)		Period ended 30-Sep-13 (Rs. in Lacs)	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	1,327.85		1,327.85	
Reserves and Surplus	2	3,897.79	5,225.64	4,389.32	5,717.17
<b>Non-current Liabilities</b>					
Long-term Borrowings	3	1,713.34		7.84	
Long-term Provisions	4	138.73	1,852.07	106.48	114.33
<b>Current Liabilities</b>					
Short-term Borrowings	5	6,956.48		8,537.75	
Trade Payables	6	101.84		9.84	
Other Current Liabilities	7	93.56		753.03	
Short-term Provisions	8	13.54	7,165.42	11.34	9,311.96
<b>Total</b>			<b>14,243.13</b>		<b>15,143.45</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets	9				
- Tangible Assets		416.60		450.09	
- Intangible Assets		0.47		0.72	
Non-current Investments	10	5,024.61		4,649.19	
Long Term Loans and Advances	11	567.37		518.28	
Other Non-current Assets	12	7,500.00	13,509.05	9,000.00	14,618.29
<b>Current Assets</b>					
Current Investments	13	17.80		19.70	
Trade Receivables	14	-		5.78	
Cash and Bank Balances	15	23.36		67.72	
Short-term Loans and Advances	16	689.35		431.96	
Other Current Assets	17	3.58	734.08	-	525.16
<b>Total</b>			<b>14,243.13</b>		<b>15,143.45</b>
<b>Notes on Accounts</b>	23				

As per our Report attached

For and on behalf of the Board

For and on behalf of  
**GANDHI & ASSOCIATES**  
*Chartered Accountants*  
 Registration No. 102965W

**Pradip Dubhashi**  
 Chairman

**N. Jayakumar**  
 Managing Director

**Milind Gandhi**  
*Partner*  
 Membership No. 043194

**S. R. Sharma**  
 Director

**Ajay Shah**  
 Company Secretary

Mumbai, May 27, 2015

Mumbai, May 27, 2015

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2015**

	Note No.	Period ended 31-Mar-15 (Rs. in Lacs)	Period ended 30-Sep-13 (Rs. in Lacs)
<b>I REVENUE FROM OPERATIONS</b>	18	<b>211.36</b>	(409.05)
<b>II OTHER INCOME</b>	19	<b>(257.22)</b>	(894.27)
<b>III TOTAL REVENUE (I + II)</b>		<b>(45.86)</b>	(1,303.32)
<b>IV EXPENSES</b>			
Employee Benefit Expenses	20	<b>128.03</b>	244.50
Finance Costs	21	<b>22.95</b>	575.23
Depreciation and Amortisation Expense	9	<b>35.32</b>	35.74
Other Expenses	22	<b>259.37</b>	2,990.84
<b>TOTAL EXPENSES</b>		<b>445.67</b>	3,846.31
<b>V PROFIT / (LOSS) BEFORE TAX (III - IV)</b>		<b>(491.53)</b>	(5,149.63)
<b>VI Tax Expense</b>			
- Current Tax		-	-
- Deferred Tax		-	-
- Short / (Excess) Provision of Tax		-	-
<b>VII PROFIT / (LOSS) FOR THE YEAR (V - VI)</b>		<b>(491.53)</b>	(5,149.63)
<b>Earning per Equity Share (Face Value per Share Rs. 5/-)</b>			
- Basic		<b>(1.86)</b>	(19.45)
- Diluted		<b>(1.86)</b>	(19.45)
<b>Notes on Accounts</b>	23		

As per our Report attached

For and on behalf of the Board

For and on behalf of  
**GANDHI & ASSOCIATES**  
*Chartered Accountants*  
 Registration No. 102965W

**Pradip Dubhashi**  
 Chairman

**N. Jayakumar**  
 Managing Director

**Milind Gandhi**  
*Partner*  
 Membership No. 043194

**S. R. Sharma**  
 Director

**Ajay Shah**  
 Company Secretary

Mumbai, May 27, 2015

Mumbai, May 27, 2015

# PRIME SECURITIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2015

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-15 (Rs. in lacs)	Year ended 30-Sept-13 (Rs. in lacs)
<b>A Cash flow from Operating Activities</b>		
<b>Net Profit / (Loss) before tax</b>	<b>(491.53)</b>	<b>(5,149.63)</b>
Adjustments for :		
Dividend Received	<b>(3.32)</b>	(13.54)
Interest Received	<b>(13.75)</b>	(6.59)
Depreciation	<b>35.32</b>	35.74
Interest & Finance Charges	<b>22.95</b>	575.23
Diminution in Value of Investments (Net)	<b>-</b>	1,776.99
Loss on Asset Sold / Discarded	<b>-</b>	2.39
Loss / (Gain) on Sale of Investments (Net)	<b>907.42</b>	919.39
Amount Written-back	<b>(250.00)</b>	-
Provisions no longer required, Written back	<b>(376.78)</b>	-
Provision for Doubtful Debts	<b>5.78</b>	347.11
Provision for Doubtful Advances	<b>52.57</b>	689.35
	<b>380.19</b>	4,326.07
Operating Profit / (Loss) before Working Capital changes	<b>(111.34)</b>	(823.56)
Adjustments for Changes in the Working Capital		
Debtors	<b>-</b>	20.55
Current Assets	<b>(3.58)</b>	55.35
Loans & Advances	<b>(329.37)</b>	6,366.76
Current Liabilities & Provisions	<b>(156.70)</b>	251.37
	<b>(489.65)</b>	6,694.03
<b>Cash generated from Operations</b>	<b>(600.99)</b>	<b>5,870.47</b>
Direct Taxes (Paid) / Refund (net)	<b>(29.66)</b>	(51.49)
<b>Net Cash from Operating Activities (A)</b>	<b>(630.65)</b>	<b>5,818.98</b>
<b>B Cashflow from Investment Activities</b>		
Purchase of Investments	<b>(2,181.19)</b>	(4,417.05)
Purchase of Fixed Assets	<b>(1.57)</b>	(23.00)
Sale of Investments	<b>900.24</b>	4,779.25
Sale of Fixed Assets	<b>-</b>	2.50
Share Application Money	<b>1,500.00</b>	(9,000.00)
Dividend Received	<b>3.32</b>	13.54
Interest Received	<b>13.75</b>	14.31
<b>Net Cash from Investment Activities (B)</b>	<b>234.55</b>	<b>(8,630.45)</b>
<b>C Cashflow from Financing Activities</b>		
Interest & Finance Charges	<b>(22.95)</b>	(590.10)
Funds Borrowed / (Repaid)(net)	<b>374.69</b>	2,763.63
<b>Net Cash from Financing Activities (C)</b>	<b>351.74</b>	<b>2,173.53</b>
<b>Net Cashflow (A + B + C)</b>	<b>(44.36)</b>	<b>(637.94)</b>
<b>Changes in the Cash &amp; Bank Balances</b>	<b>(44.36)</b>	<b>(637.94)</b>
Cash and Cash Equivalents at the beginning of the year	<b>67.72</b>	705.66
Cash and Cash Equivalents at the end of the year	<b>23.36</b>	67.72

As per our Report attached

For and on behalf of the Board

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 27, 2015

Mumbai, May 27, 2015



**NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED MARCH 31, 2015**

<b>NOTE 1 - SHARE CAPITAL</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
<b>AUTHORISED</b>		
3,00,00,000 Equity Shares of Rs. 5/- each	<b>1,500.00</b>	1,500.00
2,00,000 13% Cumulative Redeemable Preference Shares of Rs. 100/- each	<b>200.00</b>	200.00
18,00,000 Unclassified Shares of Rs. 100/- each	<b>1,800.00</b>	1,800.00
<b>Total</b>	<b>3,500.00</b>	3,500.00
<b>ISSUED</b>		
2,72,22,725 (Previous Year 2,72,22,725) Equity Shares of Rs. 5/- each	<b>1,361.14</b>	1,361.14
<b>Total</b>	<b>1,361.14</b>	1,361.14
<b>SUBSCRIBED &amp; FULLY PAID</b>		
2,64,73,525 (Previous Year 2,64,73,525) Equity Shares of Rs. 5/- each	<b>1,323.68</b>	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	<b>4.17</b>	4.17
<b>Total</b>	<b>1,327.85</b>	1,327.85

- a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

<b>Particulars</b>	<b>Period ended 31-Mar-15 No. of Shares</b>	<b>Period ended 30-Sep-13 No. of Shares</b>
Opening Balance	<b>26,473,525</b>	26,473,525
Add: Shares Issued during the period	-	-
Closing Balance	<b>26,473,525</b>	26,473,525

- b) Details of equity shareholders holding more than 5% of equity shares:

<b>Name of Shareholder</b>	<b>Current Period</b>		<b>Previous Period</b>	
	<b>%</b>	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>
Judith Investments Private Limited	10.14	2,683,497	10.14	2,683,497
N. Jayakumar	7.87	2,084,759	7.87	2,084,759
New Vernon Private Equity Limited	6.80	1,800,000	6.80	1,800,000
Videocon Industries Limited	6.66	1,762,565	6.70	1,774,153

- c) **Employees Stock Option Schemes (ESOS)**

The Company's stock based compensation plan for employees comprises of three schemes viz. the ESOS 2007 Scheme, ESOS 2008 and the ESOS 2009 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries. The Company has reserved issuance of 842,200 (Previous year 1,749,000) Equity Shares of Rs. 5/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS) approved by Members. During the year, the Company has granted NIL (Previous year NIL) Options to the eligible employees.

**ESOS 2007 Scheme**

The Scheme permits allocation of an aggregate of 1,000,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of Rs. 38/-.

**ESOS 2008 Scheme**

The Scheme permits allocation of an aggregate of 1,200,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of Rs. 15/-.

**ESOS 2009 Scheme**

The Scheme permits allocation of an aggregate of 2,000,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of Rs. 38/-.

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

<b>Particulars (Exercise Price)</b>	<b>ESOS 2007 (Rs. 38/-)</b>		<b>ESOS 2008 (Rs. 15/-)</b>		<b>ESOS 2009 (Rs. 38/-)</b>	
	<b>Current Period</b>	<b>Previous Period</b>	<b>Current Period</b>	<b>Previous Period</b>	<b>Current Period</b>	<b>Previous Period</b>
Options outstanding, beginning of the Year	<b>458,400</b>	812,000	<b>515,200</b>	839,950	<b>775,400</b>	1,130,000
Add: Granted during the Year	-	-	-	-	-	-
Less: Exercised during the Year	-	-	-	-	-	-
Less: Lapsed during the Year	<b>232,100</b>	353,600	<b>294,700</b>	324,750	<b>380,000</b>	354,600
Options outstanding, end of the Year	<b>226,300</b>	458,400	<b>220,500</b>	515,200	<b>395,400</b>	775,400

# PRIME SECURITIES LIMITED

NOTE 2 - RESERVES AND SURPLUS	Period ended 31-Mar-15 (Rs. in Lacs)	Period ended 30-Sep-13 (Rs. in Lacs)
<b>Capital Reserve</b> As per last Balance Sheet	165.00	165.00
	165.00	165.00
<b>Capital Redemption Reserve</b> As per last Balance Sheet	217.27	217.27
	217.27	217.27
<b>Securities Premium Reserve</b> As per last Balance Sheet	5,312.64	5,312.64
	5,312.64	5,312.64
<b>General Reserve</b> As per last Balance Sheet	2,400.00	2,400.00
	2,400.00	2,400.00
<b>Surplus</b> Balance at the beginning of the Year	(3,705.59)	1,444.04
Add: Net Profit / (Loss) for the Year	(491.53)	(5,149.63)
	(4,197.12)	(3,705.59)
<b>Total</b>	<b>3,897.79</b>	<b>4,389.32</b>

NOTE 3 - LONG-TERM BORROWINGS	Period ended 31-Mar-15 (Rs. in Lacs)	Period ended 30-Sep-13 (Rs. in Lacs)
<b>Term Loans</b> Secured - From Bank [Secured against hypothecation of own asset]	3.34	7.84
<b>Other Loan and Advances</b> Secured - From Bank (refer note 23.5) [Against pledge of shares owned by other parties (refer note 23.6)]	600.00	-
- From Others [Against pledge of specified investments owned by the Company (refer note 10 & 23.13)]	1,110.00	-
<b>Total</b>	<b>1,713.34</b>	<b>7.84</b>

## Terms of Repayment of Long Term Borrowings

Particulars	1-2 Years		2-3 Years		3-4 Years	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Term Loan From Banks	6.42	5.54	-	3.26	-	1.66
Loans and Advances from Bank	400.00	-	400.00	-	-	-
Loans and Advances from other than Banks	1,100.00	-	-	-	-	-

NOTE 4 - LONG-TERM PROVISIONS	Period ended 31-Mar-15 (Rs. in Lacs)	Period ended 30-Sep-13 (Rs. in Lacs)
Provision for Employee Benefits - Leave Encashment	138.73	106.48
<b>Total</b>	<b>138.73</b>	<b>106.48</b>

NOTE 5 - SHORT-TERM BORROWINGS	Period ended 31-Mar-15 (Rs. in Lacs)	Period ended 30-Sep-13 (Rs. in Lacs)
<b>From Banks</b> Secured (refer note 23.5) [Against pledge of shares owned by other parties (refer note 23.6)]	200.00	-
Unsecured (refer note 23.7)	1,097.64	-
<b>Loan and Advances other than Banks</b> Secured [Against pledge of specified investments owned by the Company and other parties (refer note 10 & 23.13)]	3,539.80	3,320.77
Unsecured [Refer Note 23.10]	1,430.00	2,105.00
<b>Loan and Advances from Related Parties</b> Unsecured	689.04	3,111.99
<b>Total</b>	<b>6,956.48</b>	<b>8,537.75</b>

<b>NOTE 6 - TRADE PAYABLES</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Trade Payables [As per the information available with the Company, there are no dues outstanding as on 31st March 2015 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006]	<b>101.84</b>	9.84
<b>Total</b>	<b>101.84</b>	9.84

<b>NOTE 7 - OTHER CURRENT LIABILITIES</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Current Maturities of Long Term Debt		
Secured		
- From Banks	<b>3.09</b>	2.62
Interest Accrued and Due on Borrowings	-	361.91
Unpaid Dividends	<b>6.36</b>	53.71
Income Received in Advance	<b>2.40</b>	-
Other Payables		
Statutory Dues	<b>36.66</b>	48.34
Payable on purchase of Investments	-	157.28
Salary Payable	-	5.87
Liability towards share obligations	-	108.91
Temporary Overdrawn Bank Account	<b>34.07</b>	-
Outstanding Expenses	<b>10.98</b>	14.39
<b>Total</b>	<b>93.56</b>	753.03

<b>NOTE 8 - SHORT-TERM PROVISIONS</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Provision for Employee Benefits		
- Leave Encashment	<b>13.54</b>	11.34
<b>Total</b>	<b>13.54</b>	11.34

<b>NOTE 9 - FIXED ASSETS</b>										
Description	Gross Block at Cost				Depreciation				Net Block	
	As on 1-Oct-13	Additions	Deletions & Adjustments	As on 31-Mar-15	As on 1-Oct-13	For the period		As on 31-Mar-15	As on 31-Mar-15	As on 30-Sep-13
						Provided	Adjustments			
<b>Tangible Assets</b>										
Building	437.79	-	-	437.79	117.94	10.69	-	128.64	309.16	319.85
Furniture & Fixtures	40.40	0.71	-	41.11	5.83	3.82	-	9.65	31.47	34.58
Vehicles	126.89	-	-	126.89	64.63	17.49	-	82.11	44.77	62.26
Office Equipments	35.86	0.60	-	36.46	3.77	2.56	-	6.34	30.12	32.09
Computers	1.97	0.26	-	2.23	0.64	0.50	-	1.14	1.08	1.32
<b>Intangible Assets</b>										
Computer Software	1.29	-	-	1.29	0.57	0.25	-	0.82	0.47	0.72
<b>Total</b>	<b>644.20</b>	<b>1.57</b>	-	<b>645.77</b>	<b>193.39</b>	<b>35.32</b>	-	<b>228.70</b>	<b>417.12</b>	<b>450.82</b>
<b>Previous Year</b>	635.01	23.00	13.80	644.21	166.56	35.74	8.91	193.39	450.82	-

**Note:**

Net block of the Building include a residential flat of Rs. 266.71 Lacs in a co-operative society, acquired from a debtor in satisfaction of a claim. In view of the restraining orders, the society has kept in abeyance the admission of membership of the Company. In the earlier year, pursuant to the order of the Hon'ble High Court, the possession of the flat was handed over to the Official Assignee. An appeal was filed by the Company against the said order whereby the said order was set aside. Pursuant to the fresh chamber summons filed by the Company for removing attachment, the Official Assignee has been directed not to sell or dispose-off the flat. The Company has been legally advised that the said developments will not have a bearing on the Company's title to the flat and consequently there is no impairment in the value of the asset and the Company is not likely to have any further claim or liability against the said flat.

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NOTE 10 - NON-CURRENT INVESTMENTS (NON-TRADE)	Face Value	Quantity (Nos.) Year ended 31-Mar-15	Quantity (Nos.) Year ended 30-Sep-13	Period ended (Rs. Lacs) 31-Mar-15	Period ended (Rs. Lacs) 30-Sep-13
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>A) In Wholly-owned Subsidiary Companies</b>					
<b>Unquoted, Fully Paid-up</b>					
Prime Broking Company (India) Limited	Rs. 10	5,341,000	5,341,000	1,719.70	1,719.70
Prime Commodities Broking (India) Limited	Rs. 10	500,000	500,000	50.00	50.00
Prime Research & Advisory Limited	Rs. 10	350,000	350,000	33.02	33.02
Primesec Investments Limited	Rs. 10	1,636,000	1,636,000	798.00	798.00
				<b>2,600.72</b>	2,600.72
Less : Provision for Diminution in the value of Investments				<b>1,752.72</b>	1,752.72
<b>Total A</b>				<b>848.00</b>	848.00
<b>B) In Other Companies</b>					
<b>I) Quoted, Fully Paid-up</b>					
* ABG Shipyard Limited	Rs. 10	299,000	416,000	1,168.16	1,629.99
& Dr Datsons Lab Limited	Rs. 10	6,500	71,500	1.96	322.86
\$ El forge Limited	Rs. 10	1,437,277	89,990	94.31	13.47
@ Greycells Entertainment Limited	Rs. 10	79,000	474,000	89.65	537.98
Intense Technologies Limited	Rs. 10	-	20,500	-	2.24
# IOL Netcom Limited	Rs. 10	923,910	923,910	343.08	343.08
Logix Microsystems Limited	Rs. 10	-	200,696	-	94.24
* Lumax Industries Limited	Rs. 10	-	33,006	-	116.05
<b>Total B (I)</b>				<b>1,697.16</b>	3,059.91
<b>II) Unquoted, Fully Paid-up</b>					
Baron International Limited	Rs. 10	1,828,300	1,828,300	882.36	882.36
^ Blue Chip Technologies Limited	Rs. 10	100,000	100,000	-	-
Business India Publication Limited	Rs. 10	67,295	134,589	69.37	138.73
Gateway Entertainment Limited	Rs. 10	28,500	28,500	-	-
Roop Automotives Limited	Rs. 10	401,674	-	1,807.53	-
Sarju International Limited	Rs. 10	535,000	535,000	240.75	240.75
^ Trinity Fuels Limited	Rs. 10	320,000	320,000	-	-
Tunip Agro Limited	Rs. 10	873,687	873,687	602.55	602.55
				<b>3,602.56</b>	1,864.39
Less : Provision for Diminution in the value of Investments				<b>1,123.11</b>	1,123.11
<b>Total B (II)</b>				<b>2,479.45</b>	741.28
<b>Total B [B (I)+B (II)]</b>				<b>4,176.61</b>	3,801.19
<b>Total Non-Current Investments (A+B)</b>				<b>5,024.61</b>	4,649.19
<b>Aggregate amount of Quoted Investments (A)</b>				<b>1,697.16</b>	3,059.91
<b>Market Value of Quoted Investments</b>				<b>757.69</b>	1,661.39
<b>Aggregate Amount of Unquoted Investments (B)</b>				<b>3,327.45</b>	1,589.28

## NOTES:

\* Shares under lien/pledge towards short-term borrowings by the Company.

& Shares pledged towards short term borrowings by Company's subsidiary.

\$ 13,47,287 Shares are held in the demat account of Company's subsidiary.

# 498,910 shares are under lien/pledge towards short-term borrowings by the Company and balance 425,000 shares under pledge for which loan has been repaid.

^ Cost written-off on account of permanent diminution.

<b>NOTE 11 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Capital Advances	327.50	327.50
Security Deposits	26.05	6.53
Other Loans and Advances		
Advance Income Tax (Net of Provisions)	213.82	184.16
Prepaid Expenses	-	0.09
<b>Total</b>	<b>567.37</b>	<b>518.28</b>

<b>NOTE 12 - OTHER NON-CURRENT ASSETS</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Share Application Monies to Subsidiary - Pending Allotment	7,500.00	9,000.00
Deposit with Banks	-	-
<b>Total</b>	<b>7,500.00</b>	<b>9,000.00</b>

<b>NOTE 13 - CURRENT INVESTMENTS (NON-TRADE)</b>	<b>Face Value</b>	<b>Quantity (Nos.) Year ended 31-Mar-15</b>	<b>Quantity (Nos.) Year ended 30-Sep-13</b>	<b>Period ended (Rs. Lacs) 31-Mar-15</b>	<b>Period ended (Rs. Lacs) 30-Sep-13</b>
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>A) Quoted, Fully Paid up</b>					
Gemini Communications Limited	Rs. 10	-	100,000	-	1.90
\$ Hitech Plast Limited	Rs. 10	9,000	9,000	3.12	3.12
International Hometex Limited	Rs. 10	400,000	400,000	-	-
Solid Stone Company Limited	Rs. 10	41,939	41,939	14.68	14.68
<b>Total Current Investments</b>				<b>17.80</b>	<b>19.70</b>
<b>Aggregate amount of Quoted Investments</b>				<b>17.80</b>	<b>19.70</b>
<b>Market Value of Quoted Investments</b>				<b>31.12</b>	<b>94.59</b>

**NOTES:**

\$ Shares under pledge for which loan has been repaid.

<b>NOTE 14 - TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Outstanding for a period exceeding six months	352.89	352.89
Less : Provision for Doubtful Debts	(352.89)	(347.11)
<b>Total</b>	<b>-</b>	<b>5.78</b>

<b>NOTE 15 - CASH AND BANK BALANCES</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
<b>Cash and Cash Equivalents</b>		
Balances with Banks	8.06	64.65
[Includes earmarked balances for payment of Unclaimed Dividend of Rs. 6.36 Lacs (Previous Year Rs. 53.71 Lacs)]		
Cash on Hand	15.31	3.07
<b>Total</b>	<b>23.36</b>	<b>67.72</b>

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<b>NOTE 16 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Loans and Advances to Related Parties		
Subsidiary Companies	678.69	347.76
Less : Provision for doubtful Advances	(47.57)	-
	631.13	347.76
Others		
Intercorporate Deposits	655.00	655.00
Less : Provision for doubtful Advances	(655.00)	(655.00)
	-	-
Prepaid Expenses	58.02	78.83
Security Deposits	-	0.17
Advance Recoverable in Cash or Kind	39.55	39.55
Less : Provision for doubtful Advances	(39.35)	(34.35)
	0.20	5.20
<b>Total</b>	<b>689.35</b>	<b>431.96</b>
<b>NOTE 17 - OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Receivable on Sale of Investments	3.58	-
<b>Total</b>	<b>3.58</b>	<b>-</b>
<b>NOTE 18 - REVENUE FROM OPERATIONS</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Merchant Banking and Advisory Fees	232.50	407.45
Net Gain / (Loss) in Derivatives and Other Transactions	(21.14)	(816.50)
<b>Total</b>	<b>211.36</b>	<b>(409.05)</b>
<b>NOTE 19 - OTHER INCOME</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Interest Income	13.75	6.59
Dividend Income	3.32	13.54
Net Gain / (Loss) on Sale of Investments	(907.42)	(919.39)
Rent	2.00	-
Other Non-Operating Income		
Provisions no longer required, Written back	376.78	-
Amounts Written Back	250.00	
Miscellaneous Income	4.35	5.00
<b>Total</b>	<b>(257.22)</b>	<b>(894.27)</b>
<b>NOTE 20 - EMPLOYEE BENEFIT EXPENSES</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	<b>Period ended 30-Sep-13 (Rs. in Lacs)</b>
Salaries	120.51	233.63
Contribution to Provident and Other Funds	2.83	7.90
Staff Welfare Expenses	4.69	2.97
<b>Total</b>	<b>128.03</b>	<b>244.50</b>

<b>NOTE 21 - FINANCE COSTS</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	Period ended 30-Sep-13 (Rs. in Lacs)
Interest Expense	1.45	575.23
Other Borrowing Costs	21.50	-
<b>Total</b>	<b>22.95</b>	<b>575.23</b>

<b>NOTE 22 - OTHER EXPENSES</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>	Period ended 30-Sep-13 (Rs. in Lacs)
Electricity Expenses	7.30	21.54
Rent	37.14	10.53
Repairs & Maintenance	8.79	0.89
Insurance Premium	1.78	1.76
Rates & Taxes	0.54	0.64
Travelling & Conveyance	28.47	29.33
Consultancy & Professional Charges	48.90	12.65
Director's Sitting Fees	11.20	6.80
Auditor's Remuneration		
- For Audit Fees	5.50	6.00
- For Taxation	-	2.75
- For Other Services	-	0.20
Loss on Asset Sold/Discarded	-	2.39
Diminution in Value of Investments	-	1,776.99
Provision for Doubtful Debts & Advances	58.35	1,036.46
Miscellaneous Expenses	51.41	81.92
<b>Total</b>	<b>259.37</b>	<b>2,990.84</b>

23. **NOTES FORMING PARTS OF ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2015**

23.1 **Significant Accounting Policies**

a) **Basis of Presentation of Financial Statements**

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and the relevant provisions of the Companies Act, 1956 or Companies Act, 2013, as applicable. The financial statements have been prepared on going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

b) **Fixed Assets**

Fixed Assets are stated at historical cost less accumulated depreciation and impairment loss, if any.

c) **Depreciation**

Depreciation on assets is provided on straight-line method on pro-rata basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Capitalised software is depreciated on a straight line basis over a period of their useful life which is estimated at six years.

d) **Investments**

Investments intended, at the time of acquisition, to be held for a period exceeding twelve months are classified as "Non-Current Investments". All other Investments are classified as "Current Investments".

Investments are accounted on trade date at cost of acquisition which includes brokerage and other charges.

Current Investments are valued at cost or market value, whichever is lower, whereby the cost of each script is compared with its market value and the resultant shortfall, if any, is charged to revenue.

Non-Current Investments are stated at cost less provision, if any, for diminution which is considered other than temporary in nature.

# ***PRIME SECURITIES LIMITED***

- e) **Revenue Recognition**  
Merchant Banking and Advisory Fees are accrued as per the terms of contract except where there is uncertainty as to their realisation.  
Interest is accounted on accrual basis.  
Dividend is accounted when the right to receive is established.  
Gains or losses on sale of Investments are recognised on trade dates by comparing the sales realisation with the weighted average cost of such investment.
- f) **Employee Benefits**
- i) **Defined Contribution Plan**  
Contribution to defined contribution plan (being Provident Fund) is charged to the Profit and Loss Account.
- ii) **Defined Benefit Plan**  
The present value of the obligation under defined benefit plan (being Gratuity and Leave Encashment) is determined based on actuarial valuation using the projected unit credit method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In case of funded benefit plans the fair value of the plan assets is compared with the gross obligation under the benefit plan to recognize the obligation on net basis.
- iii) **Other Benefits**  
Short term and long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- g) **Taxation**  
Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.  
Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.  
Deferred tax assets are recognised only if there is a reasonable certainty of their realization.
- h) **Earnings Per Share**  
In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.
- i) **Impairment of Assets**  
The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.
- j) **Operating Leases**  
Leases of Assets under which all the risk and benefits of the ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss account.
- k) **Derivative Transactions**  
Gains are recognized only on settlement/expiry of derivative instruments.  
All open positions are marked to market and unrealized losses are provided for. Unrealized gains, if any, on marked to market are not recognized.  
Debit/Credit balance on open interest as on the balance sheet dates are shown as current assets/liabilities, as the case may be.
- l) **Foreign Currency Transactions**  
Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction.



Exchange differences, if any arising out of transactions settled during the year are recognized in the profit and loss account.

There are no monetary assets or liabilities outstanding as at the year end.

m) **Provisions and contingencies**

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

23.2 **Contingent Liabilities**

(Rs. in Lacs)

Particulars	Period ended March 31, 2015	Period ended September 30, 2013
Demands raised by Income Tax departments against which the Company has preferred appeals	13.18	283.09
Corporate guarantee given for financial facilities for a subsidiary (Amount outstanding at the close of the year)	81.77	2,251.09
Claim made against the Company not acknowledged as debt (Interest liability on the same cannot be ascertained)	1,704.82	926.47

- 23.3 The Company has made significant financial investments which are non-current in nature; while, on the other hand, the Company has substantial dues which are current in nature. In view thereof, the analysis of the Company's assets and liabilities casts significant doubt about the Company's ability to meet its obligations as and when they fall due and therefore its ability to continue as a going concern. Based on evaluation of the current situation and plans formulated to dispose-off investments and to create new revenue streams, the management holds the view that the Company will be able to discharge its liabilities in the normal course of business. Accordingly, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.
- 23.4 One of the Company's subsidiary Primesec Investments Limited ("PIL") has a negative networth of Rs. 7,219.67 Lacs. The Company has advanced Rs. 7,500.00 Lacs to PIL as share application monies which is pending for allotment. PIL's management has undertaken to allot the shares. Pursuant to the proposed allotment of shares PIL's networth will turn positive. In view thereof PIL has prepared its financial statements on the basis that it is a going-concern. Considering that the Company's investment in PIL is of strategic and long term in nature and having regard to proposed capitalization, no provision is presently considered necessary by the management for diminution in the value of the Company's financial exposure in PIL.
- 23.5 The Company had given corporate guarantee to Bank of India for overdraft facility enjoyed by one of its subsidiary viz. Prime Broking Company (India) Limited. The corporate guarantee was invoked by the bank claiming a sum of Rs. 878.50 lacs. Being a guarantor, the Company has assumed the liability from its subsidiary company and passed necessary entries in the books of account. The bank filed a case for recovery in the Debt Recovery Tribunal (DRT) against the subsidiary and the Company. Later, the bank under a 'one-time settlement' crystallized the loan at Rs. 900.00 lacs and has waived past and future interest, provided the Company adheres to the repayment schedule and in case of any default, the Company would be liable to pay interest and the bank would pursue the matter in DRT. The Company has given effect to the one-time settlement in the books of account by re-stating the liability as accepted under the scheme and until the end of the financial year, the Company has made payments as per the repayment schedule.
- 23.6 The Company's subsidiary had pledged 108,704 equity shares of Dr. Datson's Lab Limited belonging to a third party as a security to avail credit facility from Bank of India. The said security continues even after the loan is assumed by the Company. The Company is in the process of obtaining confirmation of the said party.
- 23.7 The Company had given a corporate guarantee to ICICI Bank for financial facilities enjoyed by one of its subsidiary viz. Prime Broking Company (India) Limited. The guarantee was invoked by the bank claiming a sum of Rs. 1,168.74 lacs. Being a guarantor, the Company has assumed the liability from its subsidiary company and passed necessary entries in the books of account. The Company has submitted a proposal to the bank for a 'one-time settlement' for repayment of principal over a period of 4 years and waiver of past and future interest. Pending acceptance of the proposal by the bank, the Company has not accounted for interest on the amount outstanding. The amount of interest is unascertained in view of no communication received from the bank.
- 23.8 The Company has not accounted for interest expense of Rs. 1,324.15 lacs (Rs. 380.67 lacs) on secured loans

# PRIME SECURITIES LIMITED

(from other than banks) since in the opinion of the management the same would not be payable pursuant to a proposed restructuring/settlement of the loan. The aggregate interest (including interest for earlier periods) not provided as on March 31, 2015 is Rs. 1,704.82 lacs (Rs. 380.67 lacs).

- 23.9 The Company has written back an unsecured loan of Rs. 250.00 lacs as in the opinion of the management the same was no longer payable. However, the Company is in the process of executing necessary documentation in respect of the same.
- 23.10 The Company has not obtained documentations like confirmation of balance and terms of interest / repayment in respect of an unsecured loan of Rs. 1,400 lacs (refer Note 5). The Company has not accounted for interest on the said loan on the basis that it is interest-free. Further it has been categorized as short-term borrowings on the basis of the management's representation in that regard.
- 23.11 The Company had advanced Rs. 327.50 Lacs to a party and secured a right to acquire an office premises in Mumbai within a specified period. The Company could not complete the acquisition within the specified period and the right has lapsed. The management is in discussion with the party for refund of the said advance and is hopeful of recovery and accordingly, no provision is considered necessary.
- 23.12 There has been a decline of Rs. 939.47 Lacs as on March 31, 2015 in the carrying value of Non-current Investments. No provision for diminution in the value of such investments has been considered necessary since, in the opinion of the management, such diminution is only temporary in nature.
- 23.13 One of the Company's subsidiary had given 401,674 shares of Roop Automotive Limited as a security for a loan taken by the Company. During the period, the Company has purchased the said shares from its subsidiary company. As the shares are under pledge with the lender, they have not yet been transferred in the Company's name.
- 23.14 The Company's main business is to provide corporate advisory services. All other activities are incidental to the main business. As such, there are no separate reportable segments, as per Accounting Standard on 'Segment Reporting' (AS 17) issued by the Institute of Chartered Accountants of India.

## 23.15 Retirement Benefits

(Disclosure as required by AS 15 (Revised), "Accounting for Retirement Benefits" issued by Institute of Chartered Accountants of India)

Contribution to gratuity for India based employees are accrued on the basis of actuarial valuation and are also accordingly funded. The balance of Projects Benefit Obligation (PBO) on gratuity over the funded amount is accrued as liability.

- (A) Disclosure in terms of revised AS 15 on Retirement Benefits in respect of Defined Benefits Plans (Gratuity - funded scheme) (Rs. in Lacs)

	Period ended March 31, 2015	Period ended September 30, 2013
<b>Change in Projected Benefits Obligation (PBO)</b>		
PBO at beginning of the year	112.01	113.69
Service cost	8.04	11.61
Interest cost	15.54	14.07
Actuarial (gain)/loss	(0.49)	(17.05)
Benefits paid	(121.83)	(10.31)
PBO at the end of the period	13.27	112.01
<b>Change in Plan Assets</b>		
Plan assets at the beginning of the year at fair value	140.39	138.15
Expected return on plan assets	18.53	16.58
Employer Contribution	-	-
Actuarial gain/ (loss)	(17.72)	(4.03)
Benefits paid	(121.83)	(10.31)
Fair value of plan assets at the end of the year	19.37	140.39
<b>Reconciliation of PBO and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	19.37	140.39
Present value of the defined benefit obligations at the end of the year	13.27	112.01
Funded Status of the Plan	6.10	28.38

<b>Gratuity costs for the year</b>		
Service cost	<b>8.04</b>	11.61
Interest cost	<b>15.54</b>	14.07
Expected return on plan assets	<b>(18.53)</b>	(16.58)
Actuarial (gain)/loss	<b>17.23</b>	(13.02)
Net Gratuity	<b>22.28</b>	(3.92)
<b>Assumption</b>		
Discount Factor	<b>8.00%</b>	8.75%
Estimated rate of return on plan assets	<b>8.00%</b>	8.80%

- (B) During the year, a provision of Rs. 34.45 lacs (Previous year Rs. 17.04 lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is Rs. 152.27 lacs (Previous Year Rs. 117.82 lacs). The actuarial liability is computed assuming the discount factor of 8.75%.

### 23.16 Earnings per Share

<b>Particulars</b>	<b>Period ended March 31, 2015</b>	Period ended September 30, 2013
<b>Basic</b>		
Opening Number of Shares	<b>26,473,525</b>	26,473,525
Closing Number of Shares	<b>26,473,525</b>	26,473,525
Weighted Average Number of Shares for Basic EPS	<b>26,473,525</b>	26,473,525
Profit / (Loss) after Tax (Rs. in Lacs)	<b>(491.53)</b>	(5,149.63)
Basic EPS (Rs.)	<b>(1.86)</b>	(19.45)
<b>Diluted</b>		
Dilutive Component of Stock Options / Warrants Outstanding	-	-
Weighted Average Number of Shares for Diluted EPS	<b>26,473,525</b>	26,473,525
Diluted EPS (Rs.)	<b>(1.86)</b>	(19.45)

The Guidance Note on Accounting of Employee Share Based Compensation issued by Institute of Chartered Accountant of India applies to employee share based payment plans, the grant date of which falls on or after April 1, 2005 and allows accounting for employee share based payment plans based on either the Intrinsic value method or the fair value method. The Company follows the intrinsic value method. Under the fair value method, the net loss for the period ended March 31, 2015 would have been lower by Rs. 54.97 Lacs and the Basic EPS and Diluted EPS would have been Rs. (1.86) and Rs. (1.86) respectively.

The fair value of each option is estimated on the date of grant using the Black-Scholes model with the following assumptions:

<b>Particulars</b>	<b>Period ended March 31, 2015</b>
Dividend Yield (%)	-
Expected Volatility (%)	(0.19)
Risk Free Interest Rate (%)	8.00
Expected Term (Number of Years)	3

### 23.17 Operating Lease for asset taken on lease

(Rs. in Lacs)

<b>Particulars</b>	<b>Period ended March 31, 2015</b>	Period ended September 30, 2013
i) Total of future minimum lease payments		
a) Not later than one year	<b>39.30</b>	-
b) Later than one year and not later than five years	<b>43.14</b>	-
c) Later than five years	-	-
ii) Lease payments recognised in the Profit and Loss account	<b>36.78</b>	10.17

# PRIME SECURITIES LIMITED

## 23.18 Related Party Disclosures

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

### Relationships

#### i) Subsidiary Companies

- Prime Broking Company (India) Limited
- Prime Research & Advisory Limited
- Prime Commodities Broking (India) Limited
- Primesec Investments Limited

#### ii) Associate Company

- Gateway Entertainment Limited

#### iii) Key Management Personnel

- Mr. N. Jayakumar
- Mr. Ajay Shah

#### iv) Relative of Key Management Personnel

- Mrs. Madhu Jayakumar

2. The following transactions were carried out with the related parties in the ordinary course of business during the period October 2013 to March 2015 (Rs. In Lacs)

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Period	Previous Year	March 31, 2015	September 30, 2015
1.	Sums paid / received from Prime Broking Company (India) Limited on current account				
	- Sums Received	86.80	41,982.19	47.57	3,102.32
	- Sums Paid	2,149.32	38,875.30	(Debit)	(Debit)
2.	Brokerage paid to Prime Broking Company (India) Limited	-	15.57	-	-
3.	Interest free Inter corporate deposit paid to Prime Commodities Broking (India) Limited				
	- Sums Paid	277.20	516.50	238.48	-
	- Refund received	47.50	469.00	(Debit)	
4.	Interest free Inter corporate deposit received from Prime Research & Advisory Limited				
	- Sums Received	13.47	326.50	73.47	9.67
	- Sums Repaid	96.60	345.31	(Credit)	(Credit)
5.	Interest free Inter corporate deposit given to Primesec Investment Limited				
	- Sums Received	393.70	19,371.34	319.18	347.76
	- Sums Repaid	271.12	13,118.28	(Debit)	(Debit)
6.	Share Application Money (Pending Allotment) to Primesec Investment Limited				
	- Advanced	-	9,000.00	7,500.00	9,000.00
	- Refund received	1,500.00	-	(Debit)	(Debit)
7.	Interest free Inter corporate deposit received from Gateway Entertainment Limited				
		-	30.00	30.00	30.00
				(Credit)	(Credit)
8.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.				
		-	3.00	5.70	5.70
				(Credit)	(Credit)
10.	Remuneration paid to Key Managerial Personnel	23.47	161.82	-	-

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Period	Previous Year	March 31, 2015	September 30, 2015
11.	Advance salary paid to Whole-time Director	-	4.39	<b>44.39 (Debit)</b>	44.39 (Debit)
14.	Deposit given to Mrs. Madhu Jayakumar for Residential accommodation - Sums Repaid	-	100.00	-	-
16.	Provision for Diminution in Value of Investments - Prime Broking Company (India) Limited - Prime Research & Advisory Limited	- -	1,719.70 33.02	-	-
17.	Sale of Shares - Primesec Investment Limited - Prime Research & Advisory Limited	<b>33.35</b> -	5.09 6.56	-	-
18.	Purchase of Shares - Primesec Investment Limited - Prime Broking Company (India) Limited	<b>1903.32</b> <b>137.59</b>	- -	-	-

23.19 The net effect of taxation timing differences results in a deferred tax asset. As a measure of prudence such deferred tax asset is, for the time being, not recognized in the accounts in absence of certainty about its realization.

23.20 Pursuant to the approval received from the Registrar of Companies, Maharashtra (Mumbai) vide its order dated November 17, 2014, the Company has extended its financial year by a period of six months to end on March 31, 2015. Therefore, the financial statements for the current period are for eighteen months.

As per our Report attached

For and on behalf of the Board

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 27, 2015

Mumbai, May 27, 2015

# PRIME SECURITIES LIMITED

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,  
The Board of Directors of PRIME SECURITIES LIMITED  
Report on the Financial Statements

We have audited the accompanying consolidated financial statements of PRIME SECURITIES LIMITED ("the Company"), and its subsidiary companies (collectively referred as 'the Group') which comprise the Consolidated Balance Sheet as at March 31, 2015 and the statement of Consolidated Profit & Loss and the Consolidated Cash Flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Group's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Basis for Qualified Opinion

1. As referred in Note 22.10 the Group has not provided for interest of Rs. 1,969.11 Lacs on certain secured loans as in the opinion of the management the same is under renegotiations with the lenders. Had the Group made such provision the loss for the period would have been higher by the said amount and the secured loans would have been higher by Rs. 2,612.48 Lacs (including non-provision of interest in earlier period).
2. Reference is invited to Note 22.11 according to which the Group has written back an unsecured loan of Rs. 250 Lacs as in the opinion of the management the same was no longer payable. Accordingly, the loss for the period and the unsecured loans are lower by the said amount.
3. Reference is invited to Note 22.12 according to which unsecured loan of Rs. 1,400.00 Lacs is categorized as interest-free Short-term Borrowing. We have not been able to validate this assertion in absence of confirmation of balance and terms of repayment/interest. Accordingly, we are unable to ascertain the impact on the financial statements of the categorization of the loan and non-provision of interest thereon.
4. Reference is invited to Note 22.13 according to which the management is hopeful of recovery of a capital advance of Rs. 327.50 Lacs in respect of which we are unable to ascertain the impact, if any, that may arise in case if the same, or part thereof, is subsequently determined to be doubtful of recovery.
5. Reference is invited to Note 22.15 regarding outstanding debtors amounting to Rs.12,354.08 Lacs which are due and outstanding over a year. We are informed that the management is in the process of continuously following it up with the respective parties. Pending recovery we are unable to ascertain the impact, if any, that may arise, if the same or part thereof is subsequently determined to be doubtful of recovery.

### Qualified Opinion

In our opinion and to the best of our knowledge and according to the information and explanations given to us, *except for the effects of the matters described in paragraph 1 to 5 of Basis for Qualified Opinion*, the said consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2015;
- b) In the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the period ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flow of the Group for the period ended on that date.

### Emphasis of Matter:

Our opinion is not modified in respect of the following:

1. The accompanying financial statements are prepared on a going concern basis, notwithstanding the circumstances referred in Note 22.3 which casts significant doubt about Company's ability to meet its financial obligations as and when they fall due. The appropriateness of the said basis is interalia dependent on the Company's ability to generate cash from disposing-off investments and from new revenue streams to meet its liabilities in normal course of business. Relying on the above, no adjustments have been made to the carrying value of the assets and liabilities in the accompanying financial statements.
2. As referred to in Note 22.9 in absence of receipt of demand for interest, the Group has not provided for interest on bank liability in respect of which a one-time settlement proposal is submitted by the Company and the same is pending with the bank for disposal.
3. As referred to in Note 22.14 there is a diminution of Rs. 1,399.50 Lacs in the value of non-current investments. The diminution is not provided on the basis that the same is temporary in nature.

### Other Matters

1. We did not audit the financial statements of the subsidiaries, whose audited financial statements reflect total assets of Rs. 18,894.34 Lacs as at March 31, 2015 and total revenue of Rs. 374.38 Lacs and net cash flows amounting to Rs. (104.22) Lacs for the period then ended. These audited financial statements and other financial information for these subsidiaries has been audited by other auditors whose reports have been furnished to us, and our opinion on the accompanying consolidated financial statements is based solely on the reports of the other auditors.
2. We did not audit the financial statements of an associate, whose unaudited financial statements reflect the Group's share of loss of Rs. Nil Lacs for the period ended March 31, 2015. These financial statements and other financial information for the associate have been prepared by the management and our opinion on the accompanying consolidated financial statements is based solely on such management certified financial statements/information.

**CONSOLIDATED BALANCE SHEET OF PRIME SECURITIES  
LIMITED AND ITS SUBSIDIARIES AS AT MARCH 31,2015**

	Note No.	Period ended 31-Mar-15 (Rs Lacs)		Period ended 30-Sep-13 (Rs Lacs)	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	1,327.85		1,327.85	
Reserves and Surplus	2	(2,787.87)	(1,460.02)	(1,266.46)	61.39
<b>Non-current Liabilities</b>					
Long-term Borrowings	3	1,713.34		14.46	
Deferred Tax Liabilities (Net)		3.83		-	
Long-term Provisions	4	144.23	1,861.40	145.54	160.00
<b>Current Liabilities</b>					
Short-term Borrowings	5	9,260.88		10,158.25	
Trade Payables	6	10,532.10		10,887.69	
Other Current Liabilities	7	3,913.68		6,888.93	
Short-term Provisions	8	14.17	23,720.83	16.05	27,950.91
<b>Total</b>			<b>24,122.21</b>		<b>28,172.30</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets	9				
- Tangible Assets		449.16		515.77	
- Intangible Assets		9.98		22.32	
Non-current Investments	10	5,666.50		7,471.10	
Deferred Tax Assets (Net)		-		8.40	
Long Term Loans and Advances	11	982.91	7,108.55	1,017.79	9,035.38
<b>Current Assets</b>					
Current Investments	12	17.80		19.70	
Trade Receivables	13	12,354.08		12,925.86	
Cash and Bank Balances	14	325.42		474.00	
Short-term Loans and Advances	15	3,918.33		5,259.00	
Other Current Assets	16	398.03	17,013.66	458.36	19,136.91
<b>Total</b>			<b>24,122.21</b>		<b>28,172.30</b>
<b>Notes on Accounts</b>	22				

As per our Report attached

For and on behalf of the Board

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 27, 2015

Mumbai, May 27, 2015

# PRIME SECURITIES LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS OF PRIME SECURITIES LIMITED AND ITS SUBSIDIARIES FOR THE PERIOD ENDED MARCH 31, 2015

	Note No.	Period ended 31-Mar-15 (Rs Lacs)	Period ended 30-Sep-13 (Rs Lacs)
<b>I REVENUE FROM OPERATIONS</b>	17	248.00	(3,215.44)
<b>II OTHER INCOME</b>	18	(496.29)	(348.37)
<b>III TOTAL REVENUE (I + II)</b>		(248.29)	(3,563.81)
<b>IV EXPENSES</b>			
Employee Benefit Expenses	19	250.44	692.61
Finance Costs	20	266.47	1,282.83
Depreciation and Amortisation Expense	9	51.64	68.69
Other Expenses	21	1,282.59	3,032.60
<b>TOTAL EXPENSES</b>		1,851.14	5,076.72
<b>V PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX (III - IV)</b>		(2,099.43)	(8,640.53)
<b>VI EXTRAORDINARY ITEMS</b>		591.92	-
Gain on Slump Sale of PMS Business (Refer Note 22.5)			
<b>VII PROFIT / (LOSS) BEFORE TAX (V - VI)</b>		(1,507.51)	(8,640.53)
<b>VIII Tax Expense</b>			
- Current Tax		1.72	25.95
- Deferred Tax		12.24	3.76
- Short / (Excess) Provision of Tax		(0.06)	-
<b>IX PROFIT / (LOSS) FOR THE PERIOD (VII - VIII)</b>		(1,521.41)	(8,670.24)
<b>Earning per Equity Share (Face Value per Share Rs. 5/-)</b>			
- Basic		(5.75)	(32.75)
- Diluted		(5.75)	(32.75)
<b>Notes on Accounts</b>	22		

As per our Report attached

For and on behalf of the Board

For and on behalf of

**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 27, 2015

Mumbai, May 27, 2015



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2015**

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-15 (Rs. in lacs)	Year ended 30-Sep-13 (Rs. in lacs)
<b>A Cash flow from Operating Activities</b>		
<b>Net Profit Before tax</b>	<b>(1,507.51)</b>	<b>(8,640.53)</b>
Adjustment for:		
Depreciation	51.64	68.68
Interest & Finance Charges	266.47	1,282.82
Diminution in Value of Investments (Net)	-	97.06
Loss on sale of asset	17.30	25.23
(Gain) / Loss on sale of Investments (Net)	1,242.36	2,407.53
Dividend Received	(36.37)	(58.42)
Interest Received	(21.60)	(1,873.74)
Balance Written-off (Net)	706.45	-
Balances Written back	-	(20.08)
Provision no longer required written back	(376.78)	(0.08)
Reversal of Diminution in Value of Investment	(50.64)	-
Bad Debts written off / back (Net)	-	69.40
Provision for Doubtful Debts	-	347.11
Provision for Doubtful Advances	58.35	689.35
	<b>1,857.18</b>	<b>3,034.86</b>
Operating Profit before Working Capital changes	<b>349.67</b>	<b>(5,605.67)</b>
Adjustments for Changes in the Working Capital		
Debtors	571.78	(10,156.85)
Current Assets	(51.04)	1,617.91
Loans & Advances	731.94	(3,274.01)
Current Liabilities & Provisions	(2,972.10)	13,574.46
	<b>(1,719.42)</b>	<b>1,761.51</b>
<b>Cash generated from Operations</b>	<b>(1,369.75)</b>	<b>(3,844.16)</b>
Direct Taxes Paid (net)	(21.70)	(197.73)
<b>Net Cash from Operating Activities (A)</b>	<b>(1,391.45)</b>	<b>(4,041.89)</b>
<b>B Cashflow from Investment Activities</b>		
Purchase of Investments	(3,225.67)	(32,004.31)
Purchase of Fixed Assets	(1.78)	(71.21)
Sale of Investments	3,840.44	34,117.29
Sale of Fixed Assets	11.79	33.56
Dividend Received	36.37	58.42
Interest Received	31.82	1,796.42
<b>Net Cash from Investment activities (B)</b>	<b>692.97</b>	<b>3,930.17</b>
<b>C Cashflow from Financing activities</b>		
Interest & Finance Charges	(251.60)	(1,352.93)
Funds Borrowed/(Repaid) (net)	801.50	(609.82)
<b>Net Cash from Finance Activities (C)</b>	<b>549.90</b>	<b>(1,962.75)</b>
<b>Net Cashflow (A + B + C)</b>	<b>(148.58)</b>	<b>(2,074.47)</b>
<b>Changes in the Cash &amp; Bank Balance</b>	<b>(148.58)</b>	<b>(2,074.47)</b>
Cash and Cash Equivalents at the beginning of the year	474.00	2,548.47
Cash and Cash Equivalents at the end of the year	325.42	474.00

As per our Report attached

For and on behalf of the Board

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 27, 2015

Mumbai, May 27, 2015

# PRIME SECURITIES LIMITED

## NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2015

NOTE 1 - SHARE CAPITAL	Period ended 31-Mar-15 (Rs Lacs)	Period ended 30-Sep-13 (Rs Lacs)
<b>AUTHORISED</b>		
3,00,00,000 Equity Shares of Rs. 5/- each	1,500.00	1,500.00
2,00,000 13% Cumulative Redeemable Preference Shares of Rs. 100/- each	200.00	200.00
18,00,000 Unclassified Shares of Rs. 100/- each	1,800.00	1,800.00
<b>Total</b>	<b>3,500.00</b>	<b>3,500.00</b>
<b>ISSUED</b>		
2,72,22,725 (Previous Year 2,72,22,725) Equity Shares of Rs. 5/- each	1,361.14	1,361.14
<b>Total</b>	<b>1,361.14</b>	<b>1,361.14</b>
<b>SUBSCRIBED &amp; FULLY PAID</b>		
2,64,73,525 (Previous Year 2,64,73,525) Equity Shares of Rs. 5/- each	1,323.68	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	4.17	4.17
<b>Total</b>	<b>1,327.85</b>	<b>1,327.85</b>

- a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

Particulars	Period ended 31-Mar-15 No. of Shares	Period ended 30-Sep-13 No. of Shares
Opening Balance	2,64,73,525	2,64,73,525
Add: Shares Issued during the period	-	-
Closing Balance	2,64,73,525	2,64,73,525

- b) Details of equity shareholders holding more than 5% of equity shares:

Name of Shareholder	Current Period		Previous Period	
	%	No. of Shares	%	No. of Shares
Judith Investments Private Limited	10.14	2,683,497	10.14	2,683,497
N. Jayakumar	7.87	2,084,759	7.87	2,084,759
New Vernon Private Equity Limited	6.80	1,800,000	6.80	1,800,000
Videocon Industries Limited	6.66	1,762,565	6.70	1,774,153

- c) **Employees Stock Option Schemes (ESOS)**

The Company's stock based compensation plan for employees comprises of three schemes viz. the ESOS 2007 Scheme, ESOS 2008 and the ESOS 2009 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries. The Company has reserved issuance of 842,200 (Previous year 1,749,000) Equity Shares of Rs. 5/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS) approved by Members. During the year, the Company has granted NIL (Previous year NIL) Options to the eligible employees.

### ESOS 2007 Scheme

The Scheme permits allocation of an aggregate of 1,000,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of Rs. 38/-.

### ESOS 2008 Scheme

The Scheme permits allocation of an aggregate of 1,200,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of Rs. 15/-.

### ESOS 2009 Scheme

The Scheme permits allocation of an aggregate of 2,000,000 equity shares of the face value of Rs. 5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of Rs. 38/-.

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

Particulars (Exercise Price)	ESOS 2007 (Rs. 38/-)		ESOS 2008 (Rs. 15/-)		ESOS 2009 (Rs. 38/-)	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Options outstanding, beginning of the Year	4,58,400	8,12,000	5,15,200	8,39,950	7,75,400	11,30,000
Add: Granted during the Year	-	-	-	-	-	-
Less: Exercised during the Year	-	-	-	-	-	-
Less: Lapsed during the Year	2,32,100	3,53,600	2,94,700	3,24,750	3,80,000	3,54,600
Options outstanding, end of the Year	2,26,300	4,58,400	2,20,500	5,15,200	3,95,400	7,75,400

NOTE 2 - RESERVES AND SURPLUS	Period ended 31-Mar-15 (Rs Lacs)	Period ended 30-Sep-13 (Rs Lacs)
<b>Capital Reserve</b>		
As per last Balance Sheet	165.00	165.00
	165.00	165.00
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	217.27	217.27
	217.27	217.27
<b>Securities Premium Reserve</b>		
As per last Balance Sheet.	5,312.64	5,312.64
Add: Receipts on exercise of Employee Stock Options	-	-
	5,312.64	5,312.64
<b>General Reserve</b>		
As per last Balance Sheet	2,400.00	2,400.00
	2,400.00	2,400.00
<b>Surplus</b>		
Balance at the beginning of the Year	(9,361.37)	(691.13)
Add: Net Profit / (Loss) for the Year	(1,521.41)	(8,670.24)
	(10,882.78)	(9,361.37)
<b>Total</b>	<b>(2,787.87)</b>	<b>(1,266.46)</b>
<b>NOTE 3 - LONG-TERM BORROWINGS</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
<b>Term Loans</b>		
Secured		
- From Bank	3.34	14.46
[Secured against hypothecation of own asset]		
<b>Other Loan and Advances</b>		
Secured		
- From Bank (refer note 22.8)	600.00	-
[Against pledge of shares owned by other parties		
- From Others	1,110.00	-
[Against pledge of specified investments owned by the Company		
<b>Total</b>	<b>1,713.34</b>	<b>14.46</b>

Terms of Repayment of Long Term Borrowings						
Particulars	1-2 Years		2-3 Years		3-4 Years	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Term Loan From Banks	6.42	5.54	-	3.26	-	1.66
Loans and Advances from Bank	400.00	-	400.00	-	-	-
Loans and Advances from other than Banks	1,110.00	-	-	-	-	-

NOTE 4 - LONG-TERM PROVISIONS	Period ended 31-Mar-15 (Rs Lacs)	Period ended 30-Sep-13 (Rs Lacs)
Provision for Employee Benefits - Leave Encashment	144.23	145.54
<b>Total</b>	<b>144.23</b>	<b>145.54</b>
NOTE 5 - SHORT-TERM BORROWINGS	Period ended 31-Mar-15 (Rs Lacs)	Period ended 30-Sep-13 (Rs Lacs)
<b>From Banks</b>		
Secured (refer note 22.8)	2,041.83	2,054.99
<i>[Against pledge of shares owned by other parties]</i>		
Unsecured (refer note 22.8)	1,097.64	-
<b>Loan and Advances other than Banks</b>		
Secured [Against pledge of specified investments owned by the Company]	3,539.80	5,748.26
Unsecured [Refer Note 22.12]	1,430.00	2,355.00
<b>Loan and Advances from Related Parties</b>		
Unsecured	689.04	-
From Associate Company	462.57	-
<b>Total</b>	<b>9,260.88</b>	<b>10,158.25</b>

NOTE 6 - TRADE PAYABLES	Period ended 31-Mar-15 (Rs Lacs)	Period ended 30-Sep-13 (Rs Lacs)
Trade Payables	10,532.10	10,887.69
[As per the information available with the Company, there are no dues outstanding as on 31st March 2015 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006]		
<b>Total</b>	<b>10,532.10</b>	<b>10,887.69</b>
NOTE 7 - OTHER CURRENT LIABILITIES	Period ended 31-Mar-15 (Rs Lacs)	Period ended 30-Sep-13 (Rs Lacs)
<b>Current Maturities of Long Term Debt</b>		
Secured		
- From Banks	7.15	7.40
Interest Accrued and Due on Borrowings	-	361.91
Unpaid Dividends	6.36	53.71
Income Received in Advance	2.40	-
<b>Other Payables</b>		
Statutory Dues	39.50	58.42
Payable on purchase of Investments	225.92	421.90
Salary Payable	-	5.87
Liability towards share obligations	-	108.91
Temporary Overdrawn Bank Account	34.07	-
Outstanding Expenses	547.96	593.91
Advances / Margins from Clients	876.20	2,814.08
Other Liabilities	2,174.12	2,462.81
<b>Total</b>	<b>3,913.68</b>	<b>6,888.93</b>
NOTE 8 - SHORT-TERM PROVISIONS	Period ended 31-Mar-15 (Rs Lacs)	Period ended 30-Sep-13 (Rs Lacs)
Provision for Employee Benefits - Leave Encashment	14.17	16.05
<b>Total</b>	<b>14.17</b>	<b>16.05</b>

NOTE 9 - FIXED ASSETS										
DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As On 1-Oct-13	Additions	Deletions & Adjustments	As on 31-Mar-15	As on 1-Oct-13	For the period Provided	Adjustments	As on 31-Mar-15	As on 31-Mar-15	As on 30-Sep-13
<b>Tangible Assets</b>										
Building	437.79	-	-	437.79	117.94	10.69	-	128.64	309.16	319.85
Furniture & Fixture	56.28	0.71	11.72	45.27	10.61	4.37	4.25	10.73	34.54	45.67
Vehicles	173.32	-	13.60	159.72	82.60	22.16	9.42	95.35	64.37	90.72
Office Equipments	51.38	0.60	7.22	44.75	7.68	3.24	1.97	8.95	35.80	43.69
Data Processing Equipment	32.40	0.47	18.74	14.13	16.57	3.72	11.45	8.83	5.30	15.84
<b>Intangible Assets</b>										
Computer Software	83.98	-	20.49	63.49	61.66	7.45	15.61	53.51	9.98	22.32
<b>Total</b>	<b>835.16</b>	<b>1.78</b>	<b>71.78</b>	<b>765.16</b>	<b>297.06</b>	<b>51.64</b>	<b>42.69</b>	<b>306.01</b>	<b>459.15</b>	<b>538.10</b>
<b>Previous Year</b>	<b>847.03</b>	<b>71.21</b>	<b>83.08</b>	<b>835.16</b>	<b>252.67</b>	<b>68.69</b>	<b>24.30</b>	<b>297.06</b>	<b>538.10</b>	

**Note:**

Net block of the Building include a residential flat of Rs. 266.71 Lacs in a co-operative society, acquired from a debtor in satisfaction of a claim. In view of the restraining orders, the society has kept in abeyance the admission of membership of the Company. In the earlier year, pursuant to the order of the Hon'ble High Court, the possession of the flat was handed over to the Official Assignee. An appeal was filed by the Company against the said order whereby the said order was set aside. Pursuant to the fresh chamber summons filed by the Company for removing attachment, the Official Assignee has been directed not to sell or dispose-off the flat. The Company has been legally advised that the said developments will not have a bearing on the Company's title to the flat and consequently there is no impairment in the value of the asset and the Company is not likely to have any further claim or liability against the said flat.

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<b>NOTE 10 - NON-CURRENT INVESTMENTS (NON-TRADE)</b>	<b>Period ended (Rs Lacs) 31-Mar-15</b>	<b>Period ended (Rs Lacs) 30-Sep-13</b>
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>		
Quoted	5,666.50	7,471.10
<b>Total</b>	<b>5,666.50</b>	<b>7,471.10</b>
<b>NOTE 11 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
Capital Advances	327.50	327.50
Security Deposits	315.71	295.19
Other Loans and Advances		
Advance Income Tax (Net of Provisions)	336.89	316.85
Loans to Employees	-	76.48
Prepaid Expenses	2.82	1.77
<b>Total</b>	<b>982.91</b>	<b>1,017.79</b>
<b>NOTE 12 - CURRENT INVESTMENTS</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>		
Quoted	17.80	19.70
<b>Total</b>	<b>17.80</b>	<b>19.70</b>
<b>NOTE 13 - TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
Outstanding for a period exceeding six months.	12,354.08	3,454.84
Others	-	9,471.01
<b>Total</b>	<b>12,354.08</b>	<b>12,925.86</b>
<b>NOTE 14 - CASH AND BANK BALANCES</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
<b>Cash and Cash Equivalents</b>		
Balances with Banks	19.41	198.05
[Includes earmarked balances for payment of Unclaimed Dividend of Rs. 6.36 Lacs (Previous Year Rs. 53.71 Lacs)]		
Cash on Hand	16.01	25.95
Other Bank Balances		
- In Deposit Accounts	290.00	250.00
<b>Total</b>	<b>325.42</b>	<b>474.00</b>
<b>NOTE 15 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
Loans and Advances to Related Parties		
To an associate as Intercompany Deposit	113.84	109.30
To Associate Concern as Advance	-	6.26
Others		
Interest Receivable	4.77	-
Advance Salary	2.21	6.34
Prepaid Expenses	58.02	90.47
Service Tax Credit	17.02	10.74
Security Deposits	-	607.65
Advance Recoverable in Cash or Kind	28.49	34.17
Advance Gratuity Premium	-	15.90
Other Short Term Advances	3,693.98	4,378.17
<b>Total</b>	<b>3,918.33</b>	<b>5,259.00</b>
<b>NOTE 16 - OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
Receivable on Sale of Investments	3.58	-
Dues from Stock Exchange	394.45	347.00
Income Receivable	-	111.36
<b>Total</b>	<b>398.03</b>	<b>458.36</b>

<b>NOTE 17 - REVENUE FROM OPERATIONS</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
Merchant Banking and Advisory Fees	269.14	407.45
Income from Broking Operations	-	1,149.20
Income from Wealth Management Services	-	224.18
Net Gain / (Loss) in Derivatives and Other Transactions	(21.14)	(4,996.27)
<b>Total</b>	<b>248.00</b>	<b>(3,215.44)</b>
<b>NOTE 18 - OTHER INCOME</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
Interest Income	21.60	1,873.74
Dividend Income	36.37	58.42
Net Gain / (Loss) on Sale of Investments	(1,242.36)	(2,407.53)
Interest Received On Income Tax Refund	2.65	-
Balances Written Back	-	20.08
Rent	2.00	-
Other Non-Operating Income		
Provisions no longer required, Written back	427.42	0.08
Amounts Written Back	250.00	-
Miscellaneous Income	6.03	106.83
<b>Total</b>	<b>(496.29)</b>	<b>(348.37)</b>
<b>NOTE 19 - EMPLOYEE BENEFIT EXPENSES</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
Salaries	233.57	635.19
Contribution to Provident and Other Funds	7.05	28.89
Staff Welfare Expenses	9.82	28.52
<b>Total</b>	<b>250.44</b>	<b>692.61</b>
<b>NOTE 20 - FINANCE COSTS</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
Interest Expense	239.87	1,235.51
Other Borrowing Costs	26.60	47.32
<b>Total</b>	<b>266.47</b>	<b>1,282.83</b>
<b>NOTE 21 - OTHER EXPENSES</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>	<b>Period ended 30-Sep-13 (Rs Lacs)</b>
Power and Fuel	7.30	21.54
Rent	37.14	30.23
Repairs & Maintenance	16.42	18.02
Insurance Premium	4.60	13.19
Rates & Taxes	0.56	0.64
Travelling & Conveyance	38.27	103.76
Consultancy & Professional Charges	94.88	649.47
Filing Fees	0.99	0.10
Telephone, Postage & Courier Charges	4.82	17.99
Printing & Stationery	0.47	4.39
Membership & Subscription	3.54	43.60
Director's Sitting Fees	11.20	6.80
Bank Charges	-	-
Auditor's Remuneration		
- For Audit Fees	10.82	12.30
- For Taxation	-	4.25
- For Other Services	0.50	0.20
Transaction Fees	1.42	658.05
Donations	-	5.50
Court Fees Paid	0.31	-
Registration Charges	1.18	2.50
Loss on Asset Sold/Discarded	17.30	25.23
Loss in PMS Operations	204.08	-
Diminution in Value of Investments	-	97.06
Provision for Doubtful Debts & Advances	58.35	1,036.46
Balances written off (Net)	706.45	-
Bad Debts written off	-	69.40
Miscellaneous Expenses	62.00	211.93
<b>Total</b>	<b>1,282.59</b>	<b>3,032.60</b>

22. **NOTES ON ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2015**

22.1 **Significant Accounting Policies**

a) **Accounting Convention**

The consolidated financial statements have been prepared under the historical cost convention and on accrual basis of accounting. The accounts of the Parent Company and its Indian subsidiaries have been prepared in accordance with Generally Accepted Accounting Principles in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

The financial statements of the domestic subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company i.e. period ended 31st March 2015.

b) **Principles of Consolidation**

The Consolidated Financial Statements comprises of the individual financial statement of Prime Securities Limited ("the Parent Company"), and its Subsidiaries for the period ended on that date. The Consolidated Financial Statements have been prepared on the following basis:

- i) The financial statements of the Parent Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified under the Companies (Accounting Standards) Rules, 2006.
- ii) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies.
- iii) The excess of cost to the Parent Company of its investment in the Subsidiary Companies over the Parent Company's portion of equity (net assets) of the Subsidiary Companies on the date on which investment in Subsidiaries is made is recognised as goodwill, which is amortised over a period of five years.
- iv) Minority Interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company. Minority Interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- v) The investment in associate is accounted under the equity method and its share of pre-acquisition loss is reflected as goodwill in accordance with Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006. The goodwill is written-off in the year of acquisition.
- vi) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Profit and Loss account to the extent such change is attributable to the associates' Profit and Loss account and through its reserves for the balance, based on available information.

c) **Companies included in Consolidation**

Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at March 31, 2015
Prime Broking Company (India) Limited	India	100.00%
Prime Research & Advisory Limited	India	100.00%
Prime Commodities Broking (India) Limited	India	100.00%
Primesec Investments Limited	India	100.00%

Associate Company considered in the consolidated financial statements is:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at March 31, 2015
Primary Cuisine Private Limited	India	24%

d) **Other Significant Accounting Policies**

i) **Fixed Assets**

Fixed Assets are stated at historical cost less accumulated depreciation and impairment loss, if any.

ii) **Depreciation**

Depreciation on assets is provided on straight-line method on pro-rata basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Capitalised software is depreciated on a straight line basis over a period of their useful life which is estimated at six years.

iii) **Investments**

Investments intended, at the time of acquisition, to be held for a period exceeding twelve months are classified as "Non-Current Investments". All other Investments are classified as "Current Investments".

Investments are accounted on trade date at cost of acquisition which includes brokerage and other charges.

Current Investments are valued at cost or market value, whichever is lower, whereby the cost of each scrip is compared with its market value and the resultant shortfall, if any, is charged to revenue.

Non-Current Investments are stated at cost less provision, if any, for diminution which is considered other than temporary in nature.

iv) **Revenue Recognition**

Merchant Banking and Advisory Fees are accrued as per the terms of contract except where there is uncertainty as to their realisation.

Brokerage income from capital market, futures and options and wholesale debt market segments is accounted on trade dates.

Interest is accounted on accrual basis.

Dividend is accounted when the right to receive is established.

Gains or losses on sale of Investments are recognised on trade dates by comparing the sales realisation with the weighted average cost of such investment.

Income from Wealth Management services is accounted as per the terms of the respective schemes / agreements entered with the clients.

v) **Employee Benefits**

– **Defined Contribution Plan**

Contribution to defined contribution plan (being Provident Fund) is charged to the Profit and Loss Account.

– **Defined Benefit Plan:**

The present value of the obligation under defined benefit plan (being Gratuity and Leave Encashment) is determined based on actuarial valuation using the projected unit credit method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In case of funded benefit plans the fair value of the plan assets is compared with the gross obligation under the benefit plan to recognize the obligation on net basis.

– **Other Benefits:**

Short term and long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

vi) **Taxation**

– Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

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- Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
  - Deferred tax assets are recognised only if there is a reasonable certainty of their realization.
- vii) **Foreign Currency Transactions**
- Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the profit and loss account.
  - Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognized in the profit and loss account and the related assets and liabilities are accordingly restated in the balance sheet.
- viii) **Earnings Per Share**
- In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.
- ix) **Impairment of Assets**
- The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.
- x) **Operating Leases**
- Leases of Assets under which all the risk and benefits of the ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss account.
- xi) **Derivative Transactions**
- Gains are recognized only on settlement/expiry of derivative instruments.
- All open positions are marked to market and unrealized losses are provided for. Unrealized gains, if any, on marked to market are not recognized.
- Debit/Credit balance on open interest as on the balance sheet dates are shown as current assets/liabilities, as the case may be.
- xii) **Provisions and contingencies**
- A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.
- xiii) **Miscellaneous Expenditure**
- Preliminary Expenses are amortised over a period of five years.

## 22.2 Contingent Liabilities

(Rs. In Lacs)

Particulars	Period ended 31-Mar-15	Period ended 30-Sep-13
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	210.31	283.09
Corporate guarantee given for financial facilities (Amount outstanding at the close of the year)	81.77	2,251.09
Claim made against the Company not acknowledged as debt (Interest liability on the above cannot be ascertained)	3,116.04	954.10
Repurchase of receivables, assigned during the year by the Company, in case of non-recovery of the deposit amount by the assignee within stipulated time as per the terms of the agreement	-	2.75

- 22.3 The Group has a negative net worth which casts significant doubt about the ability of the Group (and each of its constituent) to meet its obligations as and when they fall due and therefore its ability to continue as a going concern. Based on evaluation of the current situation and plans formulated to dispose-off investments and to create new revenue streams, the management holds the view that the Group (and each of its constituents) will be able to discharge its liabilities in the normal course of business. Accordingly, the financial statements have been prepared on the basis that the Group is a going concern and that no adjustments are required to the carrying value of assets and liabilities.
- 22.4 During the period, the Group did not carry out the broking activity due to the ongoing dispute with the National Stock Exchange of India Limited (NSE) / National Securities Clearing Corporation Limited (NSCCL). In the earlier year, the Group (through one of its constituent) had entered into certain transactions in the Futures & Options segments of the NSE, on behalf of its clients, against which various collaterals were provided to the exchange towards margin for these transactions. The value of the collateral given was well in excess of the contract value in the F & O segment. However, the constituent company of the Group was declared a defaulter by NSE/NSCCL and also was expelled as a Member of NSE, which has been challenged by it in the Securities Appellate Tribunal ("SAT") and further, the constituent company of the Group has also filed a suit for damages against NSE/NSCCL in the Hon'ble High Court. The value of these claims far exceeds the contract values. Bombay Stock Exchange Limited ("BSE") has also triggered the cross default clause and declared the constituent company of the Group a defaulter, which has also been challenged by it in SAT. NSCCL has subsequently initiated the winding-up proceeding in the Hon'ble High Court and the constituent company of the Group has been instructed to maintain status quo, which has been contested by it. All the matters are pending for hearing. In view of the above and pending outcome of the SAT/Hon'ble High Court hearings, the constituent company of the Group has not made any adjustments in the security deposits given to NSE/NSCCL.
- 22.5 During the period, the Group sold its Wealth Management business along with its assets for a net consideration of Rs. 591.92 lacs.
- 22.6 The Group has an investment of Rs. 36.12 Lacs in equity shares of Primary Cuisine Private Limited ('PCPL'), an associate company, and has also given an unsecured loan of Rs. 113.84 Lacs. The audited financial statements of PCPL for the year ended 31<sup>st</sup> March 2015 are not available. Based on the latest available unaudited financial statements i.e. for the year ended 31<sup>st</sup> March 2013, PCPL has a negative net worth of Rs. 110.65 Lacs. However, having regard to the expected capital infusion and improved business conditions, the financial statements of PCPL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities. Considering that its investment in PCPL is of strategic and long term nature no provision is considered necessary by the management for diminution in the value of the Group's financial exposure in PCPL.
- 22.7 In the earlier year, the Group (through one of its constituent) had entered into loan agreements with two parties for funding the purchase of shares by them. As agreed with the said parties and pursuant to the explicit authority in terms of the loan agreement, the shares so purchased on behalf of the said parties were given for further pledging with the stock exchange as collateral in the derivatives segment. The funding for the shares so purchased was raised by way of selling long dated call and put options. In view of the various breaches and defaults committed by the said parties in fulfilling the terms and conditions of the loan agreement, the said constituent company of the Group had terminated the loan agreement and it is in the process of taking appropriate legal proceedings against the said parties for recovery of dues.
- 22.8 One of Group's lending bank under a 'one-time settlement' has crystallized its loan at Rs. 900.00 lacs and has waived past and future interest, provided the specified repayment schedule is adhered to and in case of any default, the Group would be liable to pay interest and the

bank would pursue the matter in DRT. The Group has given effect to the one-time settlement in the books of account by re-stating the liability as accepted under the scheme and until the end of the financial year, it has made payments as per the repayment schedule.

- 22.9 The Group has submitted a proposal to one of its lending bank for a 'one-time settlement' for repayment of principal (Rs. 1168.74 lacs) over a period of 4 years and waiver of past and future interest. Pending acceptance of the proposal by the bank, the Company has not accounted for interest on the amount outstanding. The amount of interest is unascertained in view of no communication received from the bank.
- 22.10 The Group has not accounted for interest expense of Rs. 1,969.11 (Rs. 643.36 Lacs) on secured loans (from other than banks), since in the opinion of the management the same would not be payable pursuant to a proposed restructuring/settlement of the loan. The aggregate interest (including interest for earlier periods) not provided as on March 31, 2015 is Rs. 2,612.48 lacs (Rs. 643.36 lacs).
- 22.11 The Group has written back an unsecured loan of Rs. 250.00 lacs as in the opinion of the management the same was no longer payable. However, it is in the process of executing necessary documentation in respect of the same.
- 22.12 The Group has not obtained documentations like confirmation of balance and terms of interest / repayment in respect of an unsecured loan of Rs. 1,400 lacs (refer Note 5). The Company has not accounted for interest on the said loan on the basis that it is interest-free. Further it has been categorized as short-term borrowings on the basis of the management's representation in that regard.
- 22.13 The Group had advanced Rs. 327.50 Lacs to a party and secured a right to acquire an office premises in Mumbai within a specified period. It could not complete the acquisition within the specified period and the right has lapsed. The management is in discussion with the party for refund of the said advance and is hopeful of recovery and accordingly, no provision is considered necessary.
- 22.14 There has been a decline of Rs. 1,399.50 Lacs as on March 31, 2015 in the carrying value of Non-current Investments. No provision for diminution in the value of such investments has been considered necessary since, in the opinion of the management, such diminution is only temporary in nature considering depressed market conditions prevailing at the year-end.
- 22.15 Out of the total debtors due and outstanding, debts amounting to Rs. 12,354.08 Lacs (Previous Year Rs. 588.40 Lacs) pertain to parties which are due and outstanding for over a year. Despite the Group's several initiatives to recover the debts the process of recovery is slow, the management is certain about its recovery and therefore have considered the same as good and recoverable.
- 22.16 In the opinion of the management, sundry debtors and loans and advances being subject to confirmation, have a value at least equal to the amount shown in the balance sheet and the provisions made thereof are sufficient and adequate.
- 22.17 In the earlier years, One of the constituent company of the Group had advanced a deposit to secure an option, exercisable within a specified period, to acquire development rights in respect of an immovable property in Mumbai and subsequently, the said constituent company of the Group had rescinded its right to exercise the option and had renegotiated with the concerned parties for recovery of the deposit. During the year, it has written-off the said deposit of Rs. 607.48, as the same is no longer recoverable.
- 22.18 **Retirement Benefits**

(Disclosure as required by AS 15 (Revised), "Accounting for Retirement Benefits" issued by Institute of Chartered Accountants of India)

Contribution to gratuity for India based employees are accrued on the basis of actuarial valuation and are also accordingly funded. The balance of Projects Benefit Obligation (PBO) on gratuity over the funded amount is accrued as liability.

(A) Disclosure in terms of revised AS 15 on Retirement Benefits in respect of Defined Benefits Plans (Gratuity - funded scheme)

(Rs. in Lacs)

	Period ended 31-Mar-15	Period ended 30-Sep-13
<b>Change in Projected Benefits Obligation (PBO)</b>		
PBO at beginning of the year	137.73	147.31
Service cost	9.97	19.36
Interest cost	19.11	18.48
Actuarial (gain)/loss	8.70	(18.02)
Benefits paid	(151.70)	(29.40)
PBO at the end of the period	23.81	137.73
<b>Change in Plan Assets</b>		
Plan assets at the beginning of the year at fair value	182.01	186.07

Expected return on plan assets	24.02	22.90
Employer Contribution	-	8.31
Actuarial gain/ (loss)	(22.15)	(5.87)
Benefits paid	(151.70)	(29.40)
Fair value of plan assets at the end of the year	32.18	182.01
<b>Reconciliation of PBO and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	32.18	182.01
Present value of the defined benefit obligations at the end of the year	23.81	137.73
Funded Status of the Plan	8.37	44.28
<b>Gratuity costs for the year</b>		
Service cost	9.97	19.36
Interest cost	19.11	18.48
Expected return on plan assets	(24.02)	(22.90)
Actuarial (gain)/loss	30.85	(12.15)
Net Gratuity	35.91	2.79
<b>Assumption</b>		
Discount Factor	8.00%	8.75%
Estimated rate of return on plan assets	8.00%	8.80%

(B) During the year, a provision of Rs. 25.88 Lacs (Previous year Rs. 29.95 Lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is Rs. 158.40 Lacs (Previous Year Rs. 161.58 Lacs). The actuarial liability is computed assuming the discount factor of 8.00%.

#### 22.19 Earnings per Share

Particulars	Period ended 31-Mar-15	Period ended 30-Sep-13
<b>Basic</b>		
Opening Number of Shares	26,473,525	26,473,525
Closing Number of Shares	26,473,525	26,473,525
Weighted Average Number of Shares for Basic EPS	26,473,525	26,473,525
Profit / (Loss) after Tax (Rs. in Lacs)	(1,521.41)	(8,670.24)
Basic EPS (Rs.)	(5.75)	(32.75)
<b>Diluted</b>		
Dilutive Component of Stock Options / Warrants Outstanding	-	-
Weighted Average Number of Shares for Diluted EPS	26,473,525	26,473,525
Diluted EPS (Rs.)	(5.75)	(32.75)

The Guidance Note on Accounting of Employee Share Based Compensation issued by Institute of Chartered Accountant of India applies to employee share based payment plans, the grant date of which falls on or after April 1, 2005 and allows accounting for employee share based payment plans based on either the Intrinsic value method or the fair value method. The Company follows the intrinsic value method. Under the fair value method, the net loss for the year ended March 31, 2015 would have been lower by Rs. 54.97 lacs and the Basic EPS and Diluted EPS would have been Rs. (5.75) and Rs. (5.75) respectively.

The fair value of each option is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Particulars	Period ended 31-Mar-15
Dividend Yield (%)	-
Expected Volatility (%)	(0.19)
Risk Free Interest Rate (%)	8.00
Expected Term (Number of Years)	3

#### 22.20 Operating Lease for asset taken on lease

Particulars	Period ended 31-Mar-15	Period ended 30-Sep-13
i) Total of future minimum lease payments		
a) Not later than one year	39.30	-
b) Later than one year and not later than five years	43.14	-

# PRIME SECURITIES LIMITED

c) Later than five years	-	-
ii) Lease payments recognised in the Profit and Loss account	36.78	29.87

## 22.21 Deferred Tax

The break-up of deferred tax asset as on March 31, 2015 is as follows:  
(Rs. in lacs)

Particulars	Period ended 31-Mar-15	Period ended 30-Sep-13
<b>Asset</b>		
Provision for Expenses	1.84	13.17
<b>Total Asset (A)</b>	<b>1.84</b>	<b>13.17</b>
<b>Liability</b>		
Timing difference in depreciation	5.69	9.41
<b>Total Liability (B)</b>	<b>5.69</b>	<b>9.41</b>
<b>Net Deferred Tax Asset (A-B)</b>	<b>(3.84)</b>	<b>8.40</b>

## 22.22 Related Party Disclosures

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

### Relationships

- Directors & Key Management Personnel (of Parent and Subsidiary Companies)
    - Mr. N. Jayakumar
    - Mr. Vinay Motwani
    - Mr. Ajay Shah
  - Relative of Director / Key Management Personnel
    - Ms. Madhu Jayakumar
  - Associate Company
    - Judith Investments Private Limited
    - Primary Cuisine Private Limited
    - Gateway Entertainment Limited
- ii. The following transactions were carried out with the related parties in the ordinary course of business:  
(Rs. in lacs)

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	31- Mar-15	30-Sep-13
1	Interest free Inter corporate deposit received from Gateway Entertainment Limited - Sums Received - Sums Repaid	-	30.00	30.00 (Credit)	30.00 (Credit)
2	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.	-	3.00	3.00 (Credit)	3.00 (Credit)
3	Remuneration paid to key managerial personnel	23.47	204.49	-	-
4	Advance / (Recovery) salary paid to a Director	-	4.39	46.39 (Debit)	46.39 (Debit)
5	Deposit given to Mrs. Madhu Jayakumar for Residential accommodation - Sums Repaid	-	100.00	-	-
6	Brokerage Income - from Directors - from Associate Company	-	0.24 8.41	-	-
7	Sale of vehicle to a relative of director	-	9.00	-	-
8	Loan given to / received back from Primary Cuisine Private Limited - Loan given - Loan received back	9.50 4.97	66.73 7.75	113.84 (Debit)	109.30 (Debit)
9	Dealing in Shares with Associate Concern Judith Investments Pvt. Ltd. Purchase of Shares Sale of Shares	25.65 51.55	-	-	-

## 22.23 Transactions in Foreign Currency (Rs. in Lacs)

Particulars	Period ended 31-Mar-15	Period ended 30-Sep-13
<b>Expenditure in foreign currency</b>		
Travelling Expenses	-	3.33

## 22.24 Segmental Reporting

Business Segments (Rs. in lacs)

Particulars	Merchant Banking		Broking		Total	
	31-03-15	30-09-13	31-03-15	30-09-13	31-03-15	30-09-13
Segment Revenue	269.14	407.45	-	1,373.38	269.14	1,780.83
Add: Unallocated Revenue					(517.43)	(5,344.64)
Total Revenue					(248.29)	(3,563.81)
Segment Result before Interest and Tax	(156.95)	(1,116.44)	(1,155.43)	(731.85)	(1,312.38)	(1,848.29)
Add: Unallocated Income/(Expenses) (net of income/expense)					(520.58)	(5,509.41)
Profit / (Loss) before Interest and Tax					(1,832.96)	(7,357.70)
Interest and Finance Charges					(266.47)	(1,282.83)
Provision for Tax					(13.90)	(29.71)
Profit / (Loss) after Tax from ordinary activities					(2,113.33)	(8,670.24)
Extraordinary Item					591.92	-
<b>Net Profit</b>					<b>(1,521.41)</b>	<b>(8,670.24)</b>
Segment Assets	1,070.48	1,130.41	13,546.22	15,028.61	14,616.70	16,159.02
Add: Unallocated Assets					9,505.51	12,013.28
Total Assets					24,122.21	28,172.30
Segment Liabilities	255.65	6,553.86	11,652.88	16,408.80	11,908.53	22,962.66
Add: Unallocated Liabilities					13,673.70	5,148.24
Total Liabilities					25,582.23	28,110.90
Capital Expenditure	1.57	23.00	0.21	48.22	1.78	71.22
Depreciation & Amortisation	35.32	35.74	16.32	32.95	51.64	68.69

### Notes:

- Segments have been identified in line with the Accounting Standard on Segment Reporting (AS – 17) taking into account the organization structure as well as the differential risks and returns of these segments.
- The Company has disclosed business segment as the primary segment.
- Since the Company provides services in same economic environment, there are no geographic segments.

22.25 Pursuant to the approval received from the Registrar of Companies, Maharashtra (Mumbai) vide its order dated November 17, 2014, the Company has extended its financial year by a period of six months to end on March 31, 2015. Therefore, the financial statements for the current period are for eighteen months.

As per our Report attached

For and on behalf of the Board

For and on behalf of  
**GANDHI & ASSOCIATES**  
Chartered Accountants  
Registration No. 102965W

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 27, 2015

Mumbai, May 27, 2015



**FORM AOC-1**  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
**Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures**

**Part A - Subsidiaries**

Sr. No.	Name of the Subsidiary Country	Country	Reporting Period	Reporting Currency	Exchange Rate	Share Capital (Rs. in lacs)	Reserves & Surplus (Rs. in lacs)	Total Assets (Rs. in lacs)	Total Liabilities (Rs. in lacs)	Investments (Rs. in lacs)	Turnover (Rs. in lacs)	Profit / (Loss) before Taxation (Rs. in lacs)	Provision for Taxation (Rs. in lacs)	Profit / (Loss) after Taxation (Rs. in lacs)	Proposed Dividend	% of Shareholding
1	Prime Broking Company (India) Limited	India	31-Mar-15	INR	N.A.	534.10	1,167.95	13,352.73	13,352.73	102.60	(8.48)	(579.14)	12.24	(591.38)	Nil	100%
2	Primesec Investments Limited	India	31-Mar-15	INR	N.A.	163.60	(7,383.27)	5,146.05	5,146.05	1,324.83	(250.71)	(489.66)	-	(489.66)	Nil	100%
3	Prime Research & Advisory Limited	India	31-Mar-15	INR	N.A.	35.00	(374.32)	99.47	99.47	98.58	-	(3.37)	(0.06)	(3.31)	Nil	100%
4	Prime Commodities Broking (India) Limited	India	31-Mar-15	INR	N.A.	50.00	5.41	296.09	296.09	-	41.65	5.55	1.71	3.84	Nil	100%

**Part B - Associates and Joint Ventures**

Name of Associates/Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the Company on the year end		Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year	
		No.	Amount of investment in Associates/Joint Venture (Rs. in lacs)				Considered in Consolidation	Not Considered in Consolidation
Primary Cuisine Private Limited	31-Mar-13	240,000	36.12	By equity holding	Not Applicable	Nil	Not Applicable	Not Applicable

For and on behalf of the Board

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

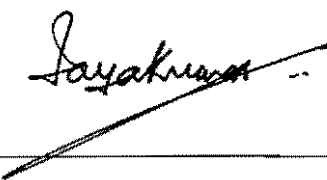
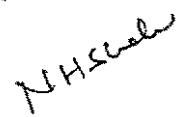

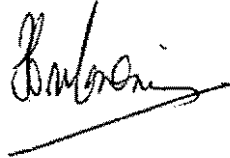
**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 27, 2015

**Form A**  
(Pursuant to Clause 31(a) of the Listing Agreement)  
**Format of covering letter of the annual report to be filed with the stock exchanges**

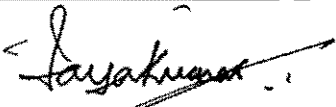
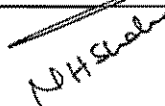

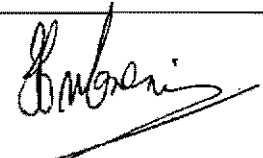
1.	Name of the Company	Prime Securities Limited	
2.	Annual financial statement for the year ended	March 31, 2015	
3.	Type of Audit observation	<b>Emphasis of Matter in the Consolidated Statutory Auditor's Report</b>	<b>Reference to the Notes in the Accounts and the Management Response</b>
		1. Attention is invited to note no. 22.3 regarding preparation of financial statements of the group on going concern basis notwithstanding the analysis of the nature of the Company's assets and liabilities, which casts significant doubt about the Company's ability to meet its obligations as and when they fall due. The appropriateness of the said basis is inter-alia dependent on the Company's ability to generate cash from disposing-off investments and from new revenue streams to meet its liabilities in normal course of business.	The facts have been elaborated in detail in the annual report under note no. 22.3 on page 52.  The management is hopeful that the Group will be able to discharge its liabilities in the normal course of business and hence no adjustments are required to the carrying value of assets and liabilities.
		2. As referred to in note no. 22.9 in absence of receipt of demand for interest, the Group has not provided for interest on bank liability in respect of which a one-time settlement proposal is submitted by the Company and the same is pending with the bank for disposal.	The facts have been elaborated in detail in the annual report under note no. 22.9 on page 53.  Management is co-

			ordinating with the bank is confident of approval of one-time settlement proposal by the bank shortly.
		3. As referred to in note no. 22.14 there is a diminution of Rs. 1,399.50 lacs in value of non-current investments. The diminution is not provided on the basis that the same is temporary in nature.	The facts have been elaborated in detail in the annual report under note no. 22.14 on page 53.  Management considers diminution temporary in nature and hence no provision made.
4.	Frequency of observation	Point No. 1 - Appearing since FY ended September 30, 2013 Point No. 2 - Appearing for the first time Point No. 3 - Appearing since FY ended September 30, 2013	
5.	To be signed by	Mr. N. Jayakumar (Managing Director)	
		Mr. Nikhil Shah (Chief Financial Officer)	
		Mr. Milind Gandhi M/s. Gandhi & Associates Chartered Accountants (Auditor of the Company)	
		Mr. Pradip Dubhashi (Audit Committee Chairman)	

**Form B**  
(Pursuant to Clause 31(a) of the Listing Agreement)  
**Format of covering letter of the annual report to be filed with the stock exchanges**

1.	Name of the Company	Prime Securities Limited	
2.	Annual financial statement for the year ended	March 31, 2015	
3.	Type of Audit observation	Qualified Opinion	
4.	Frequency of qualification	Point No. 1 - Appearing since FY ended September 30, 2013 Point No. 2 - Appearing for the first time Point No. 3 - Appearing since FY ended September 30, 2013 Point No. 4 - Appearing since FY ended September 30, 2013 Point No. 5 - Appearing for the first time	
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	<b>Basis for Qualified Opinion in the Consolidated Statutory Auditor's Report</b>	<b>Management Response</b>
		1. Reference is invited to note no. 22.10 pertaining to not providing for interest of Rs. 1,969.11 lacs on certain secured loans, in respect of which the management is under renegotiations with the lenders. Had the Group made such provision the loss for the period would have been higher by the said amount and the secured loans would have been higher by Rs. 2,612.48 Lacs (including non-provision of interest in earlier period).	The facts have been elaborated in detail in the annual report under note no. 22.10 on page 53.  The management is in the process of renegotiating terms with the lender and the management is of the opinion that the same may not be payable pursuant to a proposed restructuring / settlement of the loan and accordingly, the same is not expected to have any material impact on the financial statements.
		2. Reference is invited to note no. 22.11 pertaining to	The facts have been elaborated in detail in the annual report under

		<p>write-back of an unsecured loan of Rs. 250 Lacs, which in the opinion of the management was no longer payable. Accordingly, the loss for the period and the unsecured loans are lower by the said amount.</p>	<p>note no. 22.11 on page 53.</p> <p>The management has written-back the said loan as it was no longer payable in the opinion of the management.</p>
		<p>3. Reference is invited to note no. 22.12 according to which inter-corporate deposits of Rs. 2,075.00 lacs is categorized as interest free short-term borrowings. We have not been able to validate this assertion in absence of confirmation of balance and terms of repayment/interest. Accordingly, we are unable to ascertain the impact on the financial statements of the categorization of the loan and non-provision of interest thereon.</p>	<p>The facts have been elaborated in detail in the annual report under note no. 22.12 on page 53.</p> <p>The management is in the process of renegotiating terms of these unsecured advances and the same is not expected to have any material impact on the financial statements.</p>
		<p>4. Reference is invited to note no. 22.13 according to which the management is hopeful of recovery of a capital advance of Rs. 327.50 Lacs in respect of which we are unable to ascertain the impact, if any, that may arise in case if the same, or part thereof, is subsequently determined to be doubtful of recovery.</p>	<p>The facts have been elaborated in detail in the annual report under note no. 22.13 on page 53.</p> <p>The management is of the opinion that no provision for doubtful recovery is required as it is in discussion with the concerned party for refund of the said advance and accordingly, the same is not expected to have any material impact on the financial statements.</p>
		<p>5. Reference is invited to note no. 22.15 regarding o/s debtors amounting to Rs.</p>	<p>The facts have been elaborated in detail in the annual report under note no. 22.15 on page 53.</p>

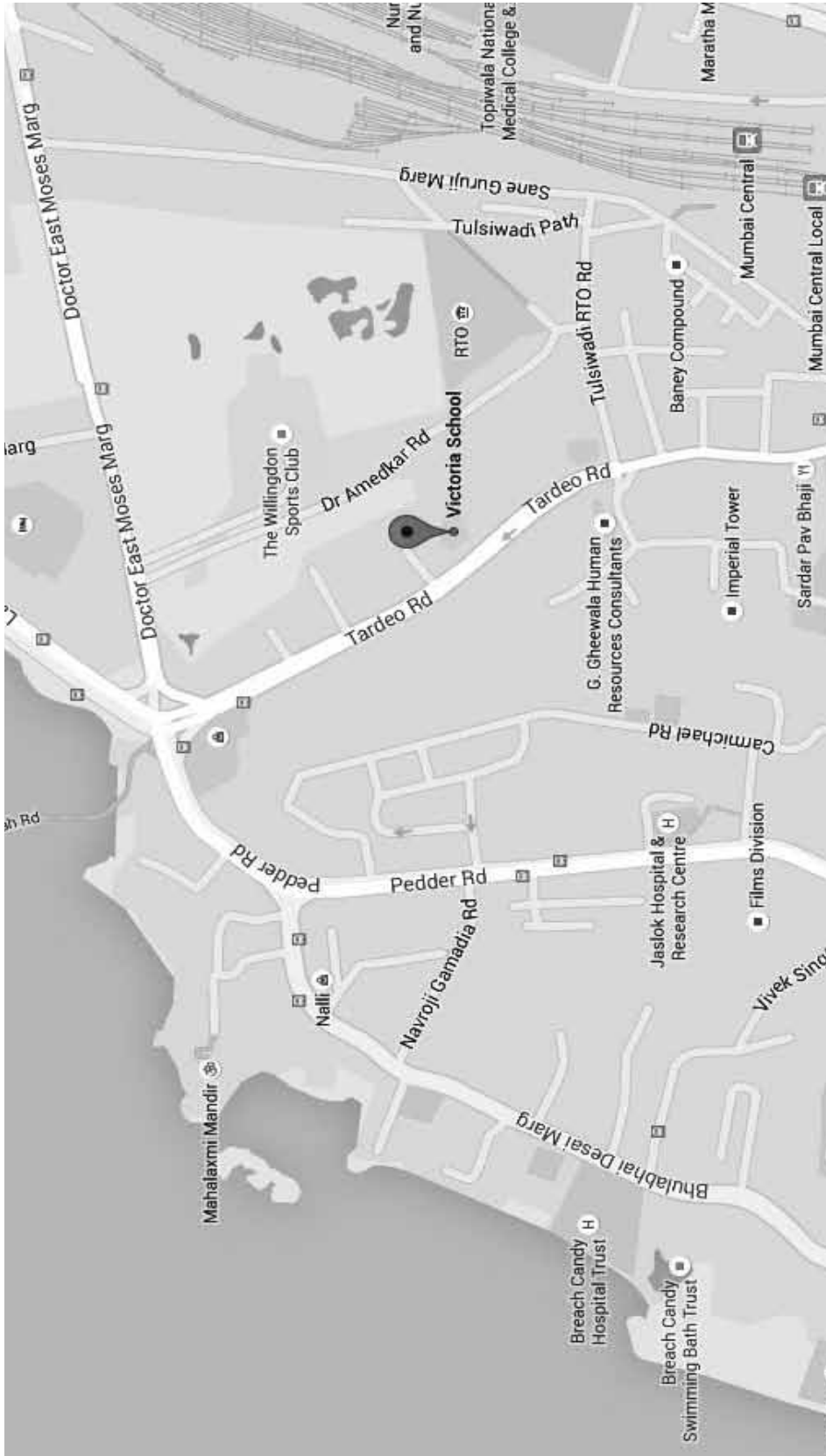
		<p>12,354.08 lacs which are due and outstanding over a year. We are informed that the management is in the process of continuously following it up with the respective parties. Pending recovery we are unable to ascertain the impact, if any, that may arise, if the same or part thereof is subsequently determined to be doubtful of recovery.</p>	<p>The management is of the opinion that no provision for doubtful recovery is required as it is in the process of continuously following up with the respective parties for recovery in the normal course of the business.</p>
6.	Additional comments from the board / audit committee chair	Nil	
7.	To be signed by	Mr. N. Jayakumar (Managing Director)	
		Mr. Nikhil Shah (Chief Financial Officer)	
		Mr. Milind Gandhi M/s. Gandhi & Associates Chartered Accountants (Auditor of the Company)	
		Mr. Pradip Dubhashi (Audit Committee Chairman)	

# PRIME SECURITIES LIMITED

## ROAD MAP TO THE AGM VENUE

Monday, September 21, 2015 at 10.00 a.m.

at Victoria Memorial School for the Blind, Tardeo Road, Opp. Film Centre, Near Hindustan Petroleum Petrol Pump, Mumbai 400034



## E-COMMUNICATION REGISTRATION FORM

To,

**Sharepro Services (India) Private Limited**  
**(Unit : Prime Securities Limited)**

13AB, Samhita Warehousing Complex, Gala No. 52,  
2nd Floor, Near Sakinaka Telephone Exchange,  
Off. Andheri Kurla Road, Andheri (E), Mumbai 400072  
Tel: +91-22-67720300, Fax: +91-22-28509827

### Green Initiative in Corporate Governance

I/We hereby exercise my/our option to receive all Notices / Documents, etc from the Company including Notice of General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, Postal Ballot Notice, etc. in electronic mode. Please register my e-mail ID as given below, in your records, for sending the communications:

DP ID & Client ID / Folio No.	
Name of 1st Registered Holder	
Name of Joint Holder(s), if any	
Registered Address of the Sole/ 1st Registered Holder	
E-mail ID (to be registered)	

Date : .....

Signature : .....

#### Notes:

1. The above form may be used for registering the E-mail IDs by those Shareholders who hold Shares in physical form.
2. The form duly filled and signed may please be sent to the Company's Registrar as mentioned above.
3. Members holding shares in electronic mode are requested to ensure to keep their e-mail addresses updated with the depository participants.
4. On registration, all the communications will be sent to the E-mail ID registered.
5. The form is also available on the website of the Company [www.primesec.com](http://www.primesec.com) under the Section 'Investor information'.
6. Shareholders are requested to keep their depository participants / Company's Registrar - Sharepro Services (India) Private Limited informed as and when there is any change in the e-mail address.





### PRIME SECURITIES LIMITED

(CIN: L67120MH1982PLC026724)  
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

**ATTENDANCE  
SLIP**

#### 32ND ANNUAL GENERAL MEETING SECHEDULED TO BE HELD ON SEPTEMBER 21, 2015

Sr. No.:

Name of Member	
Address	
Folio No. / Client ID No. DP ID	
Number of Shares	

I certify that I am a registered Member / Proxy for the registered Member of the Company. I hereby record my presence at the 32nd Annual General Meeting of the Company to be held on Monday, September 21, 2015, at 10.00 a.m. at Victoria Memorial School for the Blind, 73, Tardeo Road, Opp. Film Centre, Mumbai 400034.

\_\_\_\_\_  
Name of the Member / Proxy (BLOCK LETTERS)

\_\_\_\_\_  
Signature of Member / Proxy

Members / Proxy holders are requested to bring this Attendance Slip to the Meeting and hand over the same at the entrance duly signed.

#### REMOTE E-VOTING PARTICULARS

REVEN (Remote E-Voting Event Number)	USER ID	PASSWORD



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**PROXY  
FORM**

#### 32ND ANNUAL GENERAL MEETING SECHEDULED TO BE HELD ON SEPTEMBER 21, 2015

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): Registered Address:		E-mail Id: Folio No. / Client Id: DP Id:	
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I/we, being the Member(s), holding \_\_\_\_\_ Equity Shares of the above named Company, hereby appoint:

1. Name: \_\_\_\_\_ Email: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him/her

2. Name: \_\_\_\_\_ Email: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him/her

3. Name: \_\_\_\_\_ Email: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Monday, September 21, 2015, at 10.00 a.m. at Victoria Memorial School for the Blind, 73, Tardeo Road, Opp. Film Centre, Mumbai 400034 and at any adjournment thereof in respect of such resolutions as mentioned on the overleaf of this proxy form:

Resolution No.	Resolutions	Optional *	
		For	Against
Ordinary Business			
1.	Adoption of Audited Financial Statements		
2.	Appointment of Director		
3.	Appointment of Auditors		
Special Business			
4.	Appointment of Mr. Pradip Dubhashi as an Independent Director		
5.	Appointment of Mr. Anil Chandrakant Dharker as an Independent Director		
6.	Appointment of Mr. S. R. Sharma as an Independent Director		
7.	Appointment of Ms. Alpana Parida as an Independent Director		
8.	Borrowing Limits of the Company		
9.	Increase in limits of Investments in other Bodies Corporate		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015

\_\_\_\_\_  
Name of the Member

\_\_\_\_\_  
Signature of Proxy

Affix Re. 1/-  
Revenue  
Stamp

**Notes:**

**(1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**

\*(2) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.