



September 24, 2018

✓ **Corporate Relationship Department**  
**Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Fort, Mumbai 400001

**Capital Markets - Listing**  
**National Stock Exchange of India Ltd**  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1,  
G Block, Bandra Kurla Complex, Bandra (East),  
Mumbai 400051

Dear Sir,

**Sub: Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Re: Stock Code: 500337 (BSE) / PRIMESECU (NSE)**

Pursuant to the provisions of Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Annual Report for the Year ended March 31, 2018.

This is for your record and information.

Thanking you,

Yours faithfully,  
For **Prime Securities Limited**

  
**Ajay Shah**  
**Company Secretary**  
(ACS-14359)



# PRIME

A pure-play, value-added,  
financial advisory company

PRIME SECURITIES LIMITED  
ANNUAL REPORT 2017-18



Prime's transformation is  
encapsulated in a simple  
sequence of numbers



(34.36)

₹ cr, Net Worth,  
2015-16

(4.32)

₹ cr, Net Worth,  
2016-17

10.12

₹ cr, Net Worth,  
2017-18

44.77

₹ cr, Net Worth,  
2019-20E\*

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\*Estimate based on the exercise of 70,00,000 warrants (entitling recipients to convert one warrant into one equity share with a face value of ₹5) issued for ₹49.50 a share without factoring any impact of the Profit & Loss account of 2018-19 and 2019-20.



## THINGS YOU NEED TO KNOW ABOUT PRIME SECURITIES LIMITED

### **1** Ethos

**Vision:** To be recognised as a group founded by knowledge, guided by integrity, nurtured by experience and driven by passion to provide personalised solutions in investment banking, and corporate advisory services.

**Mission:** To achieve our objectives in an environment of fairness and equity towards our clients, employees and society at large

#### **Core values**

- To build a financial institution based on

client intimacy, product leadership, service and operational excellence.

- To build a knowledge-driven business and encourage creativity, offering bespoke financial solutions for clients and endeavour for superior returns.

- To maintain the highest possible standards of ethics and integrity in corporate governance.

- To inculcate a meritocratic work environment with respect for individuals, fostering teamwork and collaborative efforts.

- To inspire a sense of ownership and commitment among all team members and cultivate a corporate culture of excellence. Our clients' interests come first.

### **2** Focus

Prime Securities is a leading provider of diversified, investment banking and corporate advisory services, licensed and regulated by the Securities and Exchange Board of India, authorised to advise and arrange financial services under a Category-1 merchant banking license.

### **3 Management**

The Company's senior management includes N. Jayakumar (Managing Director, Prime Securities Limited), Vineet Suri (Executive Director, Prime Securities Limited), S.R. Sharma (Managing Director, Primesec Investments Limited), Akshay Gupta (CEO & CIO, Prime Research and Advisory Services Limited) and Puneet Pandey (Managing Director, Prime Research and Advisory Services Limited). The Company is headquartered in Mumbai, India's financial capital.

### **4 Offerings**

The Company is engaged in providing services that address the apex of the consulting pyramid in terms of organisational criticality, fees and repeat engagement possibility. The Company also offers value-added advice to clients on complex strategic and financial decisions and transactions focused around fundraising, mergers and acquisitions, private equity

and debt placements, initial public offerings, corporate advisory and capital restructuring. The Company's team engages in due diligence, negotiating and closing financial terms individually to cater to client needs and capital market demands.

### **5 Clientele**

Prime Securities Limited has developed a strong client roster comprising prestigious Indian customers like Balrampur Chini Mills Limited, Apollo Hospital, Indraprastha Hospitals, JSW Steel Limited, Pantaloons Retail (India) Limited, Edelweiss Financial Services Limited and Dewan Housing Finance Limited, among others.

### **6 People**

Prime comprised a focused team of 17 (as on 31 March 2018) with key executives involved in every transaction and without the people-intensity of large organisations. The Company's agility was

reflected in a flexible, nimble, market-driven team constantly reacting to market stimuli and client needs with eyes and ears trained to capture moods and sentiments.

### **7 Customers**

The Company has been engaged in long-standing relationships with domestic and international clients, including corporations, foreign institutional investors, financial institutions, banks, mutual funds, insurance companies and high net worth individuals.

### **8 Listing**

The Company has been listed on the NSE and the BSE since 1994. The Company enjoyed a market capitalisation of ₹125 crore as on 31 March 2018.

# THE HEALTH OF OUR BUSINESS



## Consolidated Income from operations

(₹ Crore)



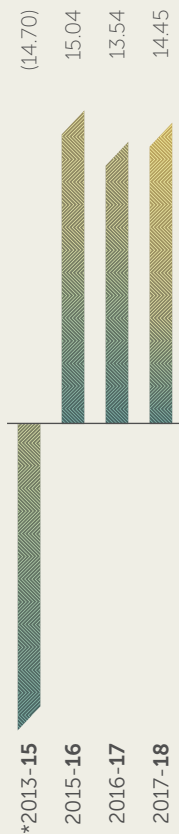
## Consolidated EBITDA

(₹ Crore)



## Consolidated Cash Profit

(₹ Crore)



## Consolidated Profit / (Loss) before tax

(₹ Crore)



\*Financial Year 2013-15 was a period of 18 months from (01-10-2013 to 31-03-2015)

## Ratios

### Balance Sheet ratios

Ratios	*2013-15	2015-16	2016-17	2017-18
Earnings per share (₹)	(5.75)	5.36	5.06	5.39
Book Value per share (₹)	(5.52)	(0.15)	(1.63)	3.82

### Profitability ratios

Margins	*2013-15	2015-16	2016-17	2017-18
EBIDTA margin (%)	(233.29)	57.21	37.62	66.46
Net profit margin (%)	(613.47)	136.42	79.11	61.89
Return on assets (%)	(1,585.52)	1,428.46	167.21	151.54
Return on capital employed (%)	(8.88)	6.71	50.28	84.82
Return on equity (%)	104.20	(3510.34)	(310.55)	141.34

### Liquidity and solvency ratios

Ratios	*2013-15	2015-16	2016-17	2017-18
Debt-equity ratio (including working capital)	(7.52)	(219.97)	(3.93)	0.79
Debt-equity ratio (only long-term debt)	(1.18)	(9.97)	(0.95)	0.21
Interest cover	(3.17)	762.17	286.36	820.43

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Market capitalisation, March 31, 2018  
(₹ Crore)

127.61

Enterprise value, March 31, 2018  
(₹ Crore)

Above ratios are based on Consolidated Financial Accounts

\*Financial Year 2013-15 was for a period of 18 months from (01-10-2013 to 31-03-2015)



# CHAIRMAN'S OVERVIEW



BY PRADIP DUBHASHI

*Chairman & Independent Director*



*Dear Shareholders,*

**I**t is with some satisfaction that I forward the Annual Report for FY'2018. As you would note your Company has continued to do well; on consolidated basis the return on capital employed has substantially improved, the return on equity has decidedly turned a healthy positive and so has the Book Value per share. I am confident that this trend will continue.

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## Business environment

The influence of the economy is overarching in the financial advisory business. GDP growth was rather muted at 6.7% in 2017-18 as against a forecast of 7.1%. Oil price increased and its effect on fiscal deficit and currency, business process adjustment on a gargantuan national scale due to the introduction of GST, credit stall because of debt recovery worries, inflation worries and interest rate hikes by RBI in its wake did serve as speed breakers. Political fragmentation and a stall in parliamentary processes also contributed to the slowdown.

## Uncertainties continue

Many of these uncertainties continue. Disturbances in global trade initiated by the US administration policies and sanctions imposed on Iran have exacerbated local uncertainties. What happens if the Iran oil supply is taken out? What happens to the INR if there is a currency war? Continued depreciation, engineered or otherwise, of the Chinese Yuan and

reaction of the US, make any take on the global economy dangerous. As if this was not enough, some respected economists have been talking of a shrinking world monetary base (US\$) and how it could lead to a global recession in 2019! In the midst of this doom and gloom, the Indian economy is expected to grow at 7.3% or so. The IMF report on the Indian economy has rather graphically said that the 'Indian elephant has begun to run'.

## Our Company's mission continues

As Mr. Jayakumar explained last year, it is difficult for company managements to make sense of these rapid changes, let alone proactively react to them. Your Company has lent a helping hand to some of those affected with timely advice and creative execution. A lot of work that your Company does is non-mandated; it means that many a time we seek out clients likely to run into road blocks. It is not that we have a solution that is in search of a problem

with a particular sector; the Company's client portfolio is diversified with about 50% drawn from service sector, 39% from manufacturing and 11% from trading. Think of it this way, whether it is an aspirational situation or one of desperation, your Company's team has some solid service to offer!

## New lines of business

During the year under review, your Company decided to move into adjacent lines of business like value-added intermediation services in wealth management for Corporate Treasuries, Fund Management companies and Family Offices. Such moves are common; what is slightly different was the path we took. Instead of building capability ground-up, we welcomed a well experienced and networked team into our fold and housed it in Prime Research and Advisory Limited, a subsidiary. Your Company hit the ground running with a client base, annuity income and a profitable operation. The complementarity is vivid; wealth management is incomplete without

Your Company hit the ground running with a client base, annuity income and a profitable operation.

financial advisory and investment banking. Similarly, financial advisory clients are an excellent catchment area for wealth management services. Annuity income from this business, moreover, could smoothen current chunky revenue streams from transaction-led advisory fees.

### Organisational changes

With this induction of a new team in a subsidiary, your Company's team is more than doubled. It is expected to more than double over this year and that too in different geographies. To meet this challenge, your Board re-designated Mr. Jayakumar as MD & Group CEO. All MDs and EDs, including of subsidiaries, shall report to him.

We also persuaded Independent Director Mr. Subramaniam Sharma to take over as MD at Primesec Investments Limited, a subsidiary that shows promise and needed enlightened leadership. We continue to receive his wise counsel as he continues as a Non-

Executive Director on this Board. In Q1 of the current year, we also elevated Mr. Vineet Suri, a veteran in Corporate Finance, to the Board as an Executive Director.

The services that we provide, and that includes new ones added, require our clients to repose complete confidence and trust in us. The expansion in services and growing numbers in the team means your management needs to reassess the 'risk management' framework on an urgent basis and put changes in place. The board has directed the management to urgently reassess the Risk management structure and processes across the group including the subsidiaries. Mr. Subramaniam Sharma is heading this effort and his long experience in Shinsei Bank of Japan would serve us well. This, hopefully, will be done in the coming quarter.

### Corporate governance

Corporate governance has been centre stage in public discourse.

Whenever a situation has arisen, a constant refrain of all is 'What were the Independent Directors doing?' In a Company like yours, which has no promoter (one among very few), the Independent Directors need to shoulder a disproportionate burden to ensure regulatory hygiene. Governance becomes less of providing leadership and oversight and, as one of my esteemed colleagues pointed out, more of policing. My colleagues and I on the Board have been having constructive debates on these issues. Irrespective what is said or unsaid, in your Company governance ethos is like atmospheric pressure; always 14 pounds to a square inch. I have to thank my colleagues for that.

Please write in if you have suggestions and views!

[pradip@primesec.com](mailto:pradip@primesec.com)

# MANAGING DIRECTOR AND GROUP CEO'S OVERVIEW



BY N JAYAKUMAR

*Managing Director and Group CEO*

## *Prime Securities and the power of manthan*

I am tempted to invoke mythology when starting with a review of where Prime stands and where it intends to go.

In Hinduism, one of the central events in the ever-continuing struggle between the gods and the demons was the churning of the ocean of milk. The churn generated wealth from the ocean depths – the moon, a beautiful fragrant and heavenly tree, Lord Indra's four-tusked elephant, a cow of plenty, the goddess of wine, a wish-fulfilling tree, celestial dancers, a celestial



horse, the goddess of wealth, Lord Vishnu's conch, mace and magic bow, various gems and the physician of the gods transporting nectar.

At Prime, this is the most faithful analogy that I can find for what we are and what are trying to do. Our principal objective is to churn the ocean of relationships that we enjoy with our customers, making it possible to generate multiple opportunities from the same customer, translating into enhanced revenues. In churning these relationships comprehensively and generating superior revenues, we don't just expect to generate one-time fees; we also expect to generate a sequence of revenues from the same customer (the closest we can get to annuity), the basis of business sustainability.

### **Widening the platform**

At Prime, we took this initiative ahead during the last financial year when we widened our operating platform. During the earlier year, we had one business vertical of corporate finance and restructuring, which we churned with the objective of generating more business leads from within customers.

We churned our corporate finance restructuring business through the following priorities: nurtured customers for potential deals, increased the number of deals and generated a larger wallet share. We leveraged our advisory capabilities and showcased our complete skill set, addressing progressively complex restructuring assignments. In doing so, we strengthened our brand in a space marked by low competition and reported growth in every business segment quarter-on-quarter.

I am pleased to share that we did well in this regard. By the close of the last financial year, our concurrent 25-deal pipeline was higher than at any time during the last twenty years; the number of in-process deals was twice the number we had closed during the last financial year; the average ticket size per transaction was appreciably higher than in the past and half a dozen customers of the last financial year extended into the second round of their engagement with us.

In this business segment, we will continue to focus on companies needing to restructure their Balance Sheets, providing them with

solutions that strengthen their businesses. We will negotiate on their behalf with banks for lower debt costs or longer debt tenures or moratoriums that provide the affected companies with a breather before they return to profitability and debt repayment.

### **The acquisition**

While most companies would have preferred to consolidate their presence across this business vertical during the nascent stage of our corporate reinvention, we went one decisive step ahead during the last financial year. We embarked on the acquisition of an independent wealth advisory firm, which became effective from 1 April 2018. This wealth advisory company is business-strengthening for Prime: the team brings with it a distinctive customer set, a profitable business and more importantly, an attractive net worth following the acquisition of shares of our company.

The result is that during the acquisition of this business, we replaced the conventional cash outgo model or the equity dilution model; we combined equity dilution with attractive net worth

infusion at terms that we believe are value-accretive for our company. This differentiated approach will strengthen our overall net worth – from (₹34.36) crore in 2015-16 to an estimated ₹44.77 crore at the close of 2019-20 when the warrants given to the incoming partners are likely to have been exercised (without accounting for the earnings the parent company and this subsidiary are likely to report during the intervening period).

### **Attractive synergy**

What makes this deal attractive is the synergy between our existing corporate finance advisory business and the wealth advisory business. The addition of the wealth advisory business was imperative for widening our operating platform. The wealth advisory piece is a critical component of the Prime of the future; it will provide us with the flexibility to extend from being mobilisers of capital for customers needing our restructuring services to becoming deployers of capital on behalf of high net worth customers seeking investment solutions. The ability to be on both sides of the table will make it possible for us to address a wider range

of opportunities, increase the customer touch-points and more effectively leverage the power of customer relationships. In the wealth advisory business, we will increase our presence across family offices and market a wider range of NBFC and mutual fund products.

### **Conducive for business**

The overall environment is becoming increasingly conducive for our business. A number of banks under Prompt Corrective Action are inadequately capitalised, finding it difficult in disbursing credit to corporates. This enhances the relevance of a range of NBFCs who are nimbler in providing funding cum advisory solutions to customers. Prime sits at an attractive sweet spot in this scenario. By virtue of being a non-fund-based advisor, Prime will continue arranging funds for its customers coupled with knowledge-based advisory value-addition. By providing an intermediation service that comprises raising capital plus knowledge, the Company is positioning itself as being more effective than conventional fund providers. This competence is translating into a distinctive industry respect. Prime leverages

its vast network; the result is that the Company has attracted deals from peer companies, validating its deep competence.

Besides, the business environment continues to be fluid. The implementation of GST in 2017-18 affected offtake and business sentiment. The volatility of the Indian currency affected strategic planning stability of a number of companies. The appreciation in the cost of oil affected margins of most industrial players. The global trade war can have extensive ramifications for a number of companies. The cost of debt has begun to rise in India, threatening debt-heavy Balance Sheets. A sharp sell-off in the mid-cap space in the first half of 2018 deferred the fund-raising plans of a number of companies. These realities warrant a deep advisory engagement to help companies proactively evolve their business models to stay competitive.

### **Road map**

Going ahead, our business-building initiatives will comprise the following: we will continue adding complementary non-fund businesses to our operating platform with the objective of



## WAYS IN WHICH WE EXPECT TO ENHANCE SHAREHOLDER VALUE



**1 Deal quantum:** Prime intends to enhance the deal quantum, the increased throughput translating into enhanced revenues and profits.

**2 Platformisation:** Prime is engaged in the creation of a consolidated platform of non-fund advisory services, each synergistic, making it possible to carve out a larger share of the customer wallet.

**3 Deal ticket size:** Prime intends to increase the average ticket size of each deal through progressively complex engagements that generate commensurately higher fees.

**4 Holistic people remuneration:** Prime intends to strengthen its remuneration mix – through direct means (salary cum performance bonus) and through wealth generation (ESOS), enhancing people retention, which is the lifeblood of a network-driven business.

generating a third of our annual revenues from segments that did not exist within our company three years ago. We will make select recruitments of senior professionals. We intend to widen our geographic presence beyond our Mumbai positioning that makes it possible for us to get closer to customers pan-India. We intend to enhance people productivity through a larger sharing of functional responsibilities. We intend to generate a growing

proportion of revenues from repeat engagements with the same customer (the closest we can get to annuity revenues). We intend to cap our total costs as a percentage of revenues to half the sectoral average. We will continue to focus on the maximisation of RoNW (return on net worth). We will continue to focus on generating incremental net worth without using our Balance Sheet. We will continue to build our treasury corpus or buy out complementary

businesses, enhancing shareholder value through various progressive options.

On the overall, we intend to build Prime as a progressively multi-vertical, non-fund-based consulting and full service corporate, wealth and investment advisory company that is attractively profitable, enhancing value for all those who own shares in our company.



PRIME RESEARCH  
AND ADVISORY LIMITED

# OUR WEALTH MANAGEMENT AND INVESTMENT ADVISORY BUSINESS



BY AKSHAY GUPTA  
*CEO and CIO*



The wealth management and investment advisory business of Prime Securities became effective from 1 April 2018.

**T**he recent extension of Prime's business model took the Company from its core business of corporate finance advisory to wealth management.

The wealth management space in India came into its own across the last decade. Consider the realities: a decade ago, there were only 100,000 dollar millionaires (based on disclosed reports); this has increased to around 350,000 today and is expected to grow to 500,000 by 2022.

The same growth has been reflected on the institutional market side where the size of the treasury (across all asset classes) was about US\$ 50 billion about a decade ago; this market has since grown to about US\$ 250 billion today.

### **Positive disproportionate relationship**

We believe that this substantial growth has been achieved out of a positive disproportionate relationship between GDP growth and individual wealth creation: where the country's 7% GDP growth translates into a significantly higher accretion in the wealth of individuals.

At the heart of this substantial outperformance lies the country's transition from investment in physical assets to financial assets and from investment in simple financial products to the sophisticated.

The conclusion is that as India transforms from a US\$ 2.5 trillion economy into a US\$ 7 trillion economy by 2030, there would be a considerably larger role in the intermediation of wealth management and investment advisory, inspiring the observation that perhaps we have not seen anything yet.

### **Gaps mean opportunities**

At Prime, even as we see a considerably larger market building up for wealth management, we also see a number of gaps – advisory, service and knowledge – that provide opportunities for players like us.

**One**, we see a low understanding of markets among Relationship Managers, translating into an inability to consummate the full potential of customer relationships.

**Two**, we see a mismatch between the sizeable quantum of assets under management (AUM) and

the inexperience of the service providers.

**Three**, two of the largest wealth management companies in India were not even present a decade ago, indicating that the sector is still an evolving market and the competitive edge is in being nimble and yet working relentlessly on customer delight.

**Four**, the nature of products has gone through a sea change across the last decade, warranting new skills in analysis and presentation.

**Five**, we perceive a short-term and singular focus on selling financial products without a commensurate commitment to service, solve consequential issues and hand-hold clients during the relationship tenure.

### **Prime's differentiated proposition**

Prime is bringing a differentiated proposition to this sectoral reality.

The business provides a unique one-stop solution for customers, comprising the in-sourcing of solutions across all asset and domain classes (equity, debt, tax, insurance, foreign exchange and real estate etc.) and solutions encompassing multiple

## What attracted me to join Prime Securities

- Assurance of below industry-level attrition
- No short-changing clients
- No coercing of employees to generate business at any cost
- A neat fit of values and culture

geographies as opposed to a number of service providers who select to outsource some of the services. The fact that we selected to in-source all these services from the day we went into business only indicates our long-term approach and priority in providing the customer with a single-point solution.

The business is focused on the creation of a knowledge-driven business where the edge is derived from owning distinctive intellectual capital.

The business will focus on the building of credible indices by which financial instruments may be transparently appraised, providing investors with an insight into the quality of financial instruments being offered and enhancing trust in the intermediation ecosystem.

The business comprises promoters who are not only driving the business but also own equity in the Company; this indicates that a reconciliation between the professed values and strategic implementation

– a commitment to not sacrifice impartial advisory services at any cost.

The attractiveness of our business model is that the business will be cash-accretive from the first year, will not draw on the resources of the Balance Sheet, will generate a high Return on Equity and is competently placed to generate annuity revenues across the long-term.

### Complementary value

Besides, the wealth management business brings a completely complementary capability to Prime's corporate finance advisory business. Prime enjoys a large number of corporate and individual relationships that will now be addressed by the Company's wealth management business. The acquired company's critical mass of business represents seed business that will kick-start growth from day one, which would otherwise have taken a few years.

The business intends to invest in the following initiatives during the current financial year:

while the existing team will continue to manage institutional clients and family offices, there will be a focus in acquiring individual high net worth clients. The business intends to grow the number of wealth management professionals from 12 to 50 across two years. The business will protect its nimble mid-sized scale marked by responsiveness and knowledge cross-flow. The business will extend its coverage across diverse asset classes (debt, equity, real estate, commodities, foreign exchange and international products). The business will comprise assets under management and assets under advisory, generating attractive fee revenues.

In doing so, we expect to build a business that is profitable and valuable across the foreseeable future.

Besides, our vision is to create a happy company marked by low attrition of employees and customers, translating into business sustainability.

# THE CONVENTIONAL AND PRIME: THE CRITICAL DIFFERENCE



## Conventional

## Prime Securities

Fund-based businesses

▶ Fee-based

Over-crowded markets

▶ Relatively niche space

Declining margins

▶ Growing margins

Affected by technology-  
driven competition

▶ Insulated form  
technology-based  
competition

Asset-based /cash-based

▶ Knowledge-driven

Patchwork solutions

▶ One-stop solutions

No room for differentiation

▶ Room for innovation

Transaction-driven

▶ Relationship-driven  
(retainers)

Leverages the Balance  
Sheet

▶ Does not leverage the  
Balance Sheet

Cash-intensive

▶ Cash-accretive

High people expense ratio

▶ Relatively low people  
expense ratio

# 5

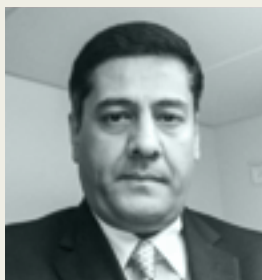
## WAYS IN WHICH THE PICTURE HAS CHANGED AT PRIME SECURITIES

BY VINEET SURI

*Executive Director, Prime Securities Limited,  
Head of Corporate Finance & Investment Banking*

**1** The Company diversified from last year's focus on debt-raising advisory and restructuring activity to other corporate finance and investment banking services. With its extensive product expertise and structuring niche, Prime advised customers on transactions including various equity placements, strategic advisory mandates (M&A, promoter stake sales), etc while continuing to work on structured debt mobilisation and debt/capital restructuring assignments. With developments in markets, businesses and customer requirements, our ability to provide product solutions across the spectrum has come into full play.

**2** The Company's focus has always been on maintaining long-term customer relationships. We have seen an addition of a number of new customers where a relationship has begun with an idea for a single assignment, but has developed into a closer rapport where Prime has become the port of call for investment banking and other advisory



needs or even simply discussions on ideas. While this relationship-focused DNA at Prime has not changed, our ability to attract marquee names has been gratifying.

**3** Our recent strategic integration with Prime Research and Advisory Limited makes it possible to enter into new business areas. Prime's competence lies in the generation of assets; PRAL's competence lies in the placement of debt with fund managers and its other wealth management customers. The accretion of PRAL's distribution platform represents an exciting synergy.

**4** During the year we enhanced our ability to execute mergers and acquisition deals, now covering international buy-side and sell-side counter-parties. This was made possible through a tie up with professionals who once worked for marquee international institutions, drawing on their extensive client network. This greatly enhances Prime's strategic and financial investor relationship strengths.

**5** There is high enthusiasm at every level of the Company, with new additions to the core team. These developments have played a large part. Our unique strengths in complex transaction management and our ability to provide customers with a bouquet of products and services have transformed Prime Securities into a full-fledged Corporate Finance & Investment Banking house.

# GOVERNANCE AND PRIME



BY ALPANA PARIDA

*Independent Director*



When I joined Prime as Director in 2015, the principal story at the reinvented company was as much about building back as it was about building right. This messaging was evident through newly defined business priorities: the decision to move away from fund-based businesses to a fee-based consulting business, a focus

on process-led diligence that translated into extensive information availability during Board meetings and reviews of all significant deals the Company engaged in during the preceding quarter. The result was that even as the Board was collaborating with the Prime leadership team in charting out a new strategic direction for the Company, there were tactical reviews in every Board meeting.

I have been struck by the humility of the Prime leadership, that sought to make significant changes in their business model, took ownership of previous issues and led the organisation from the front with financial austerity and a dedication to build from scratch. The fee-based business model needs to be understood better. Prime is a highly profitable company, even when compared with many firms with over 10 times its revenue.

I accepted the Directorship at Prime because of the nature of its turnaround story. Over successive quarters I have been pleasantly surprised by the tremendous energy in the Company. As a result, there is always something new happening in each quarter – a significant deal or an acquisition.

I find it educative and invigorating to be on this active and engaged Board!

# GLOBAL BLACK SWANS AND THE BUSINESS OF PRIME SECURITIES



BY SR SHARMA

*Managing Director, Primesec Investments Limited*



Trade wars



Automation



Terrorism



Climate change

**T**he one operative word driving the business model of a company like Prime Securities is 'uncertainty'.

This uncertainty has been derived from an unprecedented convergence of diverse changes in the social, political, business, technology, labour and demographic landscapes the world over.

During the last couple of decades, increased globalisation has made it increasingly imperative for even local companies to be globally competitive.

Even as markets have become larger, the tenure of economic cycles has shortened. The widening footprint of terror has introduced a new dimension to global business. The accelerated pace of technology has resulted in a number of globally large companies disappearing into anonymity. Increased robotisation is threatening jobs, incomes and life stability. Interest rates have broadly increased the world over, affecting companies nursing large and expensive debt. A number of conventional sectors (especially based around fossil fuels) are staring at probable obsolescence as the age of renewables takes over. Platform-driven businesses (like Uber, Netflix and Airbnb) are threatening conventional brick and mortar equivalents. As capital abounds and product abundance becomes a visible reality the world over, a long-term deflation is a possibility.

### **Companies increasingly vulnerable**

The result of this unprecedented transformation is that a number of companies that were once comfortable with the old order are now vulnerable; a number of

these companies are over-borrowed with virtually no room to grow their businesses.

In India, this transition in ground realities has been coupled with refreshing government urgency in addressing companies unable to meet their financial obligations. Conventionally, these companies would borrow afresh from banks to liquidate erstwhile dues, postponing their moment of truth. In a transforming India, banks are now being required to state the complete extent of non-performing assets on their books while companies are required to either restructure with the intention to repay or file for bankruptcy.

The need of the day is specialised consultancies that can work closely with debt-strapped companies on the one hand and bankers on the other with the objective to design and execute win-win solutions: help companies restructure their Balance Sheets to enhance their debt repayment capability and make it possible for banks to recover their dues.

### **Business attractiveness and Prime**

This business is attractive given its long-term

relevance. There is a large volume of debt waiting to be restructured. There is a growing need for intermediaries to provide a complete restructuring solution as opposed to piecemeal patchwork services. Since each case is usually different from the other, there is a growing need for customised innovation.

Prime Securities is one such specialised consultancy that comprehensively and competently addresses this reality. The Company is a pain-point expert with a growing track record of assisting companies out of a strategic gridlock and helping banks recover dues that at some point may have appeared difficult to recover.

Prime is focused, nimble and muscular; the nearest analogy that I can evoke is that Prime Securities is like a commando unit within a large army; this special force possesses unique competencies, is provided focused assignments, works independent of the army and is respected for its ability to complete projects with clinical efficiency before being deployed to other projects.



# OUR CULTURE



BY ANIL DHARKER

*Independent Director*

**A**t Prime Securities, we believe we possess a distinctive culture that makes it possible for us to attract/retain people more effectively on the one hand and address client needs more efficiently on the other.

**Entrepreneurial:** At Prime, there is a distinctively entrepreneurial culture. The team has complemented academic soundness with the ability to bring innovative ideas to the table. The result is a company perpetually working with new concepts and cutting-edge business developments.

**Governance:** At Prime, it would have been easy to disregard processes in the pursuit of growth opportunities and dynamic market realities. This is the temptation that Prime has not yielded to. The Chairman has consistently prioritised the need for systems over 'ad hoc-ness', bring a sense of method into the 'madness' (so to speak).

**Diversity:** At Prime, it would have been convenient to have like-minded people generally tending to agree on things. This is another point that makes Prime different: the diversity of Board members who help in bringing different ideas to the table. It is not necessary to have all members nod their heads in agreement to what is suggested or proposed; what is more important is an active debate, the ability to appreciate alternative points of view and a capacity to resolve those differences in line with the stated objective of the Company.

**Go-getting:** At Prime, one of the things I quite admire is the ability to be always on the ball, addressing contemporary issues that most customers face. We describe our service as 'two steps ahead', making it possible to lead clients than merely follow a script. We are driven by a greater need to accomplish what most clients, experts and observers would consider improbable, leading to enduring solutions and respect. This provides the optimism that the Company will keep growing in a sustainable way year-on-year.

**Culture:** We embrace complex assignments; we are consistently punching above our weight with the conviction that we can draw into our wide network and experience to create win-win solutions

## CASE STUDY #1

### HOW PRIME'S ONE-STOP SOLUTION EMPOWERED A CLIENT TO GRADUATE TO THE NEXT ORBIT

In 2017-18, a prominent company needed to mobilise a large quantum of funds across a period of time to widen its geographic footprint. The challenges were many: the Company needed to widen its relationship beyond its existing consortium; it needed to work with different bankers who offered different rates; it needed to banks to extend beyond their initial assurances to

actual disbursement; it needed a prompt access to funds that would make it possible to address business opportunities; it needed funds across an extended tenure that would provide working capital comfort that would preserve cash flows during the productive nascent phase of the Company that could then translate into attractive business sustainability. The Company eventually

turned to Prime. Prime advised the client on the entire process. Prime advised the client on the business side and the financial side – a holistic one-stop solution. The result is that the Company mobilised the necessary funds, strengthened its business model through strategic changes and is now better placed to climb into the next orbit.

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## CASE STUDY # 2

### ‘NO ONE UNDERSTOOD MY COMPANY THE WAY PRIME DID’

The aging promoter of a successful Western India company desired to divest his stake and exit the business. The only stipulation of the promoter was that the Company's management be transferred to a competent incoming owner who would take the business ahead. The promoter had spoken

to a number of financial intermediaries; they had failed to find a competent suitor. The promoter turned to Prime; he gave Prime only 48 hours to study his company's fundamentals and provide a recommendation. Prime puts its team at work, comprehending the business model. Prime meanwhile began to

leverage its vast network: the result is that within 72 hours, Prime was able to identify a potential buyer. When the transaction had been completed, the erstwhile promoter paid Prime a compliment: 'No one understood my company the way Prime did.'

## ENDORSEMENT

# “WE HAVE BEGUN TO LOOK AT PRIME AS OUR LONG-TERM THOUGHT PARTNER.”



BY PIYUSH PERIWAL

*Managing Director,  
National Plywood Industries Limited*

National Plywood, my company, had been delisted for 14 years after having suffered industrial sickness following a Supreme Court ruling in the late Nineties. We retrieved two of the Company's manufacturing five facilities as well as our brand through this challenging transition. We did so with the expectation that we would be able to revive the Company and lead it to its rightful place in India's interior infrastructure sector.

There was just one problem in our proposed recovery: bank funding would take time despite assurances; we were

averse to increasing debt during our recovery phase. The problem was that since few knew of our story and prospects, the chances of mobilising net worth appeared bleak.

In this challenging phase, Prime Securities proved to be our lifeline.

Prime did not just provide us with an access to precious net worth; it provided us with access to respected private equity players as well. The result is that we were able to access financial and intellectual value - both. These prominent private equity players were instrumental

in providing us with the benefit of their extensive network and their knowledge about the evolving and demanding standards of governance.

As it turned out, Prime extended beyond the standard call of duty; it didn't just provide us with net worth to kick-start our operations; it introduced us to select professionals who brought excellent value to our table that has since invigorated our corporate vision. We have begun to look at Prime as our long-term thought partner - someone sitting in India's financial capital battling for us while we focus on our core business.

## BUSINESS MODEL

# THE DISTINCTIVE WAY IN WHICH WE DO BUSINESS AT PRIME



### Focus

At Prime, we believe that consistent business focus is key to long-term success. At one level, we believe that the country's financial services business is largely under-penetrated, making it an excellent growth proxy in a growing economy. At another level, we believe that within the country's financial services space, there will be under-penetrated and under-populated niches that are relatively under-addressed. We wish to be present in these niches, bringing to it a complement of professionalism, network strength, listed visibility and governance.

### Revenue flows

Prime's revenue flows are lumpy when seen from a quarter-to-quarter perspective, marked by the possibility of some transactions spilling from one quarter to another. However, an annual perspective may provide a better index of the Company's progress.

### Integrated

Prime provides an integrated solution – advisory and implementation. This is analogous to the roles played by a General Physician and a surgeon – one diagnoses and the other operates. The integration of roles makes it possible for Prime to conclude assignments faster and more completely.

### Uncertainty-driven

At Prime Securities, our business model is directed at helping companies restructure to erstwhile health through innovative solutions. In a world of variables. There is a growing focus on finding an innovation-driven resolution that benefits lenders and client companies.

### Non-fund-based business

The Company will continue to focus on the growing opportunities coming out of non-fund intermediation as

opposed to companies where the non-fund side of the business is a small component of the overall business mix. This focus is enhancing our business clarity on what we wish to be – a company that does not need to leverage the size of its tangible Balance Sheet to grow but leverages the intangible competencies resident within its business.

### Lumpy

Even as our deal inflows have been continuously growing, our revenues and profits may often be lumpy quarter-on-quarter based on certain delays in assignment closures or advances being reported in the following quarter.

### Solutions

Prime provides restructuring services that address the apex of the service consulting pyramid with regard to the customer organisation's criticality. The Company brings to the customer's table a competence across domains (manufacturing, engineering and finance).

The solution comprises the competence of an innovative solution as well as win-win proposition (for client and lender) coupled with effective implementation. One successful solution retains the potential of a number of business referrals and retainer-ship engagements.

### **Network-driven**

The Company's business model – where the net worth on its Balance Sheet is secondary to its organic growth prospects – is driven by the power of its collective network. This network is a potent driver in opportunity identification, competent analysis and the ability to work with different agencies in the pursuit of a singular objective. At Prime, the key management brings more than two-and-a-half decades of exposure to peers, capital providers, capital deployers and policy makers – its network – for the benefit of customers. The focus on network size and quality is also a critical determinant in the Company's decision to pursue specific inorganic growth leads.

### **Flexible**

At Prime, we recommend the use of debt and equity resources in creating a restructuring solution for the benefit of our client companies and their lenders. This goes counter to a number of peer consulting companies who are restricted by the use of debt or equity and hence are restrained from providing a complete solution.

### **Service network**

At Prime, our objective is to provide a single-stop solution to our customers. On most occasions, this competence is resident within the Company. However, in specialised instances requiring an opinion or intervention that is niche, there is always a possibility of seeking the intervention of some of the most competent minds in the country. At Prime, we possess a wide and deep network of professionals who are not our employees but who we enjoy an access to. This network of associates makes it possible to address virtually any kind of challenge that our customers face – through the interplay of

in-sourced or outsourced competencies.

### **Intellectual capital-driven**

While all businesses are driven by knowledge of their specific spaces, this is more evident in the business of non-fund advisory services where the Company must enhance sustainable value through the interplay of its network, ferret likely leads, make a non-mandated first-mover pitch to the Company, propose a solution for the pain point and leverage proprietary capability in implementing a timely solution. The Company's executives possess a rich network across all players in the financial ecosystem (companies, bankers, private equity funds and financial consultants), a rich understanding of the national business landscape, Balance Sheet mechanics, restructuring experience and distinctive communication clarity, providing customers with the optimism of transformative potential.

### **First-mover**

The Company believes that in a competitive space, success is derived

from the ability to approach a prospective client with a solution for an existing business challenge than be one of a number of advisory agencies being approached by the Company. We believe that the former non-mandated approach makes it possible for the Company to ring-fence itself from competition and in doing so, escape pricing pressures – the ability to be remunerated commensurately for intermediation services provided. Nearly 90% of the Company's revenues were derived through non-mandated pitches in 2017-18.

### **Responsiveness**

The business of non-fund advisory services usually addresses companies in distress. Most of these companies usually turn to specialised advisory agencies as a last resort at virtually the last stage. This scenario prioritises the need for responsiveness. At Prime, we pride on our speed: by the virtue of being selective in deal adoption, we match proprietary resources with the quantum of concurrent deals we can manage without compromising our

established reputation for implementation speed. The focus on assuming as many project responsibilities as we can competently address with speed represents a constant in our business, protecting our brand. We believe that the ability to walk away from a deal because we would not be able to do justice in terms of corresponding time allocation is reputation-protecting that strengthens the word of mouth about our commitment to customer interest.

### **Larger wallet share**

One of the critical drivers of success in the on-fund advisory business is trust. When a customer believes that an advisory partner like Prime has provided superior engagement value, there is always the possibility of the customer selecting to work with Prime across a wider range of interventions. In view of this, the objective at Prime is to enhance a customer's wallet share by addressing a wider range of interventions on the one hand and increasing the frequency of interventions on the other. We expect to derive a growing annual proportion of revenues from existing customers,

a feature of our business that will be increasingly manifest across the future.

### **Revenue renewal**

Sustainable success can be derived either from the linear scaling of the business or linear-cum-lateral growth. At Prime, we have selected to leverage the latter approach, convinced that successful businesses continuously renew their revenues, creating new revenue engines without compromising the overall non-fund-based direction of the business model. The Company showcased this commitment when it entered the wealth management advisory business effective from 1 April 2018. The Company's objective would be to derive a third of its revenues from businesses that did not exist within the Company three years ago, broad-basing its opportunity-orientation and risk profile.

### **Payout clarity**

At Prime, we believe that it is not only important to report a healthy growth in the bottomline as the principal means of rewarding shareholders. It is imperative to announce

an institutionalised dividend payout policy whereby a pre-determined proportion of profits is paid out to shareholders, deepening the profit sharing commitment (policy to be enunciated and passed by the Board of Directors). Besides, we expect to reward our shareholders through timely buybacks when we believe that such an initiative will enhance shareholder value.

### Financialisation

At Prime, we believe that as India financialises (movement from physical assets to financial assets), there will be a growing room to intermediate between financial instrument creators and investors. Following a wider appetite for mutual funds, we see this as the next big opportunity in a country where the needle has begun to shift from investment in traditional asset classes (gold and real estate) towards financial assets. In line with this movement, the Company intends to create distribution networks, market a wide range of products fitting customer needs and generating fee income.

### Challenge-driven

At Prime, we are focused on addressing complex challenges faced by corporate customers. This focus makes it possible for the Company to graduate to a niche within a niche marked by relatively low competition and the ability to generate fees commensurate with the Company's competence and delivered solution.

### Two-way relevance

Following the acquisition of the wealth advisory business effective from 1 April 2018, the Company has widened its engagement ambit – from mobilisers of capital for corporates to deployers (across high net worth clients). This two-way relevance has enhanced the Company's flexibility and relevance in the face of emerging opportunities.

### People-lightness

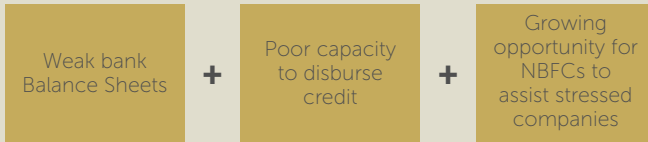
In Prime's people-light business (employees 17 as on 31 March 2018) the core solution is in-sourced while the peripheral supports are selectively outsourced to domain experts in the areas of taxation etc. The result

is that Prime reported a per person productivity (measured through pre-tax profit divided by number employees as at year-end) of ₹0.99 crore in 2015-16 that increased to ₹1.01 crore in 2017-18. Prime enjoys possibly one of the lowest expense ratios within its niche (15.33%, 2017-18) translating into high margins and business sustainability.

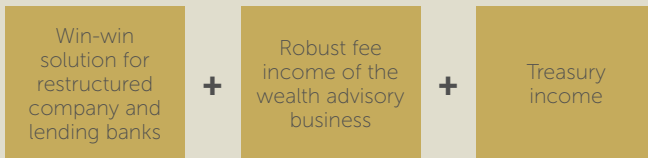
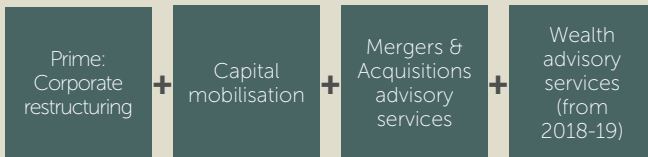
### ESOPs

In a business that is driven by intellectual capital, the principal asset of the Company lies in our people. Our sustainable success is therefore derived from our ability to retain our people. To strengthen retention on the one hand and strengthen attraction/accretion, the Company proposes to introduce an Employee Stock Option Scheme where employees become owners. We believe that the introduction of ESOPs will also strengthen our overall remuneration package where a combination of direct and indirect remuneration will reduce outflows from the Profit & Loss Account.

# PRIME'S BUSINESS MODEL GRAPHICALLY EXPLAINED



Prime's non-fund based approach providing a single-stop restructuring solution



Lower than sectoral costs as % of revenues



Cash-accretive business sustainability



# COMPLETED / ONGOING TRANSACTIONS



## EQUITY FUND RAISING – ADVISORY & PLACEMENT SERVICES

Branded Retail  
Fashion Co

₹ **380** MM  
Secondary Placement

Steel Products  
Manufacturer

₹ **440** MM  
Equity Buy-Back

Agri  
Products Co

₹ **1.35** Bn  
QIP Placement

Building Materials  
Manufacturer

₹ **~200** MM  
Preferential Allotment

## DEBT / CAPITAL RESTRUCTURING

Petrochemicals  
Conglomerate

₹ **66** Bn

Cables  
Manufacturer

₹ **~18** Bn

## DEBT FUND RAISING – ADVISORY & STRUCTURING SERVICES

Leading Housing  
Finance Co

₹ **28** Bn  
Refinancing &  
Fresh Capital Raise

Financial  
Services Major

₹ **15** Bn  
Structured Debt

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## M&A, CORPORATE, STRATEGIC ADVISORY

Technology  
Company  
Strategic Sale Advisory

Healthcare/FMCG  
Company  
Stake Sale Advisory

# INDIA READY FOR A STRUCTURAL SHIFT IN FINANCIAL ASSET INVESTMENTS



At Prime, we believe that our extension into the wealth advisory business comes at a relevant point in the history of the country: a shift from the preferred ownership of physical assets to the ownership of financial assets.

Conventionally, Indian households invested about 60% of their savings in physical assets (gold and real estate). Even when it came to financial assets, the preference was always skewed in favour of safe instruments; insurance accounted for 18% of India's financial investments as against

a mere 6% for shares and debentures. As an extension of this reality, India's retail investors constituted only approximately 13% of stock ownership in India; demat accounts were less than 10% of the number of banking accounts.

The result is that India's market capitalisation-to-GDP ratio for India was approximately 82% until a couple of years ago compared to 140% in US, 89% for Korea and 129% for Malaysia. This under-representation of financial assets is visible in other spaces as well: the corporate bonds

outstanding-to-GDP for India was approximately 13% compared to 21% for China, 28% for Hong Kong, 44% for Malaysia, 32% for Singapore and 75% for South Korea.

Until a couple of years ago, Indian mutual funds managed US\$270bn in AUM (+US\$90bn in equities) with a penetration considered among the lowest in the world at 12% of GDP as against 55% for the global average. India's equity AUM/GDP ratio at 4% compared weakly with 29% for the world; India's debt AUM/ GDP ratio at 8% compared with 21% for the world. India's mutual

## Financialisation of India's savings (in ₹ billion)

Year	Bank deposits	Non-banking deposits	Life insurance funds	Provident & pension funds	Shares & debentures
2012-13	5,751	279	1,799	1,565	170
2013-14	6,393	228	2,044	1,778	189
2014-15	6,027	335	2,992	1,887	198
2015-16	6,220	366	2,660	2,768	413
2016-17	10,957	341	4,406	2,960	1,825

fund folios were around a seventh of the number of life insurance policies in India and one-eighth of the number of savings accounts.

However, India's response to financial assets is transforming with speed. Following demonetisation, the needle has begun to move in a different direction. Until as recently as 2012-13, the annual allocation to financial savings was less than half than the allocation to physical savings. Thereafter, the plateauing of bullion and realty markets have transformed the scenario: during

2015-16, financial savings were marginally higher than physical savings; in the subsequent year, the quantum of financial savings was higher than the allocation to physical savings, indicating an unmistakable direction in India's savings allocation trend.

The allocation of India's savings to bank deposits increased at a CAGR of 17.5% between 2012-13 and 2016-17 to reach ₹10,957 billion in 2017. Meanwhile, investments in shares & debentures increased at a CAGR of 81% to reach ₹1,825 billion in 2016-17, the sharpest

growth across competing allocation avenues by a long margin even as it accounted for the smallest share of India's savings (except for non-banking deposits which were lower).

Correspondingly, there has been a significant transformation in the allocation of savings towards mutual funds. The quantum of increase in mutual fund investments in the single year of 2017-18 was almost equivalent to the entire quantum mobilised in 2008-09.

The AUM of the Indian mutual funds segment

₹23.26 tn  
AUM as on  
30th April 2018



₹5.05 tn  
AUM as on  
31st March 2008

₹67,190 Cr  
SIP Contribution  
in FY2018



₹43,21 Cr  
SIP Contribution  
in FY2017

₹3,375  
Average SIP size  
in March 2018



₹3,200  
Average SIP size  
in March 2017

has grown from ₹5.05 trillion as on 31st March 2008 to ₹23.26 trillion as on 30th April 2018, more than a-four-and-half-fold increase in a span of a decade. The segment's AUM crossed the milestone of ₹10 lakh crore for the first time in May 2014 and within three years, the AUM size crossed ₹20 lakh crore in August 2017. The total number of folios as of April 2018 stood at 7.22 crore, while the number of folios under equity, ELSS and balanced schemes, wherein the maximum investment is from the retail segment, crossing

the 6-crore landmark to stand at 6.03 crore.

SIP contribution rose to ₹67,190 crore during FY2017-18 from ₹43,921 crore in FY2016-17, registering a 53% growth. Indian mutual funds have currently ~2.11 crore SIP accounts through which investors regularly invest in mutual fund schemes. On an average, the mutual fund industry added ~9.70 lakh SIP accounts each month during FY2017-18 (vis-à-vis an average of 6.27 lakh SIP accounts each month during FY2016-17). The average SIP size stood at ~₹3,375 in March 2018, up from

₹3,200 in March 2017. (Source: AMFI)

At Prime, we believe that this reality provides the Company with a substantial opportunity to grow its presence in the wealth advisory space, making it possible to address a rapidly widening investor appetite, distribute financial products, generate intermediation fees and build the Balance Sheet by not deploying net worth.

### Mutual Fund Schemes: Assets under Management (in ₹ billion)

Years	Investments	Years	Investments
2009-10	6,139	2014-15	10,827
2010-11	5,922	2015-16	12,328
2011-12	5,872	2016-17	17,546
2012-13	7,014	2017-18	23,000
2013-14	8,252		

### India's household investments allocation

Year	Financial savings	Physical savings
2012-13	7,171	14,650
2013-14	11,900	14,164
2014-15	12,826	15,908
2015-16	15,142	14,951
2016-17	18,204	12,500

## GLOBAL UNPREDICTABILITY AND PRIME SECURITIES



**T**he incidence of non-performing assets among Indian banks is increasing.

An increasing number of banks is applying stringent filters in recognising bad loans.

There is a regulatory openness in encouraging players to step forward and acknowledge bad loans on their books.

The number of businesses needing restructuring is large.

The competence related to corporate risk identification and analysis is still largely under-developed in India.

There is a greater evidence of manufacturing and marketing knowledge over financial within companies.

Most companies need ongoing course correction as opposed to one-time restructuring.

The incidence of innovation-driven

restructuring consultancies is low in India.

This makes the uncertainty-focused business model of Prime Securities increasingly relevant.

This model is likely to become increasingly relevant on account of an increase in disruptive technologies and developments the world over.

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## THE WORLD IS PASSING THROUGH AN UNPRECEDENTED INCREASE IN DEVELOPMENTS THAT ARE INCREASING ECONOMIC VOLATILITY



### Trade wars

The US implemented of 25% tariffs on US\$ 34 billion worth of imports from China from July 2018. The US released a list of US\$ 200 billion

worth of Chinese goods likely to attract 10% tariffs following review. Beijing hit the US with retaliatory tariffs on 545 products. This is arguably the biggest tariff application by the US since the Smoot-Hawley tariffs that deepened the Great Depression,

shrinking world trade by 66% between 1929 and 1934. In June 2018, the EU put US\$ 3.2 billion tariff on US goods in retaliation for the Trump administration's steel and aluminum tariffs, targeting products like bourbon, orange juice and motor cycles.



## Cryptocurrency

Bitcoins could affect faith in established global currencies and banking networks. Financial transactions could start getting decentralised, with no recourse to the traditional US Dollar. The dynamics of international trade can change.



## Brexit

The advantage for the UK is that it would prohibit the free flow of people from the EU. Brexit could slow the growth of UK to 2.4% in 2018, 1.9% in 2019, and 1.6% in 2020. Brexit is a vote against globalisation. It takes the UK off the main stage of the financial world.



## China's economic slowdown

China's debt to GDP ratio has mushroomed from 140% during the 2007-08 financial crisis to 260% by end of 2016. In absolute

terms, China's debt has increased from US\$6 trillion to US\$28 trillion. China's credit growth is on a dangerous trajectory, with increasing risks of a disruptive adjustment and/or a marked growth slowdown. IMF projects a debt-to-GDP ratio of 300% by 2022. This could moderate Chinese economic growth.



## Green energy

By 2022, global renewables electricity generation is expected to grow by over one-third to over 8,000 terawatts per hour, equal to the total power consumption of China, India and Germany combined. As a result, the share of renewables in power generation could reach 30% in 2022, up from 24% in 2016. In the next five years, growth in renewable generation could be twice as large as that of gas and coal combined. This could affect large funding of thermal energy power plants, affecting shareholders and debt providers.



## Electric vehicles

Global electric vehicle sales are poised to climb from 1.2 million in 2017 to 1.6 million in 2018 and an estimated 2 million in 2019; almost every sixth car sold in the world could be electric by 2025 (16.5 million). Since each electric car comprises a lower number of automotive components, this could affect the growth of the auto ancillary sector worldwide and investments in special steel manufacturers.



## Artificial intelligence

The artificial intelligence market is expected to reach US\$ 190.61 billion by 2025 from US\$ 21.46 billion in 2018, a CAGR of 36.62% during the forecast period. Robots and AI could replace jobs. Tasks which are monotonous could be easily automated, making certain roles obsolete, affecting employment across countries.



### 3D printing

The increasing use of 3D printing to manufacture a number of products means that the labour arbitrage advantage could become a thing of the past. Manufacturers could move closer to raw material access and consumption markets instead, disturbing longstanding economic realities.



### Platform-based aggregation

The increased use of platform-based aggregation (Uber, Airbnb and others) is replacing conventional business, threatening investments in the latter. Increasing dis-intermediation is threatening the global order through lower costs, enhanced transaction ease and a movement away from businesses once considered safe.



### CRISPR

CRISPR is a new tool for genetic research that

allows scientists to locate specific segments of DNA and easily replace or delete them. This could cause a huge disruption in the way healthcare is delivered by curing disease at the genetic level, disrupting existing medical treatments.



### Advanced automation and robotics

Due to better sensors, artificial intelligence and Siri-like voice communications, robots could work with humans in new and productive ways, disrupting routine processes.



The combination of IoT and blockchain — BloT—ushers a host of new services. BloT can be used to track shipments of products. This could disrupt conventional processes.



### Cloud computing

The personalisation of cloud computing and

advanced cloud services will be increasingly embraced by business of all sizes, as this represents a major shift in how organisations obtain and maintain software, hardware, and computing capacity. Companies using cloud could cut costs in IT, human resources, and sales management functions.



### Augmented Reality

Augmented Reality (AR) can simulate real-world scenarios. That allows orientations or training to take place in a safe environment versus a real-world environment that can be more dangerous. This could disrupt traditional services.



### Autonomous driving

Autonomous driving will be facilitated by the data-processing capabilities of machine learning, but its disruption capabilities could be widespread. With autonomous vehicles, transportation could be largely converted to ride-sharing, moderating the use of vehicles.



# DIRECTORS



**Mr. Pradip Dubhashi**

*Chairman & Independent  
Director, Prime Securities  
Limited and Primesec  
Investments Limited*

Mr. Dubhashi holds a BE in Electrical Engineering and a post graduate diploma in Management from XLRI, Jamshedpur. He held senior executive positions in SICOM, Mahindra Group and Venky Group. He has in-depth knowledge of various industries such as, engineering, cement, chemicals and specialties, software and biotechnology. He has consulted for Indian and foreign companies. He was also nominated on the Boards of Directors of various companies including as a nominee director of financial institutions. He has attended several courses conducted by IIM Ahmedabad, IIEEE, NCST, ASCI, among others, in advanced finance, management and technology areas.



**Mr. N. Jayakumar**

*Managing Director and Group  
CEO, Prime Securities Limited*

Mr. Jayakumar joined Prime Securities in 1993. He holds a B.Tech in Mechanical Engineering from IIT Delhi (1978-83) and an MBA from IIM Ahmedabad (1983-85). Prior to joining Prime, he was head of the Investment Banking Group at Citibank, having previously spent several years in money markets and securities trading. He is a recognised face on various business TV channels and for equity research, wealth management, private equity, wealth restructuring, Indian economy and stock markets.



**Mr. Anil Dharker**

*Independent Director, Prime Securities Limited and Primesec Investments Limited*

Mr. Dharker holds degrees in Mathematics and Engineering from London University and occupied a position on the academic staff of the University of Glasgow. He also served as a consultant in a Mumbai architectural firm. He has been editor of some of India's best known publications, such as The Illustrated Weekly of India, The Independent and Mid-Day. 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.



**Ms. Alpana Parida**

*Independent Director, Prime Securities Limited, Primesec Investments Limited and Prime Research and Advisory Limited*

Ms. Alpana graduated from IIM Ahmedabad in 1985 and has a degree in Economics from St. Stephens College, Delhi University. Ms. Parida serves as the President of DY Works, India's oldest and largest branding firm headquartered in Mumbai with offices in Delhi and Singapore. Previously, she served as head of marketing at Tanishq. She has more than two decades of experience in retail and marketing communications in the US and in India. She conducts branding workshops for large corporates. She has been an Independent Non-Executive Director at Cosmo Films Limited since February 2014.



**Mr. S. R. Sharma**

*Non-Executive Director,  
Prime Securities Limited and  
Managing Director, Primesec  
Investments Limited.*

Mr. Sharma graduated from IIT Delhi as a Chemical Engineer and received his post graduate diploma in management, PGDM from IIM Ahmedabad. He has a wide experience across multiple sectors including industrial and specialty chemicals, FMCG and financial services. He was based in Japan for nine years where he worked for Shinsei Bank. He has specialised in the transformation of customer- facing business processes and post- transaction operations by leveraging the use of IT.



**Mr. Vineet Suri**

*Executive Director, Director &  
Head of Corporate Finance,  
Prime Securities Limited*

Mr. Suri started his career with Citibank in Mumbai and has over two decades of banking experience in banking. He was focused on debt financing during his tenure with top banks based in Mumbai, London, Riyadh and Bahrain. Vineet has worked on a variety of transactions encompassing corporate, project and structured finance for clients spread across India, Central and Eastern Europe, the Middle East and Africa. Vineet is a chartered accountant from the Institute of Chartered Accountants of India.



**Mr. Akshay Gupta**

*CEO & CIO, Prime Research  
and Advisory Limited*

He has more than 21 years of experience in Banking, Asset Management and Capital Markets with last 14 years of experience in the Asset Management industry in India.

Prior to Prime, he was working with India Bulls as the Group Executive Head & CEO-Asset Management and other fee income businesses. He was associated with Peerless Asset Management as MD & CEO for more than 6 years, wherein he led the initiative to set up a new AMC and made it one of the fastest growing new AMCs in India.

He worked with ICICI Prudential Asset Management Company from 2002- 2007 as a Business Head and was part of the senior management team that made it the largest and most successful AMC at that time. Prior to joining the AMC industry, Mr. Akshay Gupta was a banker having worked in ABN AMRO Bank and HSBC in their capital market and asset businesses. He has also written and published articles on asset management and wealth management.



**Mr. Puneet Pandey**

*Managing Director, Prime  
Research and Advisory Limited*

An effective and committed leader with spotless integrity and passion with a deep understanding of financial products for more than 28 years' experience with global financial firms in fixed income, treasury management & corporate finance. Mr. Pandey has dealt in transactional volumes that have been large and difficult to get in. His focus is on the institutional sector and has been an aid to industry. He has also helped in setting up different businesses in the financial sector. He has worked with a lot of integrity in firms like Religare Finvest, JM Financial, JM Morgan Stanley, Mata Securities and Ashok Leyland Finance Limited



**Ms. Kadambari Deodhar**

*Independent Director  
Prime Research and Advisory  
Limited*

Located in Mumbai, Ms. Deodhar is Director Development of LMI India [Leadership Management International India], the Indian arm of LMI Inc USA, one of the largest professional development companies in the world. She is also the founder of Impression & Beyond, a Leadership and Image Consultancy. Kadambari holds a Master's degree in Monetary Economics from the University of Bombay. She has had a diversified career spanning over 30 years, starting with ICICI Limited in the Market Research Department while working closely with the Project Appraisal team.

When she joined JM Financial in 1985 she was introduced to the Indian Money and Debt Markets. In 1992 she set up the corporate desk at Nucleus Securities and subsequently the NSE Desk at Ashok Leyland Investments in 1994 where she became the Head of Operations. In 1998, she moved to Mata Securities as a Director and started the corporate desk while continuing to grow the business till 2011.

# MANAGEMENT TEAM



## Mr. Nikhil Shah

*Chief Financial Officer*

Mr. Shah has been associated with Prime Securities Limited since June 2003. He has a vast experience of more than 20 years in the field of accountancy. He is responsible for overseeing the entire accounting as well as taxation operations of Prime

Group. Mr. Shah is a qualified Chartered Accountant affiliated with the Institute of Chartered Accountants of India. Prior to his association with Prime, he was associated with Microtex India Limited as Manager - Accounts.

## Mr. Ajay Shah

*VP Legal / Company Secretary*

Mr. Shah joined Prime Securities Limited in July 2001 as a Company Secretary and Compliance Officer and is presently the Vice President - Legal & Company Secretary. He has hands on experience of more than 15 years in the streams of legal, corporate secretarial compliance. In addition to compliances under corporate laws with a specific impetus on secretarial compliance and corporate governance, he is also responsible for

compliances with rules and regulations applicable to stock brokers, portfolio managers and depository activities as well as for drafting legal agreements and contracts, reporting to the management, statutory bodies and stakeholders of Prime Group. He is a qualified Company Secretary affiliated to the Institute of Company Secretaries of India. Prior to joining Prime, he was associated with Asian Star Company Limited as Company Secretary.

## Mr. Apurva Doshi

*VP Corporate Finance*

Mr. Doshi joined Prime Securities in 2007. He has over 12 years of experience, principally as an investment banker. His skill lies in financial and business analysis, negotiations, valuation, business planning and financial advisory. Prior to joining Prime Securities, Apurva worked with CRISIL Research & Information Services Limited, an S&P company, as a research analyst for around two years, tracking

the automobile sector. He began his career at Stratcap Securities, as an equity research analyst and tracked the automobile and cement sectors. He has a post graduate diploma in Business Administration (PGDBA) in Finance from Chetana's Institute of Management & Research and Masters in Commerce (M. Com.) from Mumbai University.

### **Mr. Rachit Goel**

*VP Corporate Finance*

Possesses more than 10 years of experience as an Investment Banker. Joined Prime Securities in June 2016. Prior to joining Prime, Rachit worked with HSBC as an Associate Director across various sectors as part of their investment banking and capital

markets team. Possesses experience in deal origination, financial modeling, due diligence, funding and strategic acquisition/exit for large corporates. He is an MBA (Finance) and did his Bachelors in Commerce (Hons.) from University of Delhi.

### **Mr. Nischay Saraf**

*VP Corporate Finance*

A Chartered Accountant with an experience of over 12 years. Has worked with global professional firms (PwC and KPMG) in the audit and consulting services, in the finance verticals of multinational companies

(Wipro and HP) and with a Vietnamese conglomerate (Masan Group). He has experience in operational financials including accounting & reporting and strategic finance including fund raising and corporate restructuring.

# CORPORATE INFORMATION



## REGISTERED OFFICE

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

## CORPORATE IDENTITY NUMBER

L67120MH1982PLC026724

## ISIN/LISTING OF EQUITY SHARES

ISIN: INE032B01021

Scrip Code: NSE (PRIMESECU)  
BSE (500337)

## BANKERS

IndusInd Bank Limited  
ICICI Bank Limited  
HDFC Bank Limited  
Kotak Mahindra Bank Limited  
Bank of India

## STATUTORY AUDITORS

Gandhi & Associate LLP  
*Chartered Accountants*

## INTERNAL AUDITORS

K.V.S. & Company  
*Chartered Accountants*

## REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited  
C-101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai, 400083  
Tel: +91-22-49186270,  
Fax: +91-22-49186060  
E-mail: rnt.helpdesk@linkintime.co.in  
Website: www.linkintime.co.in

## 35TH ANNUAL GENERAL MEETING

Monday, September 24, 2018  
@ 2.00 p.m. at  
Victoria Memorial School for the Blind,  
Tardeo Road, Opp. Film Centre, Near  
Bharat Petroleum Petrol Pump,  
Mumbai 400034



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# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 35th Annual General Meeting of the Members of Prime Securities Limited will be held on Monday, September 24, 2018 at 2.00 p.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 consider and adopt:

- a) The Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Reports of the Board of Directors and Independent Auditors thereon; and
- b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Reports of the Independent Auditors thereon;

### 2. Re-appointment of Director:

To appoint a Director in place of Mr. S. R. Sharma (DIN: 03096740), who retires by rotation and, being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS

### 3. Revision in Remuneration to Mr. N. Jayakumar, Managing Director and Group CEO:

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and any other applicable provision(s) read with Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force), the Articles of Association of the Company, the recommendation of the Nomination and Remuneration Committee and subject to such other approvals as may be necessary, the approval of the Members be and is hereby accorded to the revision in the Payment of the Remuneration to Mr. N. Jayakumar (DIN: 00046048) w.e.f. April 1, 2018, for the remainder of his term as Managing Director and Group CEO of the Company, on the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the remainder of his term, with liberty and power to the Board of Directors (hereinafter referred to as the "Board", which term shall include the Nomination and Remuneration Committee of the Board), in the exercise of its discretion, to alter and vary the terms and conditions of the said appointment and payment of remuneration in such manner as may be agreed to between the Board of Directors and Mr. N. Jayakumar.

RESOLVED FURTHER THAT where in any financial year during the continuance of his tenure as a Managing Director, the Company is required to obtain the approval of the Central Government under the provisions of the Companies Act, 2013 for the payment of remuneration, the maximum remuneration permissible for payment to Mr. N. Jayakumar under the provisions of Sections 196

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and 197 of the Companies Act, 2013 read with Schedule V to the said Act or the maximum limit as may be notified from time to time, be paid till the receipt of the approval of the Central Government.

**RESOLVED FURTHER THAT** on receipt of the approval of the Central Government, the amount of remuneration on the terms as approved by the Central Government, as reduced by such amount of the Remuneration already paid for the period for which the Central Government's approval is sought, be paid to Mr. N. Jayakumar, Managing Director and Group CEO, in lump sum and that after the date of the approval, Mr. N. Jayakumar be paid the remuneration as per the terms and conditions approved by the Central Government.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

#### **4. Appointment of Mr. Vineet Suri as Executive Director and Payment of Remuneration:**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and any other applicable provision(s) read with Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force), the Articles of Association of the Company, the recommendation of the Nomination and Remuneration Committee and subject to such other approvals as may be necessary, the approval of the Members be and is hereby accorded to the Appointment and Payment of Remuneration to Mr. Vineet Suri (DIN: 07995566) as Executive Director for a period of 5 (Five) years commencing from May 29, 2018 to May 28, 2023, on the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during his term as Executive Director, with liberty and power to the Board of Directors (hereinafter referred to as the "Board", which term shall include the Nomination and Remuneration Committee of the Board), in the exercise of its discretion, to alter and vary the terms and conditions of the said appointment and payment of remuneration in such manner as may be agreed to between the Board of Directors and Mr. Vineet Suri.

**RESOLVED FURTHER THAT** where in any financial year during the continuance of his tenure as a Executive Director, the Company is required to obtain the approval of the Central Government under the provisions of the Companies Act, 2013 for the payment of remuneration, the maximum remuneration permissible for payment to Mr. Vineet Suri under the provisions of Sections 196 and 197 of the Companies Act, 2013 read with Schedule V to the said Act or the maximum limit as may be notified from time to time, be paid till the receipt of the approval of the Central Government.

**RESOLVED FURTHER THAT** on receipt of the approval of the Central Government, the amount of remuneration on the terms as approved by the Central Government, as reduced by such amount of the Remuneration already paid for the period for which the Central Government's approval is sought, be paid to Mr. Vineet Suri, Executive Director, in lump sum and that after the date of the approval, Mr. Vineet Suri be paid the remuneration as per the terms and conditions approved by the Central Government.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

## 5. Alteration and Adoption of Memorandum and Articles of Association:

- a) **Approval for alteration of the Object Clause and alignment of Memorandum of Association of the Company with the provisions of the Companies Act, 2013 by adoption of Table A of Schedule I of the Companies Act, 2013**

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

**"RESOLVED THAT** pursuant to the provisions of Section 13 and any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force), the Rules made thereunder and the approval of the Registrar of Companies, the consent of the Members be and is hereby accorded to alter the Object Clause of the Memorandum of Association of the Company and to adopt Table A of Schedule I of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Members be and do hereby authorize the Board to accept any addition / alteration in the proposed draft of Memorandum of Association mentioned above, as may be required by the concerned authorities and as agreed by the Board.

**RESOLVED FURTHER THAT** the Members be and do hereby authorise the Board to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to one or more Director of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.

**RESOLVED FURTHER THAT** the Members be and do hereby authorize any Director of the Company to sign and file any forms, e-forms, returns, documents which may be required to be filed with the Registrar of Companies, Ministry of Corporate Affairs or any other concerned authority in this regard.

**RESOLVED FURTHER THAT** a certified true copy of the resolution certified by a Director of the Company be provided to any regulatory authority or any stakeholder in the manner as may be deemed appropriate by the Board."

- b) **Approval for adoption of Table F of Schedule I of the Companies Act, 2013 for alignment of Articles of Association of the Company with the provisions of the Companies Act, 2013**

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

**"RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the consent of the Members be and is hereby accorded to alter and amend the existing set of Articles of Association to remove the redundant clauses of Companies Act, 1956 and to align it with Companies Act, 2013 & Table F of Schedule I of Companies Act, 2013, in inclusion of the existing non-redundant clauses of Articles of Association of the Company.

**RESOLVED FURTHER THAT** any of the Directors of the company be and is hereby jointly / severally authorized to take all such steps and actions for the purpose of making all such

filings (including e-filings with ROC) and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts and deeds, matters and things as may be deemed necessary to give effect to this resolution.

**RESOLVED FURTHER THAT** any of the Directors of the Company, be and are hereby severally authorised to issue / provide certified true copies of these resolutions."

## 6. Implementation of Employee Stock Option Scheme 2018:

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

**"RESOLVED THAT** pursuant to the provisions of Section 62 and any other applicable provisions of the Companies Act, 2013 read with the Rules framed there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force) and in accordance with circulars / guidelines issued by Securities and Exchange Board of India ("SEBI"), the Articles of Association of the Company and other applicable regulations, rules and circulars / guidelines in force, from time to time and subject to such other approvals, permissions and sanctions as may be necessary from time to time and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee, which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to introduce and implement the "Employees Stock Option Scheme 2018" (hereinafter referred to as the "ESOS 2018") as detailed in the explanatory statement to the Notice convening this Meeting and to create, grant, offer, issue and allot from time to time upto 45,00,000 (Forty Five Lacs) Options, to or to the benefit of such person(s) who are permanent employees of the Company, whether working in India or outside India, and / or to the Directors of the Company, whether whole-time or not but excluding Independent Director(s) and to such other persons as may be decided by the Board and / or permitted under SEBI SBEB Regulations (hereinafter referred to as "Eligible Employees") but does not include an employee who is a promoter or a person belonging to the promoter group or a director(s) who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, each Option giving right to purchase or subscribe One Equity Share of face value of ₹5/- each of the Company for cash and at such price or prices, and on such terms and conditions, as may be determined by the Board in accordance with the provisions of ESOS 2018 and in due compliance with the SBEB Regulations and other applicable laws, rules and regulations.

**RESOLVED FURTHER THAT** the Board and any Committee formed for this purpose be and is hereby authorised to issue and allot Equity Shares upon exercise of Options from time to time in accordance with the ESOS 2018 and other applicable laws in force and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issue, bonus issue, merger, restructuring or such other similar event, the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary and which are within the provisions of the applicable laws & regulations, so as to ensure that fair and equitable benefits under ESOS 2018 are passed on to the Eligible Employees.

**RESOLVED FURTHER THAT** in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the options Grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹5/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to devise, formulate, evolve, decide upon and bring into effect ESOS 2018 as per the terms approved in this resolution read with the explanatory statement annexed to the Notice convening this Meeting and at any time to modify, alter or amend the said terms or suspend, withdraw or terminate ESOS 2018, subject to compliance with the SEBI SBEB Regulations and other applicable laws, rules and regulations, as may be prevailing at that time.

**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOS 2018.

**RESOLVED FURTHER THAT** any of the Directors of the Company or Company Secretary of the Company be and is hereby authorized to take necessary steps for listing of the Equity Shares allotted under the ESOS 2018 on the Stock Exchanges, where the Equity Shares of the Company are listed, as per the provisions of SEBI LODR Regulations and other applicable laws and regulations.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem fit, for the aforesaid purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard at any stage, without being required to seek any further consent or approval of the Members of the Company to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution and further to execute all such deeds, documents, writings and to give such directions and / or instructions as may be necessary, proper or expedient to give effect to any modification, alteration, amendment, suspension, withdrawal or termination of ESOS 2018 and to take all such steps and do all acts as may be incidental or ancillary thereto."

## **7. Extension of benefits of Employee Stock Option Scheme 2018 to the Eligible Employees / Directors of the Subsidiaries:**

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

"**RESOLVED THAT** pursuant to the provisions of Section 62 and any other applicable provisions of the Companies Act, 2013 read with the Rules framed there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force) and in accordance with circulars / guidelines issued by Securities and Exchange Board of India ("SEBI"), the Articles of Association of the Company and other applicable regulations, rules and circulars / guidelines in force, from time to time and subject to such other approvals, permissions and sanctions as may be necessary from time to time and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as the

"Board", which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee, which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to extend the benefits of the Employees Stock Option Scheme 2018 ("ESOS 2018"), referred to in the Special Resolution under Item No. 6 of the Notice convening this Meeting, for the benefit of such person(s) who are permanent employees of Subsidiaries of the Company, whether working in India or outside India, and / or to the Directors of the Subsidiaries, whether whole-time or not but excluding Independent Director(s) of Subsidiaries and to such other persons as may be decided by the Board and / or permitted under SEBI SBEB Regulations (hereinafter referred to as "Eligible Employees of Subsidiaries") but does not include an employee who is a promoter or a person belonging to the promoter group or a director(s) who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, to the intent that the number of Options offered under ESOS 2018 to the Eligible Employees of the Subsidiaries shall be subsumed in the aggregate limit of 45,00,000 Options, each Option giving right to purchase or subscribe One Equity Share of face value of ₹5/- each of the Company for cash and at such price or prices, and on such terms and conditions set out in the Special Resolution under Item No. 6 of the Notice convening this Meeting.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem fit, for the aforesaid purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard at any stage, without being required to seek any further consent or approval of the members of the Company to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution, and further to execute all such deeds, documents, writings and to give such directions and / or instructions as may be necessary, proper or expedient to give effect to any modification, alteration, amendment, suspension, withdrawal or termination of ESOS 2018 and to take all such steps and do all acts as may be incidental or ancillary thereto."

#### **8. Granting of Options exceeding 1% of Issued Capital to identified Employees under Employee Stock Option Scheme 2018:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 62 and any other applicable provisions of the Companies Act, 2013 read with the Rules framed there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force) and in accordance with circulars / guidelines issued by Securities and Exchange Board of India ("SEBI"), the Articles of Association of the Company and other applicable regulations, rules and circulars / guidelines in force, from time to time and subject to such other approvals, permissions and sanctions as may be necessary from time to time and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee, which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, grant, offer, issue and allot from time to time the Options exceeding 1% of the Issued Capital to identified Employees (including Employees of

Subsidiaries of the Company) under the Employees Stock Option Scheme 2018 ("ESOS 2018"), referred to in the Special Resolution under Item No. 6 of the Notice convening this Meeting, as may be decided by the Board and / or permitted under SEBI SBEB Regulations, to the intent that the number of Options offered under ESOS 2018 shall be subsumed in the aggregate limit of 45,00,000 Options, each Option giving right to purchase or subscribe One Equity Share of face value of ₹5/- each of the Company for cash and at such price or prices, and on such terms and conditions set out in the Special Resolution under Item No. 6 of the Notice convening this Meeting.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem fit, for the aforesaid purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard at any stage, without being required to seek any further consent or approval of the members of the Company to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution, and further to execute all such deeds, documents, writings and to give such directions and / or instructions as may be necessary, proper or expedient to give effect to any modification, alteration, amendment, suspension, withdrawal or termination of ESOS 2018 and to take all such steps and do all acts as may be incidental or ancillary thereto."



## 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.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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 Members. Proxies in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the time of commencement of the Annual General Meeting. Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by an appropriate Resolution / Authority, as applicable. A Proxy Form forms part of this Annual Report.
3. Corporate Members intending to send their Authorised Representatives to attend the Annual General Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution authorising their representative to attend and vote in their behalf at the Annual General Meeting along with the specimen signatures of the authorised representatives.
4. In case of joint holders attending the Annual General Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. In terms of Section 152 of the Companies Act, 2013, Mr. S. R. Sharma (DIN: 03096740) retires by rotation at the meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company recommends his re-appointment. A brief resume of Directors proposed to be appointed / re-appointed at this Annual General Meeting, nature of their expertise in specific functional areas, names of Companies in which they hold Directorship and Membership / Chairmanships of Board Committees, shareholding and relationship between Directors inter-se, stipulated under Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other requisite information as per Clause 1.2.5 of Secretarial Standards - 2 on General Meeting, issued by the Institute of Company Secretaries of India, are provided as annexure to this Notice.
6. The Register of Members and share Transfer Books of the Company will remain closed from Wednesday, September 19, 2018 to Monday, September 24, 2018 (both days inclusive).
7. Relevant documents referred to in the accompanying Notice and the Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company on all working days (except Saturdays, Sundays and public holidays) between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting and also at the Annual General Meeting venue.
8. Members / Proxies should bring the enclosed Attendance Slip duly filled in, for attending the Annual General 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 Annual General Meeting to facilitate identification of Membership at the Annual General Meeting. Duplicate Attendance Slip or copies of the Annual Report will not be made available at the Annual General Meeting venue.

9. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar and Shares Transfer Agent of the Company.
10. 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.
11. 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.
12. Members holding shares in physical form may obtain the Nomination Form from the Registrar and Share Transfer Agent of the Company and the Members holding shares in the electronic form may obtain the Nomination Form from their respective Depository Participants.
13. Pursuant to the provisions of Section 20, 101 and Section 136 of the Companies Act, 2013 read with the 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 to support Green initiative, so that they can receive 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.
14. The Company has designated an exclusive e-mail id (prime@primsec.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@primsec.com).
15. 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 seven days before the Annual General Meeting so that the same can be suitably replied.
16. Pursuant to the provisions of Section 124 of the Companies Act, 2013 (Section 205A of the Companies Act, 1956) read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") including any statutory modification(s) or re-enactment thereof for the time being in force, dividend which remains unpaid or unclaimed for a period of seven (7) years from the date of its transfer to the unpaid dividend account of the Company would be transferred to Investor Education and Protection Fund ("IEPF"). Accordingly, the Company has transferred to the IEPF all Unclaimed Dividend upto Final Dividend 2007-08 and no Dividend has been declared thereafter, which has remained unclaimed for a period of Seven Years.

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with IEPF Rules including any statutory modification(s) or re-enactment thereof for the time being in force, the Company is required to transfer all equity shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years to the demat account of the IEPF Authority in such manner as may be prescribed under the IEPF Rules. The Shareholders may please note that the Company shall transfer the concerned shares held by them in physical or demat form to the demat account of the IEPF Authority by the due date, as may be applicable, as per the procedure prescribed under the IEPF Rules.

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17. The Annual Report of the Company circulated to the Members of the Company, is also available on the website of the Company ([www.primesec.com](http://www.primesec.com)) and on the website of the Stock Exchanges.
18. Route map showing directions to reach to the venue of the 35th Annual General Meeting is given at the end of this Annual Report, as per the requirement of the Secretarial Standards 2 on "General Meetings".
19. Voting Options:
- a) Pursuant to the provisions of Section 108 of Companies, Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, 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 through "Remote e-voting" (i.e. the Members may cast their vote using an electronic voting system from a place other than the venue of the Annual General Meeting). The Company has availed the services of National Securities Depository Limited ("NSDL") for providing e-voting facility to the Members.
  - b) The facility for voting, either through e-voting system or through Ballot Form / Polling Paper shall also be made available at the venue of the Annual General Meeting. The Members attending the Annual General Meeting, who have not already cast their vote through remote e-voting, shall be able to exercise their voting rights at the venue of the Annual General Meeting. The Members, who have already casted their vote through remote e-voting, may attend the Annual General Meeting but shall not be entitled to cast their vote again at the venue of the Annual General Meeting.
  - c) 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 this 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 voting Cycles.
      - (viii) Select "EVEN (109284)" 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 with a copy marked to 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 at the bottom of the attendance slip for the annual general meeting:  
"EVEN (109284)"      USER ID      PASSWORD / PIN
- (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast your vote.
- d) 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) or call on toll free no: 1800-222-990.
  - 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 21, 2018 and will end at 5.00 p.m. on Sunday, September 23, 2018. 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. Monday, September 17, 2018, 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. Monday, September 17, 2018.
  - 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. Monday, September 17, 2018, shall only be entitled to vote on the Resolutions set forth in this Notice either by way of remote e-voting or through e-voting system / ballot form / polling paper at the venue of the Annual General Meeting.
  - 6) Any person who acquires shares of the Company and becomes Member of the Company after dispatch of this notice and holding shares as on the Cut-off date, i.e. Monday, September 17, 2018, may obtain the login ID and password by sending an email to [prime@primesec.com](mailto:prime@primesec.com) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) by mentioning their folio no. / DP ID & Client ID. 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 don't remember 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) or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following Toll Free No.: 1800-222-990.

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- 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 on 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 by 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.

Registered Office:

1109/1110, Maker Chambers V,  
Nariman Point, Mumbai - 400 021  
CIN: L67120MH1982PLC026724  
Email: [prime@primesec.com](mailto:prime@primesec.com)  
Website: [www.primesec.com](http://www.primesec.com)  
May 29, 2018

By Order of the Board of Directors

**Ajay Shah**  
**Vice President Legal**  
**& Company Secretary**  
**(ACS-14359)**

## 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. 3 to 8 of the accompanying notice.

### Item No. 3

The Board of Directors of the Company ("the Board"), at their Meeting held on January 14, 2016, had re-appointed Mr. N. Jayakumar as Managing Director of the Company for a further period of Five Years w.e.f. February 11, 2016 in accordance with Article 119 of the Articles of Association of the Company. Mr. N. Jayakumar had refrained from drawing any remuneration from the Company since December 2012 in view of adverse financial situation of the Company then. In light of substantial bettering of Company's prospects in last few quarters and based on the recommendation of the Nomination and Remuneration Committee, Mr. N. Jayakumar, Managing Director, had started drawing remuneration w.e.f. from January 1, 2017 as approved by the Member of the company at their Meeting held on September 21, 2017. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company has, subject to approval of the Members of the Company, revised the remuneration payable to Mr. N. Jayakumar, Managing Director, w.e.f. April 1, 2018 for the remainder of his term as Managing Director. The approval of the Members pursuant to Section 197(1) of the Companies Act, 2013, as amended from time to time, is now sought for the revised remuneration payable to Mr. N. Jayakumar, Managing Director, w.e.f. from April 1, 2018 for the remainder of his term as the Managing Director.

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 26 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.

The main terms of appointment, remuneration, perquisites, etc. as set out in the Memorandum of Understanding entered into between the Company and Mr. N. Jayakumar, which are subject to the approval of the Members of the Company, are as follows:

#### Term:

Period of Appointment - Five years effective February 11, 2016

#### Salary:

- a) Salary upto a maximum of ₹40,00,000/- per month for a period from April 1, 2018 to February 10, 2021, with authority to the Board or a Committee thereof to fix the salary within the said maximum amount.

#### Perquisites:

- a) Use of the Company's car with a driver or alternatively the Company will maintain at its expense a car belonging to the Managing Director and will also reimburse the salary of the driver as per the rules of the Company.
- b) Reimbursement of Company car running and maintenance expenses reasonably incurred by Mr. N. Jayakumar exclusively for the business of the Company;

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- c) Reimbursement of Medical expenses actually incurred by Mr. N. Jayakumar and his family;
  - d) Company's Contribution to Provident Fund as per the rules;
  - e) Benefit of a Company Group Mediciclaim Policy;
  - f) Gratuity as per the Gratuity Scheme of the Company;
  - g) Reimbursement of Travelling and Entertainment expenses reasonably incurred by him exclusively for the business of the Company;
  - h) Leave on full remuneration as per the rules of the Company for the time being in force but not exceeding one month's privilege leave for every 12 months service;

Perquisite shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

#### **Performance Bonus:**

Performance Bonus as may be recommended by Nomination and Remuneration Committee and decided by the Board of Directors based on the Net Profits of the Company in a particular year subject to the overall ceiling limit laid down under Section 196, 197, 203 of the Companies Act, 2013.

The perquisites namely contribution to Provident Fund, Gratuity and encashment of leave shall not be included in the computation of the ceiling on remuneration.

Notwithstanding anything hereinabove, where in any Financial Year during the currency of his tenure as Managing Director, the Company has no Profits or its Profits are inadequate, the Company will pay remuneration by way of salary and perquisite as above subject to the ceiling specified under Schedule V to the Companies Act, 2013.

The following additional information as required by Schedule V to the Companies Act, 2013 is given below:

#### **1) General Information:**

##### **a) Nature of Industry:**

The Company is in the business of Corporate Advisory and Investment Banking.

##### **b) Date or expected date of commencement of commercial production:**

Not applicable as the Company is an existing Company and is in operations since 1982.

##### **c) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not applicable.

d) **Financial performance based on given indicators:**

Audited Standalone Financial Statements for the Year ended March 31, 2018:

(₹ in lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Income from Operations and other Income	899.42	676.60
Operating Profit (before interest, depreciation & tax)	616.96	907.55
Profit / (Loss) before Tax	325.61	(690.97)
Profit / (Loss) after Tax	332.16	(723.86)

Audited Consolidated Financial Statements for the Year ended March 31, 2018:

(₹ in lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Income from Operations and other Income	2,402.47	1,957.65
Operating Profit (before interest, depreciation & tax)	809.02	1,087.36
Profit / (Loss) before Tax	1,715.00	1,934.84
Profit / (Loss) after Tax	1,414.80	1,301.87

e) **Foreign investments or collaborations, if any:**

Not applicable.

2) **Information about the Appointee:**a) **Background details:**

Mr. N. Jayakumar, aged 57 years, is Bachelor of Technology, Mechanical Engineering (I.I.T. Delhi) (1978-1983) & P.G.D.M. (MBA), IIM Ahmedabad (1983-1985). He is associated with the Company since 1992 and he was designated as a President of the Company since 2002. He is 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 26 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. As a Managing Director, he shall carry out such functions, exercise such powers and perform such duties as the Board shall from time to time in its absolute discretion determine and entrust to him. Subject to the superintendence, control and direction of the Board, he shall have the general control of the business of the Company and be vested with the management and day-to-day affairs of the Company.

b) **Past Remuneration:**

Mr. N. Jayakumar has been appointed as Managing Director of the Company w.e.f. February 12, 2011. In view of adverse financial situation of the Company in the earlier years, Mr. N. Jayakumar had refrained from drawing any remuneration from the Company since December 2012 till December 31, 2016. For the Financial Year ended on March 31, 2018 and March 31, 2017, the Company has paid ₹133.18 lacs and ₹34.23 lacs respectively as remuneration to Mr. N. Jayakumar.



c) **Recognition or Awards:**

Nil

d) **Job profile and his suitability:**

Same as above in item no a) hereinabove.

e) **Remuneration proposed:**

The Company proposes to pay the remuneration to Mr. N. Jayakumar as per the resolutions proposed to be passed by the Members in the Annual General Meeting of the Company.

f) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of Mr. N. Jayakumar, the responsibilities shouldered by him and industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in the companies.

g) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Besides the remuneration proposed to be paid to him, Mr. N. Jayakumar does not have any other pecuniary relationship with the Company.

3) **Other Information:**

a) **Reasons for loss or inadequate profits:**

The Company is mainly involved in the Corporate Advisory and Investment Banking. The business of the Company and its performance is linked to capital market conditions and successful closure of deals.

b) **Steps taken or proposed to be taken for improvement:**

The Company has been continuously enhancing its client list. The Company has made significant strides in establishing stronger client relationships. The Company is focusing on providing innovative business solutions to its clients in the area of fund raising and merger and acquisitions.

c) **Expected increase in productivity and profits in measurable terms:**

With better capital market conditions and increased client relationships, the Company is expected to step up the revenues and profits substantially in future.

4) **Disclosures:**

a) **Remuneration package of the managerial person:**

Fully described in the explanatory statement as stated above.

b) **Disclosures in the Board of Directors' Report under the heading "Corporate Governance" included in Annual Report 2017-18:**

The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of F.Y. 2017-18 of the Company.

The Memorandum of Understanding entered into between the Company and Mr. N.

Jayakumar is available for inspection to the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays, Sundays and Public Holidays.

Except Mr. N. Jayakumar, 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.

The Board of Directors recommends this resolution for approval by the Members of the Company by a Special Resolution.

#### Item No. 4

The Board of Directors of the Company ("the Board") at their Meeting held on May 29, 2018, based on the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Vineet Suri as Executive Director of the Company for a period of Five Years w.e.f. May 29, 2018 in accordance with Article 119 of the Articles of Association of the Company and subject to approval of the Members of the Company. The approval of the Members pursuant to Section 197(1) of the Companies Act, 2013, as amended from time to time, is now sought for the appointment for a period of Five Years w.e.f. May 29, 2018 and for payment of remuneration to Mr. Vineet Suri, Executive Director, w.e.f. from May 29, 2018 for the period of 3 Years.

Mr. Vineet Suri is associated with the Company since December 2016 as Head of Corporate Finance & Investment Banking (including the Restructuring business). He started his career with Citibank in Mumbai and London, and has over 20 years of Banking / Corporate Finance & Investment Banking experience, having worked with leading banks in Mumbai, London, Riyadh & Bahrain. His areas of focus have been Structured Finance, Capital Markets, M&A / Acquisition Financing, ABF, Project Advisory, Telecom Financing, Debt Syndications and Islamic Financing. He has worked on and led numerous transactions for clients spread across India, Europe, Middle East and Africa. He is a Chartered Accountant trained under Price Waterhouse, and a Bachelor of Commerce from Sydenham College of Commerce & Economics, Mumbai.

The main terms of appointment, remuneration, perquisites, etc. as set out in the Memorandum of Understanding entered into between the Company and Mr. Vineet Suri, which are subject to the approval of the Members of the Company, are as follows:

#### Term:

Period of Appointment - Five years effective May 29, 2018

#### Salary:

- a) Salary upto a maximum of ₹10,00,000/- per month for a period from May 29, 2018 to May 28, 2021, with authority to the Board or a Committee thereof to fix the salary within the said maximum amount.

#### Perquisites:

- a) Use of the Company's car with a driver or alternatively the Company will maintain at its expense a car belonging to the Managing Director and will also reimburse the salary of the driver as per the rules of the Company.
- b) Reimbursement of Company car running and maintenance expenses reasonably incurred by Mr. Vineet Suri exclusively for the business of the Company;
- c) Company's Contribution to Provident Fund as per the rules;

- d) Benefit of a Company Group Mediciam Policy;
- e) Gratuity as per the Gratuity Scheme of the Company;
- f) Reimbursement of Travelling and Entertainment expenses reasonably incurred by him exclusively for the business of the Company;
- g) Leave on full remuneration as per the rules of the Company for the time being in force but not exceeding one month's privilege leave for every 12 months service;

Perquisite shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

**Performance Bonus:**

Performance Bonus as may be recommended by Nomination and Remuneration Committee and decided by the Board of Directors based on the Net Profits of the Company in a particular year subject to the overall ceiling limit laid down under Section 196, 197, 203 of the Companies Act, 2013.

The perquisites namely contribution to Provident Fund, Gratuity and encashment of leave shall not be included in the computation of the ceiling on remuneration.

Notwithstanding anything hereinabove, where in any Financial Year during the currency of his tenure as Executive Director, the Company has no Profits or its Profits are inadequate, the Company will pay remuneration by way of salary and perquisite as above subject to the ceiling specified under Schedule V to the Companies Act, 2013.

The following additional information as required by Schedule V to the Companies Act, 2013 is given below:

**1) General Information:**

**a) Nature of Industry:**

The Company is in the business of Corporate Advisory and Investment Banking.

**b) Date or expected date of commencement of commercial production:**

Not applicable as the Company is an existing Company and is in operations since 1982.

**c) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not applicable.

**d) Financial performance based on given indicators:**

Audited Standalone Financial Statements for the Year ended March 31, 2018:

(₹ in lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Income from Operations and other Income	899.42	676.60
Operating Profit (before interest, depreciation & tax)	616.96	907.55
Profit / (Loss) before Tax	325.61	(690.97)
Profit / (Loss) after Tax	332.16	(723.86)

Audited Consolidated Financial Statements for the Year ended March 31, 2018:

(₹ in lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Income from Operations and other Income	2,402.47	1,957.65
Operating Profit (before interest, depreciation & tax)	809.02	1,087.36
Profit / (Loss) before Tax	1,715.00	1,934.84
Profit / (Loss) after Tax	1,414.80	1,301.87

e) **Foreign investments or collaborations, if any:**

Not applicable.

2) **Information about the Appointee:**

a) **Background details:**

Mr. Vineet Suri, aged 52 years, is a He is a Chartered Accountant trained under Price Waterhouse, and a Bachelor of Commerce from Sydenham College of Commerce & Economics, Mumbai. He is associated with the Company since December 2016 as Head of Corporate Finance & Investment Banking (including the Restructuring business). He started his career with Citibank in Mumbai and London, and has over 20 years of Banking / Corporate Finance & Investment Banking experience, having worked with leading banks in Mumbai, London, Riyadh & Bahrain. His areas of focus have been Structured Finance, Capital Markets, M&A / Acquisition Financing, ABF, Project Advisory, Telecom Financing, Debt Syndications and Islamic Financing. He has worked on and led numerous transactions for clients spread across India, Europe, Middle East and Africa. As an Executive Director, he shall carry out such functions, exercise such powers and perform such duties as the Board shall from time to time in its absolute discretion determine and entrust to him. Subject to the superintendence, control and direction of the Board, he shall have the general control of the Investment Banking and Corporate Advisory business of the Company.

b) **Past Remuneration:**

Mr. Vineet Suri has been appointed as Executive Director of the Company w.e.f. May 29, 2018. For the Financial Year ended on March 31, 2018 and March 31, 2017, the Company has paid ₹48 lacs and ₹14.58 lacs respectively as remuneration to Mr. Vineet Suri.

c) **Recognition or Awards:**

Nil

d) **Job profile and his suitability:**

Same as above in item no a) hereinabove.

e) **Remuneration proposed:**

The Company proposes to pay the remuneration to Mr. Vineet Suri as per the resolutions proposed to be passed by the Members in the Annual General Meeting of the Company.

f) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of Mr. Vineet Suri, the responsibilities shouldered by him and industry benchmarks, the remuneration proposed

to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in the companies.

**g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Besides the remuneration proposed to be paid to him, Mr. Vineet Suri does not have any other pecuniary relationship with the Company.

**3) Other Information:**

**a) Reasons for loss or inadequate profits:**

The Company is mainly involved in the Corporate Advisory and Investment Banking. The business of the Company and its performance is linked to capital market conditions and successful closure of deals.

**b) Steps taken or proposed to be taken for improvement:**

The Company has been continuously enhancing its client list. The Company has made significant strides in establishing stronger client relationships. The Company is focusing on providing innovative business solutions to its clients in the area of fund raising and merger and acquisitions.

**c) Expected increase in productivity and profits in measurable terms:**

With better capital market conditions and increased client relationships, the Company is expected to step up the revenues and profits substantially in future.

**4) Disclosures:**

**a) Remuneration package of the managerial person:**

Fully described in the explanatory statement as stated above.

**b) Disclosures in the Board of Directors' Report under the heading "Corporate Governance" included in Annual Report 2017-18:**

The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of F.Y. 2017-18 of the Company.

The Memorandum of Understanding entered into between the Company and Mr. Vineet Suri is available for inspection to the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays, Sundays and Public Holidays.

Except Mr. Vineet Suri, 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.

The Board of Directors recommends this resolution for approval by the Members of the Company by a Special Resolution.

**Item No. 5**

The Memorandum and Articles of Association of the Company currently in force were originally adopted when the Company was incorporated under the Companies Act, 1956 and the same were amended from time to time in accordance with the provisions of the Companies Act, 1956 and the Companies Act, 2013 from time to time. Several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act. With the introduction of the Companies Act, 2013, it is proposed to amend the existing Memorandum and Articles of Association to make it consistent with the provisions of Companies Act, 2013 including the Rules framed thereunder.

A copy of the proposed set of new Memorandum and Articles of Association of the Company would be available for inspection at the registered office of the Company on all working days, except Saturdays, Sundays and Public Holidays, between 11.00 a.m. to 1.00 p.m. upto the date of the 35th Annual General Meeting and during the 35th Annual General Meeting. The proposed draft of Memorandum and Articles of Association is also available on the Company's website at [www.primesec.com](http://www.primesec.com) for perusal by the Shareholders.

None of the Directors and Key Managerial Personnels of the Company or relatives of any of them are, in any way, concerned or interested in this Resolutions.

The Board of Directors recommends this resolution for approval by the Members of the Company by a Special Resolution.

### **Item No. 6, 7 and 8**

The Company operates in the financial services industry and the major services provided by the Company i.e. Investment / Merchant Banking and Corporate Advisory Services are people driven. The Company believes that the growth witnessed by the Company is the result of the efforts put in by its employees. The Board has identified the need to reward the employees by enabling them to participate in the future growth and financial success of the Company. Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share based compensation scheme. The Board of Directors of the Company at their Meeting held on May 29, 2018 has approved implementation of the Employee Stock Option Scheme 2018 ("ESOS 2018"), with a view to attract and retain key talents working with the Company and its Subsidiary Companies by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability. The Board has authorised the Nomination and Remuneration Committee to administer ESOS 2018 and will formulate its detailed terms and conditions.

Pursuant to provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, ("SEBI SBEB Regulations"), the approval of the Members of the Company is sought to implement ESOS 2018 and grant of options to the eligible Employees / Directors of the Company and that of its Subsidiary Companies as decided by the Nomination and Remuneration Committee from time to time in due compliance of the SEBI SBEB Regulations.

The main features of the ESOS 2018 are as under:

#### **1. Brief Description of the Scheme:**

ESOS 2018 is intended to reward the eligible permanent Employees / Directors of the Company and its Subsidiary Companies in India and abroad, for their performance and to motivate them to contribute to the growth and profitability of the Company. Your Company also intends to use ESOS 2018 to retain talent in the organization as it views options as instruments that would enable the employees to share the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.

The Company, in terms of the SEBI SBEB Regulations, contemplates to implementation of ESOS 2018 by way of issue of fresh Equity Shares by the Company.

#### **2. Total number of Options to be granted:**

A total of upto 45,00,000 (Forty Five Lacs) Options would be available for grant to the eligible permanent Employees / Directors of the Company and its Subsidiary Companies under ESOS 2018, in one or more tranches, detailed terms of which are to be formulated by the Board but subject to the broad parameters of the Scheme to be approved by the Members. Each such Option when exercised would be converted into one new Equity Share of ₹5/-each fully paid-up of the

Company. The Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

Vested options lapsed due to non-exercise and / or unvested options that get cancelled due to resignation / termination of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of ESOS 2018, within overall ceiling.

SEBI SBEB Regulations require that in case of any corporate action(s) such as rights, bonus, merger, de-merger, amalgamation, sale of division or any other form of corporate restructuring, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional Equity Shares are required to be issued pursuant to any corporate action, the above ceiling 45,00,000 (Forty Five Lacs) Equity Shares shall be deemed to be increased in proportion of such additional Equity Shares issued.

### **3. Identification of Classes of Employees entitled to participate and be beneficiary in the ESOS 2018:**

Following classes of Employees are entitled to participate in ESOS 2018:

- a) Permanent Employees of the Company working in India or out of India;
- b) Directors of the Company; and
- c) Permanent Employees and Directors of the Subsidiary Companies.

Following persons are not eligible to participate in ESOS 2018:

- a) Employee or Director who is a Promoter or belongs to the Promoter Group;
- b) Director who either by himself or through his relatives or through any Body Corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
- c) Independent Director within the meaning of the Companies Act, 2013.

### **4. Requirements of Vesting and Period of Vesting:**

Options granted under ESOS 2018 would vest not less than 1 (One) Year from the date of grant of such Options. Vesting may occur in one or more tranches or otherwise. The vesting dates in respect of the Options granted under ESOS 2018 may vary from Employee to Employee or any class thereof and / or in respect of the number or percentage of Options granted to an Employee. The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such vesting, and the proportion in which Options granted would vest.

Options granted under ESOS 2018 shall vest so long as an Employee continues to be in the employment of the Company / Subsidiary Companies, as the case may be, unless such employment is discontinued on account of death, permanent disablement or on retirement. In the event of death of an employee while in employment, all the Options granted to him till such date shall vest in the legal heirs or nominees of the deceased Employee. In case the Employee suffers a permanent incapacity while in employment, all the Options granted to him as on the date of permanent incapacity shall vest in him on that date.

If the eligible Employee voluntarily terminates employment with the Company / Subsidiary Companies, as the case may be, the Options to the extent not vested shall lapse / expire and be forfeited forthwith. However, this shall not be applicable to eligible Employees who have resigned or who may resign from time to time to join Companies, approved by the Nomination and

Remuneration Committee, that have been established or promoted or set up (whether solely or jointly with any other entity) by the Company.

**5. Maximum period within which the Options shall be vested:**

Options granted under ESOS 2018 would vest within a maximum period of 5 (Five) Years from the date of grant of such Options.

**6. Exercise Price or Pricing Formula:**

The Exercise Price would be determined by the Nomination and Remuneration Committee on the date of Grant of Options in accordance with the SEBI SESB Regulations, subject to conditions for payment of Exercise Price in the manner prescribed by the Nomination and Remuneration Committee.

**7. Exercise Period and Process of Exercise:**

The Exercise Period would commence from the date of vesting and will expire at the end of Five Years from the date of Vesting or such period as may be decided by the Nomination and Remuneration Committee.

The Vested Options would be exercisable by the employees by submitting a written application to the Company along with the payment of Exercise Price and on execution of such other documents, as may be prescribed by the Nomination and Remuneration Committee. The options shall lapse if not exercised within the specified exercise period.

**8. Appraisal process for determining the eligibility of Employees to ESOS 2018:**

The appraisal process for determining the eligibility of the employees will be specified by the Nomination and Remuneration Committee and will be based on criteria such as seniority of the employees, length of service, performance record, merit, contribution and conduct of the employees, future potential and / or any such other criteria that may be determined by the Nomination and Remuneration Committee at its sole discretion.

**9. Maximum number of Options to be issued per Employee and in an aggregate**

The maximum number of Options granted to any single eligible Employee shall not exceed 15,00,000 Options at the time of Grant of the Option. The aggregate of all such Options shall not exceed 45,00,000 Options.

**10. Maximum Quantum of benefits to be provided per employee under the ESOS 2018:**

The maximum quantum of benefits underlying the Options issued to an eligible employee shall depend upon the market price of the Equity Shares as on the date of sale of Equity Shares allotted pursuant to the exercise of Options.

**11. Whether ESOS 2018 is to be implemented and administered directly by the Company or through Trust:**

ESOS 2018 shall be implemented and administered directly by the Company.

**12. Whether ESOS 2018 involves new issue of Equity Shares by the Company or Secondary Acquisition by the Trust or both:**

ESOS 2018 contemplates new Issue of Equity Shares by the Company.

**13. The amount of loan provided for implementation of ESOS 2018 by the Company to the Trust, its tenure, utilisation, repayment terms etc.:**

The Company is not providing any loan for ESOS 2018 purpose, as Company is directly implementing the plan.



**14. Maximum percentage of Secondary Acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purchase under the scheme:**

Not applicable for implementation of ESOS 2018 as the Company is directly implementing the plan by way of new issue of Equity Shares.

**15. Accounting and Disclosure Policies:**

The Company shall comply with the "Guidance Note on Accounting for Employee Share Based Payments" and / or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

**16. Method of Valuation:**

The Company shall use the intrinsic value method for computing the compensation cost for the Options granted. The difference between the employee compensation cost so computed and the compensation cost that shall have been recognised if the Company had used the fair value of the Options and also the impact of this difference on the profits and on EPS of the Company shall be disclosed in the Directors' Report.

The benefits of ESOS 2018 shall also be extended to the permanent Employees and Directors of the Subsidiary Companies of the Company, in the same manner and subject to the terms and conditions as mentioned herein. The aggregate Options issued in terms of ESOS 2018 shall not exceed the overall limit as mentioned in the ESOS 2018. SEBI SESB Regulations provide for separate approval of Members to be obtained for extending the benefits of the Scheme to Employees and Directors of Subsidiary Companies of the Company.

In terms of the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and Regulations 6 of the SEBI SESB Regulations, the approval of the Members is being sought by way of Special Resolutions.

A draft copy of ESOS 2018 is available for inspection at the Registered Office of the Company on all working days (excluding Saturday, Sunday and Holidays) till the date of the Annual General Meeting.

The Directors and Key Managerial Personnels of the Company may be deemed to be concerned or interested in these Resolutions only to the extent of any Options that may be granted to them and the resultant equity shares issued, as applicable.

The Board of Directors recommends this resolution for approval by the Members of the Company by a Special Resolution.

Registered Office:

1109/1110, Maker Chambers V,  
Nariman Point, Mumbai - 400 021  
CIN: L67120MH1982PLC026724  
Email: prime@primesec.com  
Website: www.primesec.com  
May 29, 2018

By Order of the Board of Directors

Ajay Shah  
Vice President Legal  
& Company Secretary  
(ACS-14359)

**Details of Director seeking Appointment / Re-appointment  
at 35th Annual General Meeting**

[Pursuant to the Regulation 26 and 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2 (SS-2) on General Meetings]

<b>Name of Director</b>	<b>Mr. S. R. Sharma (✦)</b>	<b>Mr. Vineet Suri</b>
Director Identification		
Number (DIN)	03096740	07995566
Date of Birth	August 7, 1959	December 21, 1966
Date of First Appointment	January 25, 2011	May 29, 2018
Qualifications	B. Tech. (Chemical Engineering), IIT Delhi, PGDM, IIM-Ahmedabad	Chartered Accountant
Expertise in Specific Functional Area	Mr. S. R. Sharma is a qualified professional graduated from IIT Delhi as a Chemical Engineer and received his post graduate diploma in management, PGDM from the IIM at Ahmedabad. 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.	Mr. Vineet Suri is the Head of Corporate Finance & Investment Banking (including the Restructuring business) at Prime. He started his career with Citibank in Mumbai and London, and has over 20 years of Banking / Corporate Finance & Investment Banking experience, having worked with leading banks in Mumbai, London, Riyadh & Bahrain. His areas of focus have been Structured Finance, Capital Markets, M&A / Acquisition Financing, ABF, Project Advisory, Telecom Financing, Debt Syndications and Islamic Financing. He has worked on and led numerous transactions for clients spread across India, Europe, Middle East and Africa. He is a Chartered Accountant trained under Price Waterhouse, and a Bachelor of Commerce from Sydenham College of Commerce & Economics, Mumbai.
Number of Meetings of the Board attended during the year	Six	N.A.

<b>Name of Director</b>	<b>Mr. S. R. Sharma (*)</b>	<b>Mr. Vineet Suri</b>
Directorship held in other Public Companies (excluding Foreign Companies and Section 8 Companies)	Primesec Investments Limited Asia Bio Energy (India) Limited	None
Memberships / Chairmanships of Committees of other Companies (includes only Audit Committee and Stakeholder Relationship Committee)	None	None
Inter-se relationship with other Directors and Key Managerial Personnel	Nil	Nil
Shareholding in the Company	Nil	16,043 Equity Shares

\* Mr. S. R. Sharma retires by rotation and being eligible offers himself for re-appointment.

For other details such as Number of Board Meetings attended during the Financial Year 2017-18 and the Remuneration drawn by the above Directors, please refer to the Corporate Governance Report forming part of this Annual Report.

# Statutory Section

# DIRECTORS' REPORT

*Dear members*

Your Directors are pleased to present their 35th Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ended March 31, 2018.

## FINANCIAL HIGHLIGHTS

(₹ in lacs)

Particulars	Consolidated		Standalone	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Total Revenues	2,402.47	1,957.65	899.42	676.60
Total Expenses	792.19	1,072.47	601.37	894.01
Profit / (Loss) before Exceptional Items & Tax	1,610.28	885.18	298.05	(217.41)
Exceptional Items	104.71	1,049.66	27.56	(473.56)
Profit / (Loss) before Tax	1,714.99	1,934.84	325.61	(690.97)
Tax Expenses	284.51	593.53	(21.59)	Nil
Profit / (Loss) after Tax	1,430.48	1,341.31	347.20	(690.97)
Other Comprehensive Income / (Loss) (Net of Tax)	(15.69)	(39.43)	(15.04)	(32.89)
Total Comprehensive Income	1,414.79	1,301.88	332.16	(723.86)

The Company has prepared the financial statements for the financial year ended March 31, 2018 under Section 129, 133 and Schedule II to the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS), as amended. Figures for the financial year ended March 31, 2017 have been restated as per Ind-AS and therefore may not be comparable with financials for financial year ended March 31, 2017 approved by the Directors and disclosed in the financial statements of previous year.

## BUSINESS REVIEW & PROSPECTS

As you will note from the results, the year gone by has been satisfying and has helped in creating a base for sustained growth in our activity in the coming months. The hallmark of our work has been innovation and focused execution. The mandates we have executed range from corporate restructuring, debt

and equity issuances and strategic corporate advisory. Repeat business, referrals drive healthy deal flow and our teams have been busy! We will add to our team to increase capacity as per the demand of the business.

The temporary effects of demonetization have now faded and economic growth in the latest quarter is expected to top 7.7%. Growth is likely to be robust across sectors especially in agriculture and construction, which saw a negative rate of growth of 3.9% in the last quarter. This is clearly indicating that the lingering effects, if any were there, of demonetization and the roll out of GST are firmly in the rear-view mirror. Firms in key sectors, autos, cement, steel are reporting robust growth rates and this will trigger fresh investments. As the investment cycle begins its cyclical uptrend, deal flow will inevitably increase. We see this in the robust pipeline of deals.

This year's southwest monsoon ended the June-September season with 5% lower than average rainfall and expectations of a slightly lower output of kharif, or summer-sown crops, after bouts of floods and dry weather in different parts of the country. Forecasts for the current year are positive and the onset of monsoon is expected to be on time! This augurs well for a continuation of robust agricultural growth and in maintaining the momentum we have seen in the growth of our rural economy. Increasingly agriculture plays a smaller role in the rural economy with other activities contributing more. Overall, this will lead to more stable and higher growth rates in rural demand with its accompanying knock on impact.

Benign crude oil prices have helped the Government manage the fiscal deficit. The recent increase in prices, though have dampened the mood a bit. Pump prices of gasoline and diesel have gone up, and despite criticism, remain on par with the rest of the world. This indicates that the Government has maintained the policy of pump pricing in line with global prices and has not succumbed to the reintroduction of any subsidy. The recent turmoil with the USA withdrawing from the Iran accord may reduce supply but the statements from Saudi Arabia and Russia committing to maintain supply augur well for the supply and pricing of this key energy input. Crude oil production from new sources like shall remain robust.

The global macro-economic environment has been stable though some storm clouds loom. Brexit and continuing political turmoil in Italy and Spain have again reignited the debate on the future of the Euro. Rising rates in the US may dampen emerging market flows. This is tempered by the fact that India remains the Emerging Market of choice and should attract more than its share of fund flows.

We saw an opportunity in Wealth Management Advisory, driven by the rapidly expanding flows into mutual funds and the rapid growth of this sector, and effective April 1, 2018, a team of 20+ investment professionals have joined the group in our wholly owned subsidiary, Prime Research and Advisory Limited. We are very optimistic for

the prospects for this new business segment. In this the team services the institutional segment and, as a bonus, we see opportunities in cross selling.

As always, we are humbled by the confidence reposed in us by our customers. They continue to bless us with repeat business and referrals and for this we must express our deepest gratitude.

## DIVIDEND AND RESERVES

The Board of Directors has not recommended any Dividend on Equity Shares for the Year under review. During the Year, no amount from Profit was transferred to General Reserve.

## ISSUE OF EQUITY SHARE WARRANTS

The Paid-up Equity Share Capital of the Company as at March 31, 2018 stood at ₹1,329.94 lacs. During the year under review, the Company has not issued Equity Share. The Board of Directors at their Meeting held on February 15, 2018 and the Members of the Company at their Extraordinary General Meeting held on March 20, 2018, has approved the issue, on a Preferential basis, of upto 70,00,000 Equity Share Warrants. Pursuant to the same, the Board of Directors at their Meeting held on April 3, 2018, has allotted 70,00,000 Equity Share Warrants on a Preferential basis. Each Equity Share Warrant carries an entitlement to apply for One Equity Shares of Face Value ₹5/- each of the Company, at a price of ₹49.50 per Equity Share ("Exercise Price"), in one or more tranches, within a period of 18 Months from the date of allotment of Equity Share Warrants. The Company has received an amount equivalent to the 25% of the Exercise Price of the Equity Share arising on the exercise of Options under the Equity Share Warrants.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the provisions of the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report giving a detailed account of the operations and the state of affairs of the Company is annexed as Annexure "1" to this Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. S. R. Sharma, who was earlier appointed as an Independent Director for a period of Five Years w.e.f. March 1, 2015, has been appointed as Managing Director of 100% Subsidiary, Primesec Investments Limited w.e.f. December 7, 2017. In view of the same, Mr. S. R. Sharma has ceased to be an Independent Director and he continues to be a Non-Executive Director for the remainder of his term, subject to liable to retire by rotation.

Mr. N. Jayakumar, Managing Director, has been re-designated as Managing Director and Group CEO w.e.f. May 29, 2018.

Mr. Vineet Suri, who has been associated with the Company as Director & Head – Corporate Finance since December 2016, has been appointed as an Executive Director of the Company for a period of five years w.e.f. May 29, 2018.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. S. R. Sharma, Director, retires by rotation at the ensuing Annual General Meeting 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 re-appointment, as required under SEBI (Listing Obligations and Disclosure) Regulations, 2015, is given in the Notice of the Annual General Meeting, forming part of this Annual Report. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

The Company has received declaration from 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 Regulation 16(b) of the SEBI (Listing Obligations and Disclosure) Regulations, 2015.

Mr. N. Jayakumar, Managing Director and Group CEO, Mr. Nikhil Shah, Chief Financial Officer and Mr. Ajay Shah, Company Secretary are the Key Managerial Personnel and there is no change in the same during the Year.

## NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR

During the year under review, Six Board Meetings were conducted on April 6, 2017, July 11, 2017, October 17, 2017, November 17, 2017, January 23, 2018 and February 15, 2018. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has complied with the applicable Secretarial Standards 1 on Board Meetings, issued by the Institute of Company Secretaries of India.

## COMMITTEES OF THE BOARD

The Board of Directors has constituted the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee.

The detailed information about the Committees including their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report forming part of this Report.

## BOARD EVALUATION

Annual performance evaluation of the Board of Directors, its Committees and all the Directors individually have been done in accordance with the performance evaluation framework adopted by the Company and a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance. 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 (i) performance of the Non-Independent Directors and the Board of Directors as a whole (ii) performance of the Board Committees (iii) performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors (iv) the 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. The Board of Directors expressed their satisfaction with the evaluation process.

### POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION, ETC

The Board of Directors of the Company has adopted a policy on remuneration of Directors, Key Managerial Personnel and other employees, which also lays down the criteria for selection and appointment of Board Members and Board diversity. The details of this policy are explained in the Corporate Governance Report forming part of this Annual Report and the same is also available on the website of the Company ([www.primesec.com](http://www.primesec.com)).

### CORPORATE GOVERNANCE AND CODE OF CONDUCT

Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosures) Regulations, 2015, a separate report on Corporate Governance practices followed by the Company together with the certificate from the Statutory Auditors, confirming compliance by the Company of the conditions of Corporate Governance is annexed as Annexure "2" to this Report.

Pursuant to the provisions of Regulation 17(5)(a) of the SEBI (Listing Obligations and Disclosures) Regulations, 2015, 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

year ended March 31, 2018 forms part of the Report on Corporate Governance.

### CONSOLIDATED FINANCIAL STATEMENT

The Audited Consolidated Financial Statements has been prepared in accordance with the Indian Accounting Standards (Ind-AS) notified under Section 133 and other relevant provisions of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, 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, 2013, as applicable, the Audited Consolidated Financial Statements 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 ₹2,402.47 lacs as compared to ₹1,957.65 lacs in the previous period, which comprises Merchant Banking and Advisory Fees of ₹2,311.42 lacs, Gain / (Loss) on Sale of Investments, Derivatives and other transactions of ₹7.73 lacs, Income from Dividend, Interest & Other Income of ₹83.32 lacs. The Consolidated Net Profit / (Loss) after Tax & Exceptional Items for the year under review was ₹1,430.48 lacs as compared to ₹1,341.31 lacs in the previous period.

### SUBSIDIARY COMPANIES / JOINT VENTURES

Pursuant to Section 129(3) of the Companies Act, 2013 read with the Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the Audited Financial Statements of the Subsidiaries / Associate Companies for the year ended March 31, 2018 is given in Form AOC-1 as an annexure to the Consolidated Financial Statements of the Company forming 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 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 state of affairs and performance of the subsidiaries is given below:

#### **Prime Broking Company (India) Limited**

During the year under review, the Hon'ble High Court at Mumbai passed the order for winding-up of Subsidiary viz. Prime Broking Company (India) Limited ("PBCIL") and accordingly, the Consolidated Financial Statement for the Year ended March 31, 2018 does not include Financial Results of PBCIL. There is no impact of winding-up of PBCIL on the financial results of the Company, as PBCIL was not carrying any activities since last few years and the Company had also written-off its investments in PBCIL in earlier years.

#### **Primesec Investments Limited**

During the year under review, Primesec Investments Limited ("PIL"), which was involved in investments activities in the past, has entered into new segment of financial services comprising of corporate advisory services relating to restructuring of corporate debt, restructuring of corporate entities, especially cases involving National Company Law Tribunal ("NCLT"), placement of secondary debt and equity, etc. During the year under review, PIL earned revenues of ₹1,485.17 lacs as compared to ₹1,261.67 lacs in the previous year. This includes Advisory Fees of ₹1,484.24 lacs, Gain / (Loss) on Sale of Investments of ₹0.93 lacs. During the year, PIL incurred Net Profit / (Loss) after Tax and Exceptional Items of ₹863.72 lacs as compared to ₹2,120.57 lacs in the previous year.

#### **Prime Research & Advisory Limited**

During the year under review, Prime Research & Advisory Limited ("PRAL") earned revenues of ₹1.08 lacs as compared to ₹ Nil in the previous year. During the year under review, PRAL incurred Net Profit / (Loss) after Tax of ₹207.61 lacs as compared to ₹ (101.38) lacs in the previous year. The Net Profit / (Loss) is after

an Exceptions Items of ₹274.61 lacs, which represents an amount no longer payable and written-back in the books of PRAL. PRAL is diversifying into newer segments of financial services business comprising of value added intermediation services in wealth management and investment advisory, assisting banks and institutional investors in risk assessment, portfolio analysis and portfolio rebalancing through execution of specific strategies. PRAL's target clients will include corporate treasuries, fund management companies and family offices among others. To facilitate entry into these exciting and rapidly growing segments, PRAL is in the process of taking on board a highly experienced, connected and networked team of twenty five reputed professionals with a proven track record of several years. The team currently has an enviable roster of clients and counter-parties. The new team's business is robust and it has a fairly full opportunity pipeline and substantial current income through fees and annuities that it will bring to PRAL.

#### **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. However, PCBIL has not yet commenced the proposed activity. During the year under review, PCBIL earned revenues of ₹34.51 lacs as compared to ₹27.57 lacs in the previous year. During the Year under review, PCBIL earned a Net Profit after Tax of ₹11.96 lacs as compared to ₹13.07 lacs in the previous year.

The Company has not entered into any Joint Ventures.

#### **EXTRACT OF THE ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9 as per provisions of Section 92 of the Companies Act, 2013 and the Rules made thereunder is annexed as Annexure "3" to this Report.

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

In accordance with the provisions of the

Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures) Regulations, 2015, 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.primsec.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. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company except remuneration and sitting fees.

All transactions entered into by the Company with the related parties during the financial year were in ordinary course of business and are on an arm's length basis. Disclosure pursuant to the Accounting Standards on related party transaction has been made in the notes to the Audited Financial Statements. 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.

## DEPOSITS

Your Company has not accepted any Fixed Deposits under Chapter V of Companies Act, 2013, during this financial year and as such, no amount on account of principal or interest on Deposits from public was outstanding as on March 31, 2018. The Company has no Deposit which is not in compliance with the provisions of Chapter V of the Companies Act, 2013 and as the Companies (Acceptance of Deposit) Rules, 2014.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sections 134(3) (c) of the Companies Act, 2013, with respect to

the Directors' Responsibilities Statement, your Directors confirm that:

- a) In the preparation of the Annual Accounts for the year ended March 31, 2018, the applicable Accounting Standards read with the requirements set out under Schedule III to the Companies Act, 2013, have been followed and there are no material departures from the same;
- b) They have selected such accounting policies 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 at March 31, 2018 and of the profits of the Company for the year ended on that date;
- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) They have prepared the annual accounts on a going concern basis;
- e) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted Corporate Social Responsibility ("CSR") Committee, consisting of Mr. Pradip Dubhashi, Independent Director, Mr. Anil Dharker, Independent Director and Mr. N. Jayakumar, Managing Director. The Company has also formulated CSR Policy and the same is available on the website of the

Company ([www.primesec.com](http://www.primesec.com)). The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure "4" to this Report.

#### **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

Particulars of Loans, Guarantees and Investments made by the Company pursuant to the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Audited Financial Statements forming part of this Annual Report.

#### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has established a Vigil Mechanism / Whistle Blower Policy for Directors and Employees to report genuine concerns or grievances for redressal, 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)).

#### **AUDITORS AND AUDITORS' REPORT**

M/s. Gandhi & Associates LLP, Chartered Accountants (Firm Registration No: 102965W/W100192), were appointed as Statutory Auditors, for a term of Four years, commencing from the Financial Year 2015-16. A certificate from them has been received, to the effect that their appointment as Statutory Auditors of the Company is 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 forms part of this Annual Report. Observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further explanation.

#### **SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made

thereunder, the Board of Directors has appointed M/s. Pramod Shah & Associates, Company Secretaries (C.P. No. 5540), to undertake the Secretarial Audit for the year ended March 31, 2018. The Secretarial Report given by the Secretarial Auditor is annexed as Annexure "5" to this Report.

#### **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**

Except as disclosed elsewhere in this 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**

Disclosures with respect to the remuneration of Directors and Employees as required under Section 197(12) of the Companies Act, 2013 and the Rule 5(1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure "6" to this Report.

The information on Employees particulars as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended) is annexed as Annexure "7" to this Report. In terms of Section 136 of the Companies Act, 2013, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding the aforesaid Annexure. The said information is available for inspection by the Members at the Registered Office of the Company as per the details mentioned in notice of the Annual General Meeting on any working day of the Company up to the date of the 35th Annual General Meeting. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

None of the Employee of the Company is a Relative of any Director of the Company.

### EMPLOYEE STOCK OPTION SCHEMES

The Company presently has one Employee Stock Option Schemes viz. Employee Stock Option Scheme 2009 (ESOS 2009). The Compensation Committee of the Board of Directors had granted, to eligible Employees / Directors of the Company and Subsidiary Companies 1,485,000 options pursuant to ESOS 2009.

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 are set out as Annexure "8" to this Report. The shares arising out of exercise of the 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.

### 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 2018-19 have been duly paid.

### GENERAL DISCLOSURES

Your directors state that during the year under review:

- a) The Business Responsibility Reporting as required pursuant to the provisions of Regulation 34(2) of the SEBI (Listing Obligations and Disclosures) Regulations, 2015 is not applicable to your Company.
- b) No Equity Shares with Differential Rights, as to Dividend, Voting or otherwise, were issued.
- c) No Equity Shares (including Sweat Equity Shares) were issued to Employees of the Company under any Scheme.
- d) The Company has not resorted to any Buy-back of its Equity Shares during the Year under review.
- e) Managing Director of the Company has not received any Remuneration or Commission from any of its Subsidiaries.
- f) No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the Going Concern status and Company's operations in future.

### ACKNOWLEDGEMENTS

The board wishes to place on record its sincere appreciation for the hard work put in by the Company's Employees at all levels 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 year.

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

Mumbai  
May 29, 2018

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director and Group CEO

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## Annexure 1 to Director's Report

# Management Discussion & Analysis

### THE CONTINUING MATURING OF OUR CAPITAL MARKETS

Investor interest in our markets remains strong. Particularly heartening has been the strong flows into domestic mutual funds. Total assets under management for the industry is at an all-time high of around ₹22 Lakh Crores and the momentum is sustained in the first few months of the current year too. Markets remain at near all-time highs and we have seen a number of high quality equity issuances. While interest in the markets will ebb and flow, we remain confident in its short, medium and long-term prospects.

### INDIA: A PREFERRED INVESTMENT DESTINATION

We remain a preferred investment destination with foreign direct investment flows touching all-time highs. Walmart's US\$ 16 billion investment in Flipkart underlines the massive progress we have made. A home-grown company, exemplifying "Make in India" will now be taken on to the world stage by the world's largest and most profitable retailer. This is a massive testimonial to the capability of our young entrepreneurs and this 'fire', we are sure will drive interest in our markets. The massive growth of digital start-ups, from Swiggy to Ola, creates a foundation for sustained economic growth and will create markets and employment in new uncharted areas that didn't exist before! The spin off impact on other sectors is immense. Warehousing, trucking, all are now high growth sunrise sectors for the economy

### THE ECONOMY

The economy has been on a sustained path of recovery as the process of normalization, post the 2008 crisis, nears completion with

the stimulus having ended and a much-needed fiscal balance is restored. The tough tasks near completion and the Government has guided the economy onto a steep takeoff trajectory.

### Infrastructure

There has been a sustained focus on the build out of infrastructure. Be it Civil Aviation, Railways or Roads, the Government has made huge strides.

In Aviation, the connection of several hitherto unconnected cities has brought remote regions closer to the major economic centers and will catalyze growth there. Air traffic volumes have seen around 20% growth and flights are all going full.

The Railways are leading the effort to develop metro systems in multiple cities and their roll out will be a key economic enabler as people with skills are better matched to jobs. The commute experience is far superior and will propel its usage. The progress in the build out of roads has been nothing but stupendous. The Bullet train project will be a major step forward for Rail technology and for commuting in one of the densest traffic corridors in the country.

It is in roads that we have made wonderful progress. The pace of completion of roads has accelerated. Riding on this and the impact of an overloading ban, as well as last year's low base, commercial vehicle sales expanded in the high double digits in April. Sales volumes of the top four manufacturers rose 78 per cent over the year-ago period to 67,548 vehicles.

### Rural Electrification

This has been the bright spot in the development of infrastructure. As remote villages get lit up, the opportunities expand in our villages. The ability

to perform tasks before sunrise and after sunset, expands the time available and improves rural productivity. Moreover, the ability this creates for the villages to remain connected improves information flow and drives greater choice and efficiency

### Rural Economy

The rural economy has performed well. Almost all businesses selling into this segment from tractors, we had their highest-ever sales in 2017-18. At 7.11 lakh units, sales are significantly higher than the 5.83 lakh units recorded in 2016-17. The 22 per cent rise exceeded expectations. Growth in consumption in rural India outpaced that of urban areas by a wide margin—the first time in five years. This was driven by better rains and lower rates of the goods and services tax (GST). Rural consumption grew at 9.7% for the financial year 2018, while that of urban markets was at 8.6%, in comparison. To give sustained support to agriculture, government has decided to keep MSP for all unannounced Kharif crops at least one and half times of their production cost after declaring the same for the majority of Rabi crops. This will give additional support to the rural economy.

### The Global Economy

The US Fed began normalizing policy and has built up expectations of a series of rate increases. At the same time, the new Trump administration is focused on the US's terms of trade with other countries, including tariffs. This has created stress in the export sector. The US policy stance has meant that there has been pressure on the Indian Rupee and the risk of further weakening is high. Oil prices have been moving up as the excess supply has worked itself off and crude touches \$ 80 per barrel. This has a knock-on effect on the price of energy for our economy, as it impacts input prices for a number of critical products, fertilisers, plastics etc.

## INDUSTRY REVIEW

### A. Industry Structure & Developments

The year gone by has been eventful. The Reserve Bank of India and the Government

brought focused attention to the massive problem of NPAs. The initial results are heartening. As we write this report, the first of the NPA cases that defied resolution for quite a while, Bhushan Steel has been taken over by Tata Steel. Electrosteel is on the verge of being taken over by Vedanta. The recovery rates for banks has been higher than was anticipated and as the Insolvency Process goes through its initial teething issues, we now have a robust framework for recovery of loans and above all the regeneration of assets. The focus of the IBC and the process inherent in it has prompted many defaulting corporates to get their affairs in order.

As growth rates pick up and capital formation in the private sector is rekindled, opportunities for fund raising and mergers and acquisitions will grow.

We see a range of opportunities for mandates that our strengths are well suited for.

We took the step of expanding our product offerings with the addition "Wealth Management & Investment Advisory" services for institutions and high net-worth individuals, family offices and trusts. A team of around 20 professionals has come on board. This business is being run in our wholly owned subsidiary, Prime Research & Advisory Limited. This new business stream will add to our revenues and profits.

### B. Opportunities & Threats

As the economy stabilizes onto a growth path, after the execution of key structural changes, we see increasing activity among customers we service. We are handling a number of mandates for fund raising as well as restructuring of balance sheets. Deal flow remains robust and we have a healthy pipeline of mandates. The new business of wealth management advisory will add significantly to revenues and profits.

Banks remain under stress with several of them having been placed under Prompt

Corrective Action (PCA) by the RBI. This freezes new lending by them and even as the NPA problem begins to get resolved, it is possible that recovery could get delayed due to this constraint. Yet, in this there is an opportunity for solutions and we look to capitalize on this.

The global economy has seen good growth rates and this could be ending as the Euro area enters another period of uncertainty. With continuing job growth in the US and unemployment there falling to 18-year lows, interest rates could be on the rise. Cyclical factors could turn down and threaten growth in our economy through a knock on effect via increasing interest rates, muted capital flows and tepid export growth.

#### **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**

Deal flow has been excellent and we continue to add execution capacity opportunistically. We continue to provide innovative solutions to complex problems and referrals remain a key source of new business as well as repeat mandates.

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

We have reduced debt on the balance sheet to nearly zero and as we have articulated in the past, we do not expect to leverage the balance sheet. Our focus will be on generating income from our advisory business and the only use of capital will be to setup office and related infrastructure.

#### **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 Consolidated Revenues of the Company were ₹2,402.47 lacs for the financial year under review as against previous year ₹1,957.65 lacs. Consolidated Profit after Tax and Exceptional Items was at ₹1,430.48 lacs as against previous year ₹1,341.31 lacs.

The Company has been able to restructure its debt substantially and has reached very advantageous settlements with its creditors. We have been able to reduce debt to very manageable levels and remain on track to be debt free in the next 12-18 months.

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

We continue to grow our pipeline of transactions in the corporate advisory business and will add people as needed. Fortunately, with several firms closing shop, there is talent in the market available to be hired as the business volumes grow.

#### **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.

## Annexure 2 to Director's Report

# Report on Corporate Governance

[Pursuant to regulation 34(3) read with Part C of Schedule V the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### 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

##### Composition and Category

The Board of Directors ("the Board") of the Company currently comprises of an optimum combination of Executive and Non-Executive Directors, in compliance of the requirement of the provisions of Regulation 17(1)(a) of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.

As of the Year ended March 31, 2018, the Board of Directors had Five Directors, comprising of Three Non-Executive & Independent Directors, One Non-Executive and One Executive Director. The Chairman of the Board is a Non-Executive and Independent Director.

There is no relationship between the Directors inter-se.

The Composition of the Board, Directorship / Committee position in other companies as on March 31, 2018, number of meetings held and attended during the Financial Year 2017-18 are as follows:

Name	Category (#)	Board Meetings during 2016-17		Attendance at last Annual General Meeting ("AGM") held on September 25, 2017	Other Directorships in India (*)	Committee positions in India (**)	
		Held	Attended			Member	Chairman
Ms. Alpana Parida	NED-I	6	6	Yes	5	1	Nil
Mr. Anil Dharker	NED-I	6	6	Yes	1	Nil	Nil
Mr. N. Jayakumar	MD	6	6	Yes	4	Nil	Nil
Mr. Pradip Dubhashi	NED-I	6	6	Yes	3	1	Nil
Mr. S. R. Sharma <sup>a</sup>	NED	6	6	Yes	2	Nil	Nil

# NED-I means Non-Executive & Independent Director, NED means Non-Executive Director, MD means Managing Director.

\* Excludes Alternate Directorships, Directorships in Private / Foreign Companies and interest in Firms / other bodies.



\*\* Includes Memberships of only Audit and Stakeholders Relationship Committee of Public Limited Companies other than Prime Securities Limited.

@ Mr. S. R. Sharma, who was an Independent Director, was appointed as Managing Director of Wholly-owned Subsidiary, Primesec Investments Limited, w.e.f. December 7, 2017 and accordingly, he ceased to be an Independent Director w.e.f. December 7, 2017 and continues as Non-Executive Director on the Board of Directors.

**Notes:**

- (a) None of the Directors of the Company hold Directorships in more than 7 listed companies, in compliance of the requirement of the provision of Regulation 25(1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015. .
- (b) 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 they are Director, in compliance of the requirement of the provision of Regulation 26(1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.
- (c) All the Directors have furnished the necessary disclosure regarding their Directorship and Committee Membership.

**Board Meetings**

During the Financial Year 2017-18, 6 Board Meetings were held on April 6, 2017, July 11, 2017, October 17, 2017, November 17, 2017, January 23, 2018 and February 15, 2018.

The gap between two Board Meetings did not exceed 120 days. Further the Company has adopted and adhered to the Secretarial Standards prescribed by the Institute of Company Secretaries of India ("ICSI") as approved by the Central Government.

Agenda papers containing all necessary information / documents are made available to the Board / Committees in advance to enable the Board / Committees to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as a part of Agenda Papers, the same are tabled at the meeting or / and the presentations are made by the concerned managers to the Board, subject to compliance with legal requirements. Considerable time is spent by the Directors on discussions and deliberations at the Board / Committee Meetings.

The information as specified in Schedule II of LODR is regularly made available to the Board, whenever applicable, for discussion and consideration.

**Number of Shares and Convertible Instruments held by Non-Executive Directors:**

None of the Non-Executive Director is holding any Equity Shares or Convertible Instruments of the Company.

**Familiarisation Programme for Directors**

At the time of appointing a Director, a formal letter of appointment is given, which inter alia explains the role, function, duties and responsibilities expected of him / her as a Director. The Director is also explained in detail the compliance required from him / her under the applicable acts, rules and regulations and affirmation is obtained. Managing Director also interacts with the Independent Directors regularly to familiarise them with the Company's operations. Also, on an ongoing basis as a part of Agenda of Board and Committee Meetings, the Company makes detailed presentation to the Directors about the operations of the Company and its subsidiaries.

The details of the familiarisation programme for Directors is available on the website of the Company ([www.primesec.com](http://www.primesec.com))

### 3. Committees of Directors

#### a) Audit Committee

##### Composition & Meetings

The Audit Committee, which was originally constituted on November 5, 1995, is a qualified and independent committee, consists of the Members who are financially literate and having accounting and related financial management expertise. All the Members possess knowledge of corporate finance, accounts and corporate laws.

The Audit Committee presently comprises of 4 Members, of which Three Members including the Chairman are Non-Executive and Independent Directors and One Member is Non-Executive Director.

During the Financial Year 2017-18, the Members met 4 times on April 6, 2017, July 11, 2017, October 17, 2017 and January 23, 2018. The details of composition and attendance of each Member at the Meeting is given below:

Name	Category (#)	Designation	No. of Meetings Attended	
			Held	Attended
Ms. Alpana Parida	NED-I	Member	4	4
Mr. Anil Dharker	NED-I	Member	4	4
Mr. Pradip Dubhashi	NED-I	Chairman	4	4
Mr. S. R. Sharma	NED	Member	4	4

# NED-I means Non-Executive & Independent Director and NED means Non-Executive Director.

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 September 25, 2017.

##### Terms of Reference

The Audit Committee has been given the powers to deal with matters specified under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 as well as under section 177 of the Companies Act, 2013.

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

- Overseeing the Company's financial reporting process and the disclosure of its financial information;
- Recommending to the Board, the appointment / re-appointment of Statutory Auditors, fixation of their remuneration and reviewing and monitoring their independence / performance;
- Approving the payment to Statutory Auditors for any other services rendered by them;
- Reviewing, with the management, the annual / quarterly financial statements and auditor's report thereon before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue / funds utilized for purposes other than those stated in the offer document,

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the report of the agency monitoring the utilisation of proceeds and recommending the board to take up necessary steps.

- f) Approving or any subsequent modification of transactions of the Company with Related Parties;
- g) Scrutiny of Inter-Corporate Loans and Investments;
- h) Reviewing guidelines for investing surplus funds of the Company;
- i) Reviewing Investment proposal before submission to the Board;
- j) To review proposal for mergers, demergers, acquisitions, carve-outs, sale, transfer of business / real estate and its valuation report and fairness opinion, if any, thereof.
- k) Valuation of Undertakings or Assets of the Company;
- l) Evaluating internal financial controls and risk management systems;
- m) Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- n) 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;
- o) Discussing with Internal Auditors of any significant findings and follow up there on;
- p) 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;
- q) 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;
- r) 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;
- s) Reviewing the functioning of the Whistle Blower mechanism;
- t) Approval of appointment of CFO after assessing the qualifications, experience and background of the candidate;
- u) To appoint valuers for the valuation of any property, stocks, shares, debentures, securities or goodwill or any other Assets or net worth of a Company or liability of the Company under the provision of the Companies Act, 2013;
- v) To ensure proper system of storage, retrieval, display, or printout of the electronic records;
- w) Such other functions as is mentioned in the terms of reference of the Audit Committee.

#### **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 quarterly basis before the Audit Committee for its consideration.

## b) Nomination and Remuneration Committee

### Composition & Meetings

The Nomination and Remuneration Committee presently comprises 3 Members and all Members of the Nomination and Remuneration Committee including the Chairman are Non-Executive and Independent Directors.

During the Financial Year 2017-18, the Members met once on July 11, 2017. The details of composition and attendance of each Member at the Meeting is given below:

Name	Category (#)	Designation	No. of Meetings Attended	
			Held	Attended
Ms. Alpana Parida *	NED-I	Member	1	Nil
Mr. Anil Dharker	NED-I	Chairman	1	1
Mr. Pradip Dubhashi	NED-I	Member	1	1
Mr. S. R. Sharma *	NED	Member	1	1

\* Ms. Alpana Parida was inducted as Member of Nomination and Remuneration Committee w.e.f. January 23, 2018 and Mr. S. R. Sharma ceased to be the Member Nomination and Remuneration Committee w.e.f. January 23, 2018

# NED-I means Non-Executive & Independent Director and NED means Non-Executive Director.

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 September 25, 2017.

### 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. Subsequently, the same was reconstituted as "Nomination and Remuneration Committee".

The broad terms of reference of the Nomination and Remuneration Committee, as approved by the Board, are in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, which are as follows:

- 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;
- Formulation of criteria for Evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- 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;
- Recommending extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

### Remuneration Policy

The Remuneration Policy of the Company is performance driven and is structured to motivate Employees, recognize their merits & achievement and promote excellence in

their performance. The Remuneration Policy of Company is displayed on the website of the Company ([www.primesec.com](http://www.primesec.com))

- a) The appointment and remuneration of Executive Directors including Managing Director and Whole-time Director is governed by the recommendation of the Nomination and Remuneration Committee, Resolutions passed by the Board of Directors and Shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective Agreements executed between them and the Company. The remuneration package of Managing Director and Whole-time Director comprises of salary, perquisites and allowances, and contributions to Provident and other Retirement Benefit Funds as approved by the Shareholders at the General Meetings. Annual increments are linked to performance and are decided by the Nomination and Remuneration and recommended to the Board for approval thereof.
- b) Non-Executive & Independent Directors are paid Sitting Fees for attending Board and Committee Meetings. Non-Executive & Independent Directors are also entitled to receive Commission within the ceiling of 1% per annum of the Net Profits of the Company (computed in accordance with the provisions of Section 198 of the Companies Act, 2013 and the Rules framed thereunder from time to time), as approved by the Shareholders of the Company at their Annual General Meeting held on September 19, 2016.

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent. The Remuneration Policy is displayed on the Company's website ([www.primesec.com](http://www.primesec.com)).

#### Details of Remuneration paid to all the Directors

Name	Fixed Salary	Commission	Sitting Fees	Total
Ms. Alpana Parida	Nil	Nil	11,10,000	11,10,000
Mr. Anil Dharker	Nil	Nil	11,30,000	11,30,000
Mr. N. Jayakumar *	1,33,82,672	Nil	Nil	1,33,82,672
Mr. Pradip Dubhashi	Nil	Nil	11,50,000	11,50,000
Mr. S. R. Sharma	Nil	Nil	9,40,000	9,40,000

\* 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 50,03,569 Equity Shares of the Company representing 18.87% of the total Shareholding of the Company. Mr. Vineet Suri is holding 16,043 Equity Shares representing 0.06% of the total shareholding of the Company. Mr. Anil Dharker is holding 27,000 Equity Shares representing 0.10% of the total shareholding of the Company. None of the other Directors of the Company holds any Equity Shares in the Company.

Non-Executive and Independent Directors are not entitled to receive Stock Options under Employee Stock Option Scheme.

#### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, the Board has carried out the annual evaluation of its own performance, its committees and Independent Directors

individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the Managing Director was carried out by the Independent Directors.

**c) Stakeholders Relationship Committee**  
**Composition & Meetings**

The Stakeholders Relationship Committee presently comprises 3 Members, out of which Two Members including the Chairman are Non-Executive and Independent Directors and One Member is Non-Executive Director.

During the Financial Year 2017-18, the Members met 4 times on April 6, 2017, July 11, 2017, October 17, 2017 and January 23, 2018. The details of composition and attendance of each Member at the Meeting is given below:

Name	Category (#)	Designation	No. of Meetings Attended	
			Held	Attended
Ms. Alpana Parida *	NED-I	Chairman	4	4
Mr. Anil Dharker @	NED-I	Member	4	3
Mr. Pradip Dubhashi @	NED-I	Member	4	1
Mr. S. R. Sharma *	NED	Chairman	4	4

\* Ms. Alpana Parida was appointed as Chairperson of Stakeholders Relationship Committee w.e.f. January 23, 2018 in place of Mr. S. R. Sharma, who ceased to be the Chairman of the Stakeholders Relationship Committee w.e.f. January 23, 2018 and continues as the Member.

@ Mr. Pradip Dubhashi was inducted as Member of Stakeholder Relationship Committee w.e.f. January 23, 2018 and Mr. Anil Dharker ceased to be the Member Stakeholder Relationship Committee w.e.f. January 23, 2018

# NED-I means Non-Executive & Independent Director and NED means Non-Executive Director.

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 September 25, 2017.

**Terms of Reference**

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.

#### 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	112	112
Dividend Related	9	9
Change of Address	45	45
Demat / Remat	29	29
Correction of Data	15	15
Confirmation of Details	21	21
Mandate	10	10
Transmission	35	35
Miscellaneous	6	6
<b>Total</b>	<b>282</b>	<b>282</b>

#### d) Corporate Social Responsibilities Committee

##### Composition & Meetings

The Corporate Social Responsibilities Committee presently comprises 3 Members, out of which two Members including the Chairman are Non-Executive and Independent Directors and one Member is Executive Director.

During the Financial Year 2017-18, the Members met once on January 23, 2018. The details of composition and attendance of each Member at the Meeting is given below:

Name	Category (#)	Designation	No. of Meetings Attended	
			Held	Attended
Ms. Alpana Parida *	NED-I	Member	1	Nil
Mr. Anil Dharker *	NED-I	Member	1	1
Mr. Pradip Dubhashi	NED-I	Chairman	1	1
Mr. N. Jayakumar	ED	Member	1	1

\* Mr. Anil Dharker was inducted as Member of Corporate Social Responsibilities Committee w.e.f. January 23, 2018 and Ms. Alpana Parida ceased to be the Member Corporate Social Responsibilities Committee w.e.f. January 23, 2018.

# NED-I means Non-Executive & Independent Director, NED means Non-Executive Director and ED means Executive Director.

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 September 25, 2017.

### Terms of Reference

The Board of Directors has constituted a Corporate Social Responsibilities 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 Corporate Social Responsibilities Policy ("CSR Policy") and the Corporate Social Responsibilities initiatives and it also monitors implementation of the activities undertaken as per the CSR Policy.

The Company has formulated CSR Policy, which is uploaded on the website of the Company ([www.primesec.com](http://www.primesec.com)).

#### e) Risk Management Committee

The Board of Directors had 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:

- a) Mr. S. R. Sharma – Chairman & Non-Executive Director
- b) Mr. Anil Dharker – Member, Independent & Non-Executive Director
- c) Mr. N. Jayakumar - Member, Managing Director

The Company Secretary acts as the Secretary to the Committee.

#### 4. Meeting of Independent Directors

The Independent Directors on the Board of Directors of Company met once on January 23, 2018 inter alia for the following:

- a) Review the performance of the Non-Independent Director and the Board of Directors as a whole;
- b) Review the performance of the Chairperson of the Company, taking into account the views of the Executive Directors and Non-Executive Directors;
- c) Assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

#### 5. General Body Meetings

##### (a) Location and Time, where the last Three Annual General Meetings were held:

Financial year	Date	Location of the meeting	Time
2016-2017	September 25, 2017	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2015-2016	September 19, 2016	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2013-2015 #	September 21, 2015	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.

# Pursuant to the approval of the Registrar of Companies, the Financial Year ended September 30, 2014 was extended by a period of Six Months upto March 31, 2015 (consisting of 18 months from October 1, 2013 to March 31, 2015) and in view of the same, the approval of the Registrar of Companies was also obtained to extend the date for holding Annual General Meeting upto September 23, 2015.



**(b) Whether any Special Resolutions passed in the previous Three Annual General Meetings:**

Special Resolutions were passed by the Shareholders at the 34th Annual General Meeting of the Company for (i) Remuneration to Mr. N. Jayakumar as Managing Director.

Special Resolutions were passed by the Shareholders at the 33rd Annual General Meeting of the Company for (i) Re-appointment of Mr. N. Jayakumar as Managing Director; (ii) Alteration of Articles of Association; (iii) Place of Keeping Records at the place other than Registered Office; (iv) Payment of Commission to Non-Executive Directors and (v) Service of documents to Member through a particular mode.

Special Resolutions were passed by the Shareholders at the 32nd Annual General Meeting of the Company for (i) Borrowing Limits of the Company and (ii) Increase in limits of Investments in other Bodies Corporate by the Company.

All the resolutions, including Special Resolutions, if any, set out in the respective Notices were passed by the shareholders with requisite majority.

**(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.

## 6. Disclosures

**(a) Materially significant Related Party Transactions:**

There are no materially significant Related Party Transactions entered into during the Financial 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 notes to the Audited Financial Statements forming part of this Annual Report. The Company has formulated a Policy of dealing with Related Party Transactions, which is available on the website of the Company ([www.primesec.com](http://www.primesec.com)).

**(b) Material Subsidiary:**

The Company has formulated a policy for determining Material Subsidiaries, which is available on the website of the Company ([www.primesec.com](http://www.primesec.com)).

**(c) 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.

**(d) 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.

**(e) Code of Conduct for Prohibition of Insider Trading:**

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has, inter-alia, adopted a Code of Conduct for Prohibition of Insider Trading duly approved by the Board of Directors of the Company and the Company Secretary has been appointed as the Compliance Officer for the purpose of ensuring compliance with the Code of Conduct.

**(f) Compliance with mandatory and non-mandatory requirements:**

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

**7. 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 forms part of this 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)).

**8. 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 Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.
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.

**9. General Shareholder Information**

• AGM: Date, Time and Venue	Monday, September 24, 2018 at 2.00 p.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp. Film Centre, Mumbai 400034
• Financial Calendar	Financial Year → April 1, 2018 to March 31, 2019 i) First Quarter ending June 30, 2018 → on or before August 14, 2018 ii) Second Quarter & Half-year ending September 30, 2018 → on or before November 14, 2018 iii) Third Quarter & Nine Months ended December 31, 2018 → on or before February 14, 2019 iv) Fourth Quarter and Year ended March 31, 2019 → during April 2019 to May 2019.
• Date of Book Closure	Wednesday, September 19, 2018 to Monday, September 24, 2018 (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 Financial Year 2018-2019
• Stock Code – Physical	BSE: 500337 / NSE: PRIMESECU
• Demat ISIN number for NSDL and CDSL	INE032B01021
• CIN	L67120MH1982PLC026724
• Market price data: high, low during each month in last financial year	As per Annexure "I"
• Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index, etc.	As per Annexure "II"
• Registrar and Transfer Agent	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400083, Tel: +91-22- 49186270, Fax: +91-22- 49186060, Email: rnt.helpdesk@linkintime.co.in
• 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 "III"
• Shareholding Pattern	As per Annexure "IV"
• Top 10 Shareholders	As per Annexure "V"
• Dematerialisation of Shares and liquidity	94.87% of the total shareholding has been dematerialised as on March 31, 2018
• 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. Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400083, Tel: +91-22- 49186000, Fax: +91-22- 49186060. The Company has designated an exclusive e-mail id: rnt.helpdesk@linkintime.co.in, for redressal of investor complaints / grievances.  Shareholders holding shares in the electronic form should address all their correspondence to their respective depository participants.

**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**

The Quarterly and Half-yearly Results are published in the newspapers in terms of the provisions of Regulation 47 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 and are also available on the website of the Company ([www.primesec.com](http://www.primesec.com)) and the Company is not sending the Quarterly and Half-yearly Results to Individual Shareholder.

**3. Audit Qualification**

Modified and Unmodified Opinions expressed by the Statutory Auditors in their 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.

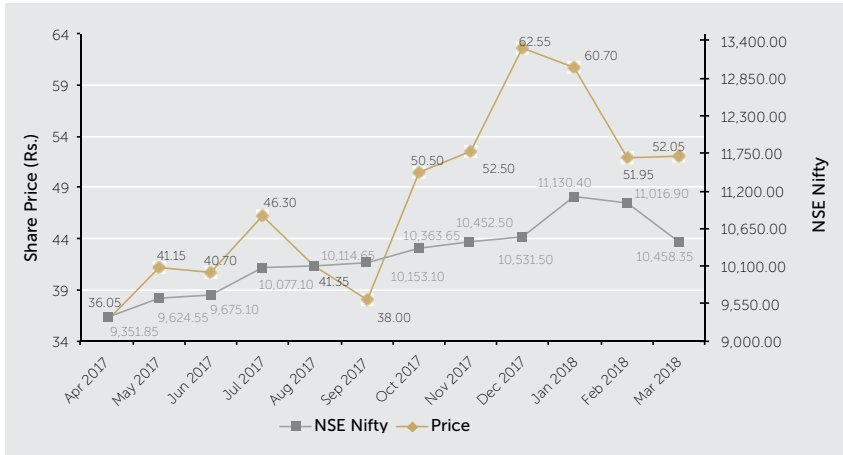
**5. Reporting of Internal Auditor**

The Company has appointed Internal Auditor pursuant to the provisions of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. The Internal Audit plan is approved by the Audit Committee and the Internal Auditor presents their Internal Audit Report directly to the Audit Committee.

**Annexure I to Report on Corporate Governance**  
**Market Price Data: High / Low from April 2017 to March 2018**

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
April 2017	36.15	30.55	12,01,881	36.05	30.60	26,60,260
May 2017	40.95	32.95	9,76,881	41.15	32.80	23,92,327
June 2017	40.80	34.65	6,19,131	40.70	34.90	21,15,243
July 2017	46.35	34.65	24,01,648	46.30	36.05	38,74,342
August 2017	41.20	32.65	4,04,212	41.35	32.65	11,91,526
September 2017	38.20	33.10	3,64,083	38.00	33.05	7,75,605
October 2017	50.05	32.85	14,10,253	50.50	32.75	33,03,035
November 2017	53.00	45.60	11,13,721	52.50	45.80	24,08,826
December 2017	62.60	47.90	14,81,675	62.55	47.95	44,52,655
January 2018	60.50	49.90	24,18,978	60.70	49.65	51,86,880
February 2018	51.90	43.20	6,94,462	51.95	43.25	17,38,207
March 2018	50.95	41.95	18,22,783	52.05	42.60	21,92,328

**Annexure II to Report on Corporate Governance**  
**Comparison of Share Price & NSE Nifty - (Monthly High)**



**Annexure III to Report on Corporate Governance**  
**Distribution of Shareholding (As on March 31, 2018)**

Number of Equity Shares held	Number of Shareholders	Percentage of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 500	21,237	88.29	2,960,756	11.17
501 – 1,000	1,233	5.13	1,028,698	3.88
1,001 – 2,000	639	2.66	1,000,132	3.77
2,001 – 3,000	267	1.11	684,037	2.58
3,001 – 4,000	118	0.49	421,839	1.59
4,001 – 5,000	132	0.55	619,401	2.34
5,001 – 10,000	211	0.88	1,588,095	5.99
Above 10,000	218	0.91	18,212,367	68.59
<b>Total</b>	<b>24,055</b>	<b>100.00</b>	<b>26,515,325</b>	<b>100.00</b>

**Annexure IV to Report on Corporate Governance**  
**Shareholding Pattern of the Company (As on March 31, 2018)**

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>		
<b>1) Institutions</b>		
a) Mutual Funds & UTI	10,400	0.04
b) Financial Institutions / Banks	30,583	0.12
c) Foreign Institutional Investors / Foreign Portfolio Investors	147,734	0.56
d) Any Other (Foreign Banks)	900	0.00
<b>Sub-Total</b>	<b>189,617</b>	<b>0.72</b>
<b>2) Non-Institutions</b>		
a) i) Individual Shareholders holding nominal share capital upto ₹2 lac	9,422,562	35.54
ii) Individual Shareholders holding nominal share capital in excess of ₹2 lac	11,070,310	41.74
b) Bodies Corporate	3,068,168	11.57
c) Clearing Members	1,353,018	5.10
d) Hindu Undivided Family	392,045	1.48
e) Non Resident Indians	990,905	3.74
f) Overseas Bodies Corporate	28,600	0.11
g) Trusts	100	0.00
<b>Sub-Total</b>	<b>26,325,708</b>	<b>99.28</b>
<b>Grand Total</b>	<b>26,515,325</b>	<b>100.00</b>

**Annexure V to Report on Corporate Governance**  
**Top 10 Shareholders of the Company (As on March 31, 2018)**

Sr. No	Name of Shareholder	Category	Number of Shares Held	% of Total Equity Share Capital
1.	N. Jayakumar	Public	3,124,759	11.78
2.	Judith Investments Private Limited	Public	1,783,497	6.73
3.	Abhay Agarwal	Public	1,147,765	4.33
4.	Globalworth Securities Limited	Public	968,895	3.65
5.	Koppara Sajeev Thomas	Public	750,000	2.83
6.	Multiplier Share & Stock Advisors Private Limited	Public	706,000	2.66
7.	Mohit Oswal	Public	473,632	1.79
8.	Apeksha Chopra	Public	300,000	1.13
9.	Suresh M Hegde	Public	300,000	1.13
10.	Akshay Gupta	Public	231,708	0.87
	<b>Total</b>		<b>9,786,256</b>	<b>36.91</b>

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# COMPLIANCE CERTIFICATION

## 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 in terms of the provisions of the Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code of Conduct is posted on the Company's website.

I confirm that, pursuant to the provisions of the Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2018.

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, 2018.

Mumbai  
May 29, 2018

**N. Jayakumar**  
*Managing Director and Group CEO*

# CEO / CFO CERTIFICATION

[Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

**The Board of Directors**  
**Prime Securities Limited**  
Mumbai

This is to certify that:

- (a) We have reviewed the Audited Financial Statements and the Cash Flow Statement for the Year ended March 31, 2018 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement 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 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, 2018, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, the deficiencies in the design or operation of such internal controls, 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, 2018;
  - (ii) There are no significant changes in Accounting Policies during the Year ended March 31, 2018; and
  - (iii) We have 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.

**N. Jayakumar**  
*Managing Director and Group CEO*  
Mumbai, May 29, 2018

**Nikhil Shah**  
*Chief Financial Officer*



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# AUDITOR'S 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 on March 31, 2018 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

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 corporate governance. It is neither an audit nor an expression of opinion of the financial statements 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 provisions as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 management has conducted the affairs of the Company.

**For GANDHI & ASSOCIATES LLP**

*Chartered Accountants*

(Firm Registration No. 102965W/W100192)

**[MILIND GANDHI]**

*Partner*

Membership No. 043194

Mumbai,  
May 29, 2018

## Annexure 3 to Director's Report FORM NO. MGT - 9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i)	CIN:	L67120MH1982PLC026724
ii)	Registration Date:	20-Mar-1982
iii)	Name of the Company:	Prime Securities Limited
iv)	Category / Sub-Category of the Company:	Company Limited by Shares
v)	Address of the Registered office and contact details:	1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021
vi)	Whether listed company:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	Link Intime India Private Limited C-101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai-400083, Tel: +91-22-49186270, Fax: +91-22-49186060

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sr No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Merchant Banking	Group 649 Class 6499 Sub-class 64990	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Sections
1	Primesec Investments Limited 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U67100MH2007PLC175947	Subsidiary Company	100%	Section 2 (87)
2	Prime Commodities Broking (India) Limited, 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U67120MH2006PLC161313	Subsidiary Company	100%	Section 2 (87)
3	Prime Research & Adviosry Limited, 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U65990MH1993PLC071007	Subsidiary Company	100%	Section 2 (87)
4	Primary Cuisine Private Limited 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U55101MH2009PTC197818	Associate Company	24%	Section 2 (6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-Apr-2017)			No. of Shares held at the end of the year (As on 31-Mar-2018)			% Change during the year	
	Demat	Physical	Total	Demat	Physical	Total		% of Total Shares
<b>A. Promoters</b>								
(1) Indian								
a) Individual/HUF	-	-	-	-	-	-	-	
b) Central Govt	-	-	-	-	-	-	-	
c) State Govt (s)	-	-	-	-	-	-	-	
d) Bodies Corp.	-	-	-	-	-	-	-	
e) Banks / FI	-	-	-	-	-	-	-	
f) Any Other	-	-	-	-	-	-	-	
<b>Sub-total (A) (1)</b>	-	-	-	-	-	-	-	
(2) Foreign								
a) NRIs-Individuals	-	-	-	-	-	-	-	
b) Other-Individuals	-	-	-	-	-	-	-	
c) Bodies Corp.	-	-	-	-	-	-	-	
d) Banks / FI	-	-	-	-	-	-	-	
e) Any Other	-	-	-	-	-	-	-	
Sub-total (A) (2)	-	-	-	-	-	-	-	
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	-	-	-	-	-	-	-	

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-Apr-2017)			No. of Shares held at the end of the year (As on 31-Mar-2018)			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>B. Public Shareholding</b>								
<b>(1) Institutions</b>								
a) Mutual Funds	100	10,300	10,400	0.04	100	10,300	10,400	0.04
b) Banks / FI	952	3,100	4,052	0.02	27,483	3,100	30,583	0.12
c) Central Govt	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-
g) FII/Foreign Portfolio Investors	3,29,417	10,300	3,39,717	1.28	1,37,434	10,300	1,47,734	0.56
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-
i) Others (Specify)								
Foreign Portfolio Investors	-	-	-	-	-	-	-	-
Foreign Banks	-	900	900	-	-	900	900	-
<b>Sub-total (B) (1)</b>	<b>3,30,469</b>	<b>24,600</b>	<b>3,55,069</b>	<b>1.34</b>	<b>1,65,017</b>	<b>24,600</b>	<b>1,89,617</b>	<b>0.72</b>
<b>(2) Non-Institutions</b>								
a) Bodies Corp.								
i) Indian	47,50,406	-	47,50,406	17.92	48,51,665	-	48,51,665	18.30
ii) Overseas	-	28,600	28,600	0.11	-	28,600	28,600	0.11

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-Apr-2017)				No. of Shares held at the end of the year (As on 31-Mar-2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	77,91,249	12,42,664	90,33,913	34.07	73,97,290	12,25,064	86,22,354	32.52	(1.55)
i) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1,03,68,749	79,400	1,04,48,149	39.40	1,00,07,621	79,400	1,00,87,021	38.04	(1.36)
c) Others (Specify)									
NBFCs	-	-	-	-	-	-	-	-	-
Clearing Members	5,42,057	-	5,42,057	2.04	13,53,018	-	13,53,018	5.10	3.06
HUFs	4,21,837	-	4,21,837	1.59	3,92,045	-	3,92,045	1.48	(0.11)
Foreign Nationals	9,32,694	2,500	9,35,194	3.53	9,88,405	2,500	9,90,905	3.74	0.21
Trusts	100	-	100	-	100	-	100	-	-
<b>Sub-total (B) (2)</b>	<b>2,48,07,092</b>	<b>13,53,164</b>	<b>2,61,60,256</b>	<b>98.66</b>	<b>2,49,90,144</b>	<b>13,35,564</b>	<b>2,63,25,708</b>	<b>99.28</b>	<b>0.62</b>
<b>Total Public Shareholding (B)=(B) (1)+(B)(2)</b>	<b>2,51,37,561</b>	<b>13,77,764</b>	<b>2,65,15,325</b>	<b>100.00</b>	<b>2,51,55,161</b>	<b>13,60,164</b>	<b>2,65,15,325</b>	<b>100.00</b>	<b>-</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>2,51,37,561</b>	<b>13,77,764</b>	<b>2,65,15,325</b>	<b>100.00</b>	<b>2,51,55,161</b>	<b>13,60,164</b>	<b>2,65,15,325</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of Promoters**

Sr No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-Apr-2017)			Shareholding at the end of the year (As on 31-Mar-2018)			% Change during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
Nil								
Total								

**iii) Change in Promoters' Shareholding as on 31-Mar-2018 (please specify, if there is no change)**

Shareholder's Name	Shareholding at the beginning of the year (As on 01-Apr-2017)		Shareholding at the end of the year (As on 31-Mar-2018)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	Not Applicable			
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
At the end of the year				

**iv) Shareholding Pattern of top ten Shareholders as on 31-Mar-2018 (other than Directors, Promoters and Holders of GDRs and ADRs)**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01-Apr-2017)		Shareholding at the end of the year (As on 31-Mar-2018)	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1. Judith Investments Private Limited	26,83,497	10.12	17,83,497	6.73
28/07/17	(9,00,000)	Sale		
2. Abhay Agarwal	10,01,000	3.78	11,47,765	4.33
28/07/17	(35,724)	Sale		
04/08/17	(9,014)	Sale		
11/08/17	(22,530)	Sale		

For Each of the Top 10 Shareholders			Shareholding at the beginning of the year (As on 01-Apr-2017)		Shareholding at the end of the year (As on 31-Mar-2018)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
18/08/17	(26,119)	Sale				
13/10/17	28,221	Purchase				
20/10/17	13,354	Purchase				
27/10/17	14,590	Purchase				
03/11/17	7,901	Purchase				
10/11/17	1,978	Purchase				
17/11/17	13,000	Purchase				
24/11/17	7,231	Purchase				
01/12/17	9,612	Purchase				
08/12/17	26,790	Purchase				
29/12/17	(9,965)	Sale				
19/01/18	37,548	Purchase				
26/01/18	20,000	Purchase				
02/02/18	6,000	Purchase				
09/02/18	17,000	Purchase				
16/02/18	18,719	Purchase				
23/02/18	28,173	Purchase				
3. Global Worth Securities Limited			1,88,000	0.71	9,68,895	3.65
07/04/17	1,27,923	Purchase				
14/04/17	93,662	Purchase				
21/04/17	21,352	Purchase				
28/04/17	43,081	Purchase				
05/05/17	45,000	Purchase				
12/05/17	13,000	Purchase				
19/05/17	1,37,500	Purchase				
26/05/17	(18,000)	Sale				
02/06/17	63,165	Purchase				
09/06/17	92,154	Purchase				
16/06/17	12,748	Purchase				
23/06/17	(87,057)	Sale				
30/06/17	5,000	Purchase				

For Each of the Top 10 Shareholders			Shareholding at the beginning of the year (As on 01-Apr-2017)		Shareholding at the end of the year (As on 31-Mar-2018)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
07/07/17	(65,019)	Sale				
14/07/17	1,45,920	Purchase				
21/07/17	37,080	Purchase				
28/07/17	(3,30,000)	Sale				
04/08/17	2,500	Purchase				
15/09/17	(75,000)	Sale				
29/09/17	(7,500)	Sale				
27/10/17	(1,50,500)	Sale				
17/11/17	6,229	Purchase				
24/11/17	73,771	Purchase				
08/12/17	5,000	Purchase				
15/12/17	(10,000)	Sale				
22/12/17	8,000	Purchase				
12/01/18	5,68,991	Purchase				
19/01/18	1,000	Purchase				
02/02/18	(10,000)	Sale				
09/03/18	(50,000)	Sale				
16/03/18	80,895	Purchase				
23/03/18	(1,000)	Sale				
31/03/18	1,000	Purchase				
4. Koppara Sajeev Thomas			7,50,000	2.83	7,50,000	2.83
5. Multiplier Share & Stock Advisors Private Limited			1,60,000	0.60	7,06,000	2.66
07/04/17	(10,000)	Sale				
14/04/17	14,261	Purchase				
21/04/17	(8,672)	Sale				
28/04/17	50,000	Purchase				
19/05/17	9,411	Purchase				
26/05/17	(10,000)	Sale				
02/06/17	20,000	Purchase				
09/06/17	1,00,000	Purchase				
16/06/17	(20,000)	Sale				



For Each of the Top 10 Shareholders			Shareholding at the beginning of the year (As on 01-Apr-2017)		Shareholding at the end of the year (As on 31-Mar-2018)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
07/07/17	14,000	Purchase				
14/07/17	25,000	Purchase				
28/07/17	(14,000)	Sale				
18/08/17	(5,000)	Sale				
16/03/18	3,80,000	Purchase				
23/03/18	1,000	Purchase				
6. Mohit Oswal			3,90,029	1.47	4,73,632	1.79
07/04/17	(50,000)	Sale				
14/04/17	(49,687)	Sale				
23/06/17	5,000	Purchase				
30/06/17	44,212	Purchase				
07/07/17	5,915	Purchase				
14/07/17	10,000	Purchase				
21/07/17	(5,000)	Sale				
28/07/17	(17,000)	Sale				
11/08/17	18,992	Purchase				
18/08/17	10,000	Purchase				
25/08/17	14,200	Purchase				
01/09/17	17,855	Purchase				
08/09/17	5,539	Purchase				
15/09/17	8,000	Purchase				
22/09/17	13,691	Purchase				
29/09/17	14,594	Purchase				
06/10/17	500	Purchase				
13/10/17	(12,107)	Sale				
20/10/17	(66,838)	Sale				
27/10/17	(70,847)	Sale				
03/11/17	(35,085)	Sale				
10/11/17	(15,000)	Sale				
24/11/17	25,570	Purchase				
01/12/17	6,592	Purchase				

For Each of the Top 10 Shareholders			Shareholding at the beginning of the year (As on 01-Apr-2017)		Shareholding at the end of the year (As on 31-Mar-2018)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
08/12/17	21,610	Purchase				
15/12/17	20,891	Purchase				
29/12/17	15,000	Purchase				
05/01/18	43,000	Purchase				
12/01/18	(3,760)	Sale				
19/01/18	20,050	Purchase				
26/01/18	62,928	Purchase				
02/02/18	5,977	Purchase				
09/02/18	18,302	Purchase				
23/03/18	(20,000)	Sale				
31/03/18	20,509	Purchase				
7. Apeksha Chopra			75,000	0.28	3,00,000	1.13
07/04/17	45,000	Purchase				
14/04/17	25,000	Purchase				
26/05/17	25,000	Purchase				
09/06/17	(10,000)	Sale				
07/07/17	15,000	Purchase				
15/09/17	20,000	Purchase				
26/01/18	50,002	Purchase				
09/02/18	59,998	Purchase				
16/02/18	(25,000)	Sale				
23/02/18	20,000	Purchase				
8. Suresh Madhava Hegde			8,01,828	3.02	3,00,000	1.13
15/12/17	(25,000)	Sale				
22/12/17	(1,00,000)	Sale				
29/12/17	91,118	Purchase				
12/01/18	(4,67,946)	Sale				
9. Wisdom Global Enterprises Limited			2,50,000	0.94	2,50,000	0.94
10. Bakulesh Trambaklal Shah			5,00,000	1.89	1,33,500	0.50
01/12/17	(22,000)	Sale				
08/12/17	(12,217)	Sale				

For Each of the Top 10 Shareholders			Shareholding at the beginning of the year (As on 01-Apr-2017)		Shareholding at the end of the year (As on 31-Mar-2018)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
15/12/17	(24,371)	Sale				
22/12/17	(35,206)	Sale				
12/01/18	(2,56,206)	Sale				
23/03/18	(16,500)	Sale				
11. LTS Investment Fund Limited			3,29,417	1.24	1,00,000	0.38
07/04/17	(88,417)	Sale				
14/04/17	(16,000)	Sale				
05/05/17	1,25,000	Purchase				
09/06/17	(70,760)	Sale				
16/06/17	(25,000)	Sale				
23/06/17	(22,506)	Sale				
07/07/17	(31,734)	Sale				
14/07/17	(23,176)	Sale				
28/07/17	(25,000)	Sale				
04/08/17	(56,396)	Sale				
11/08/17	(30,000)	Sale				
18/08/17	(65,428)	Sale				
12/01/18	4,10,000	Purchase				
02/02/18	(3,15,000)	Sale				
23/03/18	5,000	Purchase				
12. Chetan Rasiklal Shah			2,91,000	1.10	-	-
07/04/17	(6,585)	Sale				
28/04/17	(73,433)	Sale				
12/05/17	(75,000)	Sale				
26/05/17	(23,451)	Sale				
09/06/17	(47,616)	Sale				
16/06/17	(64,500)	Sale				
23/06/17	(415)	Sale				
25/08/17	75,000	Purchase				
15/09/17	17,074	Purchase				
20/10/17	(2,574)	Sale				

For Each of the Top 10 Shareholders			Shareholding at the beginning of the year (As on 01-Apr-2017)		Shareholding at the end of the year (As on 31-Mar-2018)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
27/10/17	(14,500)	Sale				
24/11/17	(5,000)	Sale				
19/01/18	63,232	Purchase				
26/01/18	51,768	Purchase				
02/02/18	1,30,000	Purchase				
09/02/18	5,000	Purchase				
23/02/18	3,45,000	Purchase				
16/03/18	(6,65,000)	Sale				

**v) Shareholding of Directors and Key Managerial Personnel as on 31-Mar-2018**

For Each of the Directors and KMP			Shareholding at the beginning of the year (As on 01-Apr-2017)		Shareholding at the end of the year (As on 31-Mar-2018)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1. N. Jayakumar			20,84,759	7.86	31,24,759	11.78
09/06/17	65,000	Purchase				
04/08/17	9,00,000	Purchase				
25/08/17	50,000	Purchase				
31/03/18	25,000	Purchase				
2. Anil Chandrakant Dharker			-	-	27,000	0.10
28/04/17	10,000	Purchase				
23/02/18	15,000	Purchase				
09/03/18	2,000	Purchase				
3. Ajay Shah			11,600	0.04	6,100	0.02
11/04/17	(5,500)	Sale				

**V. INDEBTEDNESS** (Indebtedness of the Company including interest outstanding/acrued but not due for payment) (₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	411.26	620.00	-	1,031.26
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>411.26</b>	<b>620.00</b>	<b>-</b>	<b>1,031.26</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	0.20	2.00	-	2.20
• Reduction	202.17	370.00	-	572.17
<b>Net Change</b>	<b>(201.97)</b>	<b>(368.00)</b>	<b>-</b>	<b>574.37</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	209.29	252.00	-	461.29
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>209.29</b>	<b>252.00</b>	<b>-</b>	<b>461.29</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager** (₹ in Lacs)

Sr No.	Particulars of Remuneration	Name of MD / WTD / Manager Managing Director N. Jayakumar	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	132.00	132.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.83	1.83
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission		-
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5	Others, please specify	Nil	Nil
	<b>Total (A)</b>	<b>133.83</b>	<b>133.83</b>
	Ceiling as per the Act	5% of Net Profit / Schedule V	10% of Net Profit / Schedule V

**B. Remuneration to other Directors**

(₹ in Lacs)

Sr No.	Particulars of Remuneration	Name of Director				Total Amount
		Pradip Dubhashi	Alpana Parida	Anil Dharker	S. R. Sharma	
1	<b>Independent Directors</b>					
	• Fee for attending board / committee meetings	11.50	11.10	11.30	9.40	43.30
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>11.50</b>	<b>11.10</b>	<b>11.30</b>	<b>9.40</b>	<b>43.30</b>
2	<b>Other Non-Executive Directors</b>					
	• Fee for attending board / committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B) = (1+2)</b>	<b>11.50</b>	<b>11.10</b>	<b>11.30</b>	<b>9.40</b>	<b>43.30</b>
	<b>Total Managerial Remuneration</b>					
	Overall Ceiling as per the Act	1% of Net Profit / Schedule V				3% of Net Profit / Schedule V

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in Lacs)

Sr No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary Ajay Shah	CFO Nikhil Shah	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25.32	14.75	40.07
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>25.32</b>	<b>14.75</b>	<b>40.07</b>

## VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
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### Company

Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					

### Directors

Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					

### Other Officers in Default

Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					

## Annexure 4 to Director's Report

# ANNUAL REPORT ON THE CSR ACTIVITIES

1. Corporate Social Responsibility ("CSR") forms an important part of the Prime Securities Limited's overall philosophy of giving back to the society. The Company is committed to bring about positive changes in the environment it operates. The guiding principles of the Company's CSR policy provide the businesses of the Company various means of achieving social integration.

The focus areas of our CSR initiatives are eradication of hunger, preventive healthcare, environment sustainability, women empowerment, girl education, child development and enhancing vocational skills. The CSR Policy of Prime Securities Limited is available on the Company's website ([www.primesec.com](http://www.primesec.com)).

The activities and funding are monitored internally by the Company.

2. The Composition of the Corporate Social Responsibility Committee of the Board of Directors of Prime Securities Limited is as under:

- Pradip Dubhashi
- Anil Dharker
- N. Jayakumar

3. The Average Net Profit of the Company as per Section 198 of the Companies Act, 2013 and the Rules made thereunder for last three Financial Years is ₹273.49 lacs.

4. The Company has spent ₹19.00 lacs towards CSR for the Financial Year 2017-18.

In accordance with the Company's CSR policy and in compliance with the Companies (Corporate Social Responsibility Policy) Rules 2014, Prime Securities Limited has undertaken number of CSR activities.

During the year under review, the Company identified various projects with Non-Profit Organizations which are registered as Public Charitable Trust or incorporated under Section 8 of the Companies Act, 2013.

5. Details of CSR spent during the Financial Year:

Total amount to be spent for the financial year ₹5.47 lacs.

Total amount spent for the financial year ₹19 lacs.

Amount unspent: NIL

Manner in which the amount was spent during the Financial Year 2017-18

(₹ in Lacs)

Sr No.	CSR Project / Program	Sector Covered	District and State where Project / Program was Undertaken	Amount Outlay (Budget)	Amount Spent	Cumulative Expenditure upto the reporting period	Amount spent: Direct / Through implementing agency
1.	Child Development	Education	Pune, Maharashtra	5.00	5.00	5.00	Direct
2.	Beautification of Road	Environment Sustainability	Mumbai in Maharashtra	9.00	9.00	9.00	Direct
3.	Cancer Treatment	Healthcare	New Delhi	5.00	5.00	5.00	Direct

6. The Company has spent the two percent of the average net profit of the latest three financial years;

7. Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, it is hereby confirmed that the Corporate Social Responsibility Committee of the Board of Directors of Prime Securities Limited has implemented and monitored the CSR initiatives of Prime Securities Limited in line with CSR Objectives and Policy of the Company.

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

Mumbai  
May 29, 2018

**Pradip Dubhashi**  
Chairman of CSR Committee

**N. Jayakumar**  
Managing Director and Group CEO



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# CONTENTS OF CSR POLICY

(Approved by the Board of Directors of Prime Securities Limited  
at their meeting held on May 27, 2015)

Our aim is to be one of the most respected Companies in India delivering superior and sustainable value to all our customers, business partners, shareholders, employees and host communities.

The CSR initiatives focus on holistic development of host communities and create social, environmental and economic value to the society.

The Company's commitment to CSR projects and programs will be by investing resources into any of the following areas:

- Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;
- Employment enhancing vocational skills
- Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- Measures for the benefit of armed forces veterans, war widows & their dependents;
- Training to promote rural sports, nationally recognized sports, sports & Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- Rural development projects, etc
- Slum area development.

## Annexure 5 to Director's Report

# FORM NO. MR-3

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members

### Prime Securities Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Prime Securities Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
  - (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments from time to time;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and amendments from time to time;
  - (e) The Securities and Exchange Board of

India (Merchant Bankers) Regulations, 1992 and amendments from time to time;

- (f) The Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulation, 2009;
- (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 (Not Applicable during the Audit Period);
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulation, 2009 (Not Applicable during the Audit Period); and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998 (Not Applicable during the Audit Period);

We have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India (SS-1 & SS-2);
- (b) The Securities and Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period, all the decisions in the Board Meetings were passed with requisite majority.

We have relied on the representation made by the Company, its Officers and Reports of the Statutory Auditor for systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

**We further report that** during the audit period there were no specific events / actions having a major bearing on the Company's affairs.

**Pramod S. Shah & Associates**  
**(Practicing Company Secretaries)**

**Bharat Sompura**  
*Partner*

Mumbai  
May 29, 2018

ACS No: A10540  
C. P. No: 5540

## Annexure 6 to Director's Report

### DISCLOSURE IN DIRECTORS' REPORT

PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

Sr. No.	Requirements	Disclosure	
		Name of the Director	Ratio
1	The ratio of the remuneration of each Director to the Median Remuneration of the Employees of the Company for the Financial Year	N. Jayakumar, Managing Director and Group CEO	6.55 X
		Pradip Dubhashi, Chairman	N.A.
		Alpana Parida, Independent Director	N.A.
		Anil Dharker, Independent Director	N.A.
		S. R. Sharma, Non-Executive Director	N.A.
		1.	The Median Remuneration of Employees of the Company was ₹20.16 lacs.
		2.	Independent Directors are not paid any remuneration except Sitting Fees, which has not been considered as remuneration.
		3.	Non-Executive Directors are not paid any remuneration as well as Sitting Fees.
		4.	Figures have been rounded off wherever necessary.
		2	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the Financial Year
Pradip Dubhashi, Chairman	N.A.		
Alpana Parida, Independent Director	N.A.		
Anil Dharker, Independent Director	N.A.		
S. R. Sharma, Non-Executive Director	N.A.		
Nikhil Shah, Chief Financial Officer	Nil		
Ajay Shah, Company Secretary	Nil		
1.	Increase, if any, in remuneration is made as per appraisal system and Remuneration and Nomination Policy of the Company.		
2.	Independent Directors are not paid any remuneration except Sitting Fees, which has not been considered as remuneration.		
3.	Non-Executive Directors are not paid any remuneration as well as Sitting Fees.		
3	The percentage increase in the Median Remuneration of Employees in the Financial Year	During FY 2018, the percentage increase in the median remuneration of employees as compared to previous year was Nil.	

Sr. No.	Requirements	Disclosure	
		Name of the Director	Ratio
4	The number of Permanent Employees on the rolls of Company	There were 9 employees as on March 31, 2018.	
5	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in remuneration is Nil for Employees other than Managerial Personnel and Nil for Managerial Personnel.	
6	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, it is confirmed.	

**Annexure 8 to Director's Report**  
**EMPLOYEE STOCK OPTION SCHEME (ESOS)**  
 Disclosure pursuant to the provisions of the Securities and Exchange Board of India  
 (Share Based Employee Benefits) Regulations, 2014

Particulars	ESOS 2009
a) Options granted	14,85,000
b) Pricing formula	₹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	14,85,000
d) Options exercised	Nil
e) The total number of shares arising as a result of exercise of option	Nil
f) Options lapsed	13,78,600
g) Variation of terms of options	Nil
h) Money raised by exercise of options	Nil
i) Total number of options in force	1,06,400
j) Employee wise details of options granted	
i) Senior managerial personnel	Total 50,000 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
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
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	₹1.31 per share of face value of ₹5/- each

Particulars		ESOS 2009
l)	i) Method of calculation of employee compensation cost	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
	iii) The impact of this difference on profits and on EPS of the Company	The net loss would have been higher by ₹29.22 lacs and basic & diluted EPS would have been lower by Nil
m)	Weighted average exercise price and weighted average fair value	Weighted average exercise price – ₹38/- Weighted average fair value – ₹37.05
n)	Fair value of options based on Black Scholes methodology - assumptions	
	Risk free rate	8.10%
	Expected life of options	8 Years
	Expected volatility	64.25%
	Expected dividends	-
	Closing market price of share on date of option grant	₹38.75

# Independent Auditor's Report

To,  
The Members of  
**PRIME SECURITIES LIMITED**

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

We have audited the accompanying standalone financial statements of **PRIME SECURITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Cash Flow, the statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair

view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### **Basis for Qualified Opinion**

As referred in Note no. 32, the Company has, in earlier financial year re-instated advance of ₹327.50 Lacs which was earlier written-off as not recoverable. Accordingly, the loss in Surplus (Profit & Loss) is lower and Other Non-Current Asset is higher by the said amount.

#### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in paragraph of the Basis for Qualified Opinion paragraph, the said standalone Ind AS 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, of the state of affairs of the Company as at March 31, 2018 and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **Material Uncertainty Related to Going Concern**

As referred to in Note no. 29 & 30, the net worth of Company's subsidiaries viz. Primesec Investments Limited and Prime Research & Advisory Limited have been eroded but having regard to the circumstances specified in the said Notes, the subsidiaries have prepared their accounts on a going concern basis. Relying on the same, the Company has not considered making any adjustments to its financial exposure in the subsidiaries. Our opinion is not modified in respect of this matter.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in

the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, except for the effects of the matters described in paragraph of the Basis for Qualified Opinion paragraph, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.
- e) On the basis of the written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of

- such controls, refer to our separate report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 28 to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018;
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

**For GANDHI & ASSOCIATES LLP**  
*Chartered Accountants*  
(FRN: 102965W/W100192)

**[MILIND GANDHI]**

*Partner*

Membership No. 043194

Mumbai,  
May 29, 2018

## Annexure - A to the Auditor's Report

The annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2018 we report that:

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

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

8. Based on our audit procedures and according to the information and explanations given by the management, the Company has not defaulted in repayment of its loans and borrowings to any financial institution and banks. The Company does not have any loan or borrowing from Government or debenture holders.
9. The Company did not raise any amount by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly Clause 3(ix) of the Order is not applicable.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the management.
11. The Company has paid/provided for managerial remuneration in accordance with provisions of section 197 read with Schedule V of the Act.
12. In our opinion and according to the information and explanation given to us, the Company is not a nidhi company and therefore, Clause 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the standalone Ind AS financial statements as required under Indian Accounting standards (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with relevant rules.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and therefore, Clause 3(xiv) of the Order is not applicable.
15. On the basis of our examination and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and therefore, Clause 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934 and therefore Clause 3(xvi) of the Order is not applicable.

**For GANDHI & ASSOCIATES LLP**  
*Chartered Accountants*  
 (FRN: 102965W/W100192)

**[MILIND GANDHI]**  
*Partner*

Mumbai,  
 May 29, 2018

Membership No. 043194

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## Annexure - B to the Auditor's Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting the Company as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent

applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the

preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

**For GANDHI & ASSOCIATES LLP**

*Chartered Accountants*  
(FRN: 102965W/W100192)

**[MILIND GANDHI]**

Mumbai,  
May 29, 2018

*Partner*  
Membership No. 043194

# Balance Sheet as at March 31, 2018

(₹ in Lacs)

	Note No.	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>ASSETS</b>				
<b>1. Non-Current Assets</b>				
(a) Property, Plant & Equipment	1	279.33	291.23	285.69
(b) Other Intangible assets	1	1.21	0.02	0.18
(c) Financial Assets				
i) Investments in Subsidiaries	2(A)	848.00	848.00	848.00
ii) Other Investments	2(B)	33.18	23.70	2,670.58
(d) Deferred Tax Assets		89.23	-	-
(e) Non-Current Advance tax Assets (Net)		157.44	168.59	169.73
(f) Other Non-Current Assets	3	347.43	347.43	19.93
<b>Total Non-Current Assets</b>		<b>1,755.82</b>	<b>1,678.97</b>	<b>3,994.11</b>
<b>2. Current Assets</b>				
(a) Financial Assets				
i) Investments	4	28.10	36.72	29.65
ii) Trade Receivables	5	64.73	28.78	-
iii) Cash & Cash Equivalents	6	5.76	9.24	61.04
iv) Loans	7	5,067.08	5,434.88	6,143.90
v) Other Financial Assets	8	3.58	3.58	3.58
(b) Other Current Assets	9	87.61	18.39	8.32
<b>Total Current Assets</b>		<b>5,256.86</b>	<b>5,531.59</b>	<b>6,246.49</b>
<b>Total Assets</b>		<b>7,012.68</b>	<b>7,210.56</b>	<b>10,240.60</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity Share capital	10	1,329.94	1,329.94	1,327.85
(b) Other Equity	11	4,943.69	4,582.31	4,119.20
<b>Total Equity</b>		<b>6,273.63</b>	<b>5,912.25</b>	<b>5,447.05</b>
<b>2. Non-Current Liabilities</b>				
(a) Financial Liabilities				
i) Borrowings	12	7.13	209.29	400.00
(b) Provisions	13	186.20	173.79	155.54
<b>Total Non-Current Liabilities</b>		<b>193.33</b>	<b>383.08</b>	<b>555.54</b>
<b>3. Current Liabilities</b>				
(a) Financial Liabilities				
i) Borrowings	14	250.00	620.00	3,824.95
ii) Trade Payables	15	31.77	53.60	114.89
iii) Other Financial Liabilities	16	204.17	201.97	203.34
(b) Other Current Liabilities	17	25.85	11.44	75.31
(c) Provisions	18	33.93	28.22	19.52
<b>Total Current Liabilities</b>		<b>545.72</b>	<b>915.23</b>	<b>4,238.01</b>
<b>Total Equity and Liabilities</b>		<b>7,012.68</b>	<b>7,210.56</b>	<b>10,240.60</b>

## Significant accounting policies Note No. 27

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

As per our Report attached

For and on behalf of the Board

For and on behalf of

**GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**N. Jayakumar**  
Managing Director

**Pradip Dubhashi**  
Chairman

**Anil Dharker**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Alpana Parida**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 29, 2018

Mumbai, May 29, 2018

## Statement of Profit & Loss for the year ended March 31, 2018

(₹ in Lacs)

	Note No.	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>I. Revenue from Operations</b>	19	827.18	463.00
<b>II. Other Income</b>	20	72.24	213.60
<b>III. Total Income (I+II)</b>		<b>899.42</b>	<b>676.60</b>
<b>IV. Expenses</b>			
Employee Benefits Expenses	21	259.51	118.51
Finance Cost	22	0.97	0.87
Depreciation and Amortization Expenses	1	14.62	12.68
Other Expenses	23	326.27	761.95
<b>Total Expenses</b>		<b>601.37</b>	<b>894.01</b>
<b>V. Profit / (Loss) before Exceptional Items and Tax (III -IV)</b>		<b>298.05</b>	<b>(217.41)</b>
<b>VI. Exceptional Items</b>	24	27.56	(473.56)
<b>VII. Profit / (Loss) Before Tax ( V + VI )</b>		<b>325.61</b>	<b>(690.97)</b>
<b>VIII. Tax Expense:</b>			
Current Tax	25	67.00	-
Deferred Tax		(89.23)	-
Tax from Earlier Years		0.64	-
<b>IX. Profit / (Loss) for the Year (VII - VIII)</b>		<b>347.20</b>	<b>(690.97)</b>
<b>X. Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of Defined Benefit Liability	26	(18.89)	(32.89)
Income Tax effect on above		3.85	-
<b>XI. Total Comprehensive Income for the Period (IX + X) (Comprising Profit / (Loss) and other Comprehensive Income for the Period)</b>		<b>332.16</b>	<b>(723.86)</b>
<b>XII. Earnings per Equity Share</b>			
Basic		1.31	(2.61)
Diluted		1.31	(2.61)

### Significant accounting policies Note No. 27

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

As per our Report attached

For and on behalf of the Board

For and on behalf of

**GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**N. Jayakumar**  
Managing Director

**Pradip Dubhashi**  
Chairman

**Anil Dharker**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Alpana Parida**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 29, 2018

Mumbai, May 29, 2018



## Statement of Changes in Equity (SOCIE) for the year ended March 31, 2018

### (a) Equity Share Capital

(₹ in Lacs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the Beginning of the Reporting Period	2,65,15,325	1,329.94	2,64,73,525	1,327.85
Changes in Equity Share Capital during the Year	-	-	41,800	2.09
Balance at the End of the Reporting Period	2,65,15,325	1,329.94	2,65,15,325	1,329.94

### (b) Other Equity

(₹ in Lacs)

Particulars	Reserves and Surplus						Items of Other Comprehensive Income	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Share Options outstanding account	General Reserve	Retained Earnings	Remeasurements of the net defined benefit plans	
<b>Balance at April 1, 2016</b>	<b>165.00</b>	<b>217.27</b>	<b>5,312.64</b>	<b>-</b>	<b>2,400.00</b>	<b>(2,792.92)</b>	<b>-</b>	<b>5,301.99</b>
Profit for the Year	-	-	-	-	-	(690.97)	-	(690.97)
Actuarial Gain / (Loss) on Defined Benefit Plan	-	-	-	-	-	-	(32.89)	(32.89)
Other Comprehensive Income for the Year	-	-	-	-	-	-	(32.89)	(32.89)
Total comprehensive income for the year	-	-	-	-	-	(690.97)	(32.89)	(723.86)
Received on Issue of Shares	-	-	4.18	-	-	-	-	4.18
<b>Balance at March 31, 2017</b>	<b>165.00</b>	<b>217.27</b>	<b>5,316.82</b>	<b>-</b>	<b>2,400.00</b>	<b>(3,483.89)</b>	<b>(32.89)</b>	<b>4,582.31</b>
Profit for the year	-	-	-	-	-	347.20	-	347.20
Share based payment to employees	-	-	-	29.22	-	-	-	29.22
Actuarial gain / (Loss) on defined benefits plan net of tax	-	-	-	-	-	-	(15.04)	(15.04)
Other comprehensive income for the year	-	-	-	-	-	-	(15.04)	(15.04)
Total Comprehensive Income for the Year	-	-	-	-	-	-	(15.04)	(15.04)
<b>Balance at March 31, 2018</b>	<b>165.00</b>	<b>217.27</b>	<b>5,316.82</b>	<b>29.22</b>	<b>2,400.00</b>	<b>(3,136.69)</b>	<b>(47.93)</b>	<b>4,943.69</b>

As per our Report attached

For and on behalf of the Board

For and on behalf of

**GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**N. Jayakumar**  
Managing Director

**Pradip Dubhashi**  
Chairman

**Anil Dharker**  
Director

**Milind Gandhi**  
Partner

**S. R. Sharma**  
Director

**Alpana Parida**  
Director

**Ajay Shah**  
Company Secretary

Membership No. 043194

Mumbai, May 29, 2018

Mumbai, May 29, 2018

## Cash Flow Statement for the year ended March 31, 2018

(₹ in Lacs)

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit / (Loss) before tax from continuing operations</b>	<b>306.72</b>	<b>(723.86)</b>
Adjustments for :		
Interest Received	(20.63)	(16.33)
Depreciation	14.62	12.68
Interest & Finance Charges	0.97	0.87
Loss / (Gain) on Sale of Investments (Net)	(3.21)	(192.47)
Amount Written-back	(27.56)	(973.16)
Balances written off	-	1,446.72
(Appreciation) / Diminution in value of Investments	(0.86)	568.36
Provision for outstanding ESOS	29.22	-
	(7.45)	846.67
<b>Operating Profit / (Loss) before Working Capital changes</b>	<b>299.27</b>	<b>122.81</b>
Adjustments for Changes in the Working Capital		
Debtors	(35.96)	(28.78)
Current Assets	(69.21)	-
Loans & Advances	365.35	698.97
Current Liabilities & Provisions	10.72	(62.58)
	270.90	607.61
<b>Cash generated from Operations</b>	<b>570.17</b>	<b>730.42</b>
Direct Taxes (Paid) / Refund (net)	(52.64)	1.15
<b>Net Cash from Operating Activities (A)</b>	<b>517.53</b>	<b>731.57</b>
<b>B CASHFLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(3.91)	(18.07)
Sale of Investments	3.21	2,000.00
Interest Received	20.63	16.33
<b>Net Cash from Investment Activities (B)</b>	<b>19.93</b>	<b>1,998.26</b>

## Cash Flow Statement for the year ended March 31, 2018

(₹ in Lacs)

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>C CASHFLOW FROM FINANCING ACTIVITIES</b>		
Interest & Finance Charges	(0.97)	(0.87)
Proceeds from issue of shares (ESOS)	-	6.26
Application Money against warrants	2.00	-
Funds Borrowed / (Repaid) (net)	(541.97)	(2,787.02)
<b>Net Cash from Financing Activities (C)</b>	<b>(540.94)</b>	<b>(2,781.63)</b>
<b>Net Cashflow (A + B + C)</b>	<b>(3.48)</b>	<b>(51.80)</b>
<b>Changes in the Cash &amp; Bank Balances</b>	(3.48)	(51.80)
Cash and Cash Equivalents at the beginning of the year	9.24	61.04
Cash and Cash Equivalents at the end of the year	5.76	9.24

### Notes to the cash flow statement

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

As per our Report attached

For and on behalf of

**GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**Milind Gandhi**

Partner

Membership No. 043194

Mumbai, May 29, 2018

**N. Jayakumar**  
Managing Director

**S. R. Sharma**  
Director

For and on behalf of the Board

**Pradip Dubhashi**  
Chairman

**Alpana Parida**  
Director

**Anil Dharker**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 29, 2018

## Notes to Financial Statement for the year ended March 31, 2018

### 1 - Property, Plant and Equipment

(₹ in Lacs)

Particulars	Tangible						Intangible	
	Building	Furniture & Fixture	Office Equipments	Vehicles	Computers	Total	Computer Software	Total
<b>Gross Block</b>								
Balance as at 1st April 2016	260.08	12.16	1.61	11.08	0.76	285.69	0.18	0.18
Additions	-	0.90	0.29	15.54	1.34	18.07	-	-
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2017</b>	<b>260.08</b>	<b>13.06</b>	<b>1.90</b>	<b>26.62</b>	<b>2.10</b>	<b>303.76</b>	<b>0.18</b>	<b>0.18</b>
Balance as at 1st April 2017	260.08	13.06	1.90	26.62	2.10	303.76	0.18	0.18
Additions	-	-	0.29	-	2.38	2.67	1.24	1.24
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2018</b>	<b>260.08</b>	<b>13.06</b>	<b>2.19</b>	<b>26.62</b>	<b>4.48</b>	<b>306.43</b>	<b>1.42</b>	<b>1.42</b>
<b>Depreciation:</b>								
Balance as at 1st April 2016	-	-	-	-	-	-	-	-
Charge for the year	6.55	2.02	0.57	2.81	0.57	12.52	0.16	0.16
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2017</b>	<b>6.55</b>	<b>2.02</b>	<b>0.57</b>	<b>2.81</b>	<b>0.57</b>	<b>12.52</b>	<b>0.16</b>	<b>0.16</b>
Balance as at 1st April 2017	6.55	2.02	0.57	2.81	0.57	12.52	0.16	0.16
Charge for the year	6.55	2.04	0.47	4.33	1.19	14.58	0.05	0.05
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2018</b>	<b>13.10</b>	<b>4.06</b>	<b>1.04</b>	<b>7.14</b>	<b>1.76</b>	<b>27.10</b>	<b>0.21</b>	<b>0.21</b>
<b>Net Block:</b>								
As at 31st March, 2017	253.53	11.04	1.33	23.81	1.53	291.23	0.02	0.02
As at 31st March, 2018	246.98	9.00	1.15	19.48	2.72	279.33	1.21	1.21

#### Note:

- Net block of the Building include a residential flat of ₹246.98 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.
- The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on April 1, 2016 under the previous GAAP.

#### Deemed Cost as on 1st April 2016

(₹ in Lacs)

Particulars	Building	Furniture & Fixture	Office Equipments	Vehicles	Computers	Total	Computer Software	Total
<b>Gross Block</b>	<b>392.80</b>	<b>19.79</b>	<b>4.63</b>	<b>126.89</b>	<b>2.99</b>	<b>547.10</b>	<b>1.29</b>	<b>1.29</b>
Less : Accumulated Depreciation	132.72	7.63	3.02	115.81	2.23	261.41	1.11	1.11
<b>Net Block</b>	<b>260.08</b>	<b>12.16</b>	<b>1.61</b>	<b>11.08</b>	<b>0.76</b>	<b>285.69</b>	<b>0.18</b>	<b>0.18</b>

## Notes to Financial Statement for the year ended March 31, 2018

### 2(A) - Investment in Subsidiaries

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Investment in Wholly-owned Subsidiary Companies (Non-Trade)</b>			
<b>(At Amortised Cost less Impairment)</b>			
<b>Unquoted, Fully Paid-up</b>			
i) 53,41,000 (March 31, 2017 53,41,000 and April 1, 2016 53,41,000) Equity Shares of ₹10/- each of Prime Broking Company (India) Limited	1,719.70	1,719.70	1,719.70
ii) 5,00,000 (March 31, 2017 5,00,000 and April 1, 2016 5,00,000) Equity Shares of ₹10/- each of Prime Commodities Broking (India) Limited	50.00	50.00	50.00
iii) 3,50,000 (March 31, 2017 3,50,000 and April 1, 2016 3,50,000) Equity Shares of ₹10/- each of Prime Research & Advisory Limited	33.02	33.02	33.02
iv) 16,36,000 (March 31, 2017 16,36,000 and April 1, 2016 16,36,000) Equity Shares of ₹10/- each of Primesec Investments Limited	798.00	798.00	798.00
	2,600.72	2,600.72	2,600.72
Less: Impairment in Value of Investments	1,752.72	1,752.72	1,752.72
<b>Total (A)</b>	<b>848.00</b>	<b>848.00</b>	<b>848.00</b>

### 2(B) - Other Investments

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>(At Fair Value through Profit &amp; Loss Account)</b>			
<b>I) Quoted, Fully Paid-up</b>			
i) Nil (March 31, 2017 Nil and April 1, 2016 2,19,000) Equity Shares of ₹10/- each of ABG Shipyard Limited	-	-	105.26
ii) Nil (March 31, 2017 Nil and April 1, 2016 6,500) Equity Shares of ₹10/- each of Dr. Datsons Lab Limited	-	-	0.41
iii) 14,37,277 (March 31, 2017 14,37,277 and April 1, 2016 14,37,277) Equity Shares of ₹10/- each of EL Forge Limited	-	-	61.80
iv) 79,000 (March 31, 2017 79,000 and April 1, 2016 79,000) Equity Shares of ₹10/- each of Greycells Education Limited	33.18	23.70	23.66
v) Nil (March 31, 2017 9,23,910 and April 1, 2016 9,23,910) Equity Shares of ₹10/- each of IOL Netcom Limited	-	-	-
<b>Total B (I)</b>	<b>33.18</b>	<b>23.70</b>	<b>191.13</b>

## Notes to Financial Statement for the year ended March 31, 2018

## 2(B) - Other Investments (contd...)

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>II) Unquoted, Fully Paid-up</b>			
i) 18,28,300 (March 31, 2017 18,28,300 and April 1, 2016 18,28,300) Equity Shares of ₹10/- each of Baron International Limited	-	-	-
ii) 1,00,000 (March 31, 2017 1,00,000 and April 1, 2016 1,00,000) Equity Shares of ₹10/- each of Blue Chip Technologies Limited	-	-	-
iii) Nil (March 31, 2017 Nil and April 1, 2016 67,295) Equity Shares of ₹10/- each of Business India Publication Limited	-	-	69.37
iv) 28,500 (March 31, 2017 28,500 and April 1, 2016 28,500) Equity Shares of ₹10/- each of Gateway Entertainment Limited	-	-	-
v) Nil (March 31, 2017 Nil and April 1, 2016 4,01,674) Equity Shares of ₹10/- each of Roop Automotives Limited	-	-	1,807.53
vi) 5,35,000 (March 31, 2017 5,35,000 and April 1, 2016 5,35,000) Equity Shares of ₹10/- each of Sarju International Limited	-	-	-
vii) 3,20,000 (March 31, 2017 3,20,000 and April 1, 2016 3,20,000) Equity Shares of ₹10/- each of Trinity Fuels Limited	-	-	-
viii) 6,23,687 (March 31, 2017 6,23,687 and April 1, 2016 8,73,687) Equity Shares of ₹10/- each of Tunip Agro Limited	-	-	602.55
	-	-	2,479.45
Less: Impairment in Value of Investments	-	-	-
<b>Total B (I)</b>	-	-	<b>2,479.45</b>
<b>Total B [B (I)+B (II)]</b>	<b>33.18</b>	<b>23.70</b>	<b>2,670.58</b>

## 3 - Other Non-Current Assets

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Unsecured, Considered good</b>			
Advances other than Capital Advances			
i) Security Deposit	19.93	19.93	19.93
ii) Advance Given	327.50	327.50	-
<b>Total</b>	<b>347.43</b>	<b>347.43</b>	<b>19.93</b>

## Notes to Financial Statement for the year ended March 31, 2018

### 4 - Investments

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>In Other Companies (Non-Trade)</b>			
<b>Quoted, Fully Paid-up</b>			
i) Nil (March 31, 2017 Nil and April 1, 2016 9,000) Equity Shares of ₹10/- each of Hi-tech Plast Limited	-	-	14.80
ii) 4,00,000 (March 31, 2017 4,00,000 and April 1, 2016 4,00,000) Equity Shares of ₹10/- each of International Hometex Limited	-	-	-
iii) 41,939 (March 31, 2017 41,939 and April 1, 2016 41,939) Equity Shares of ₹10/- each of Solid Stone Limited	28.10	36.72	14.85
<b>Total</b>	<b>28.10</b>	<b>36.72</b>	<b>29.65</b>

### 5 - Trade Receivables

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Unsecured, Considered Good	64.73	28.78	-
<b>Total</b>	<b>64.73</b>	<b>28.78</b>	<b>-</b>

### 6 - Cash and Cash Equivalents

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Cash on Hand	0.18	0.58	8.14
Balance with Banks in Current Accounts	5.58	8.66	52.90
<b>Total</b>	<b>5.76</b>	<b>9.24</b>	<b>61.04</b>

### 7 - Loans

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Unsecured, Considered Good</b>			
Loans to Related Parties			
Subsidiary Companies	5,115.67	5,483.47	6,192.49
Less: Provision for Doubtful Loans	(48.59)	(48.59)	(48.59)
<b>Total</b>	<b>5,067.08</b>	<b>5,434.88</b>	<b>6,143.90</b>

### 8 - Other Financial Assets

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Other Receivables	3.58	3.58	3.58
<b>Total</b>	<b>3.58</b>	<b>3.58</b>	<b>3.58</b>

## Notes to Financial Statement for the year ended March 31, 2018

### 9 - Other Current Assets

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Advances other than Capital Advances</b>			
Prepaid Expenses	8.82	11.93	5.69
Other Advances	78.79	6.46	2.63
<b>Total</b>	<b>87.61</b>	<b>18.39</b>	<b>8.32</b>

### 10 - Equity Share Capital

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Authorised</b>			
3,50,00,000 (March 31, 2017 3,00,00,000, April 1, 2016 3,00,00,000) Equity Shares of ₹5/- each	1,750.00	1,500.00	1,500.00
Nil (March 31, 2017 2,00,000, April 1, 2016 2,00,000) 13% Cumulative Redeemable Preference Shares of ₹100/- each	-	200.00	200.00
18,00,000 (March 31, 2017 18,00,000, April 1, 2016 18,00,000) Unclassified Shares of ₹100/- each	1,800.00	1,800.00	1,800.00
<b>Total</b>	<b>3,550.00</b>	<b>3,500.00</b>	<b>3,500.00</b>
<b>Issued</b>			
2,72,64,525 (March 31, 2017 2,72,64,525 April 1, 2016 2,72,22,725) Equity Shares of ₹5/- each	1,363.23	1,363.23	1,361.14
<b>Total</b>	<b>1,363.23</b>	<b>1,363.23</b>	<b>1,361.14</b>
<b>Subscribed &amp; Fully Paid-up</b>			
2,65,15,325 (March 31, 2017 2,65,15,325 April 1, 2016 2,64,73,525) Equity Shares of ₹5/- each	1,325.77	1,325.77	1,323.68
Add : Share Forfeiture Account [748,600 Equity Shares forfeited] (Refer Note no 33)	4.17	4.17	4.17
<b>Total</b>	<b>1,329.94</b>	<b>1,329.94</b>	<b>1,327.85</b>

### 11 - Other Equity

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>a) Capital Reserve</b>			
The Reserve comprises of Profits / Gains of Capital nature earned by the Company and credited directly to such Reserve At the Commencement and at the End of the Year	165.00	165.00	
<b>Total</b>	<b>165.00</b>	<b>165.00</b>	<b>165.00</b>



## Notes to Financial Statement for the year ended March 31, 2018

### 11 - Other Equity (contd...)

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>b) Capital Redemption Reserve</b>			
As per the Companies Act, 2013, the Capital Redemption Reserve is created when the Company purchases its own Shares out of Free Reserves or Securities Premium. A sum equal to the Nominal Value of the Shares so purchased is transferred to Capital Redemption Reserve At the Commencement and at the End of the Year			
	217.27	217.27	
<b>Total</b>	<b>217.27</b>	<b>217.27</b>	<b>217.27</b>
<b>c) Securities Premium</b>			
Securities Premium is used to record the premium on issue of Shares. The Reserve is utilised in accordance with the provisions of the Companies Act, 2013			
At the Commencement of the Year	5,316.82	5,312.64	
Add: Received during the Year	-	4.18	
<b>Total</b>	<b>5,316.82</b>	<b>5,316.82</b>	<b>5,312.64</b>
<b>d) Share Options Outstanding Account</b>			
The amount is provided on determination of fair value of options in accordance with requirements of Ind AS 102			
At the commencement of the Year	-	-	
Add: Provided during the Year	29.22	-	
<b>Total</b>	<b>29.22</b>	<b>-</b>	<b>-</b>
<b>e) General Reserve</b>			
General Reserve forms part of the Retained Earnings and is permitted to be distributed to Shareholders as part of Dividend			
At the Commencement and at the End of the Year	2,400.00	2,400.00	
<b>Total</b>	<b>2,400.00</b>	<b>2,400.00</b>	<b>2,400.00</b>
<b>f) Surplus</b>			
At the Commencement of the Year	(3,483.89)	(3,975.71)	
Add: Adjustment due to Restatement on Fair Value of Investments	-	1,182.79	
Add: Net Profit / (Loss) for the Year	347.20	(690.97)	
<b>Total</b>	<b>(3,136.69)</b>	<b>(3,483.89)</b>	<b>(3,975.71)</b>

## Notes to Financial Statement for the year ended March 31, 2018

## 11 - Other Equity (contd...)

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>g) Items of Other Comprehensive Income</b>			
<b>Remeasurement of Defined Benefit Liability</b>			
Remeasurements of the Net Defined Benefit Plans comprises Actuarial Gains and Losses and Return on Plan Assets (excluding interest income).			
At the Commencement of the Year	(32.89)	-	
Add: Remeasurement of Defined Benefit Liability	(15.04)	(32.89)	
<b>Total</b>	<b>(47.93)</b>	<b>(32.89)</b>	<b>-</b>
<b>Total Other Equity</b>	<b>4,943.69</b>	<b>4,582.31</b>	<b>4,119.20</b>

## 12 - Borrowings - Non-Current Liabilities

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Secured Loan (For Security and terms of repayment : Refer Note no 34)</b>			
Term Loan from Bank	7.13	9.29	-
Other Loan from Bank	-	200.00	400.00
<b>Total</b>	<b>7.13</b>	<b>209.29</b>	<b>400.00</b>

## 13 - Non-Current Provisions

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Provision for Employee Benefits (Refer note no 43)</b>			
Compensated Absences	186.20	173.79	155.54
<b>Total</b>	<b>186.20</b>	<b>173.79</b>	<b>155.54</b>

## 14 - Borrowings - Current Liabilities

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Secured Loan (For Security and terms of repayment : Refer Note no 34)</b>			
Loans repayable on demand from Other Party	-	-	2,185.00
<b>Unsecured</b>			
Loans repayable on demand from Banks	-	-	400.00
Loans repayable on demand from Other Party	-	30.00	555.00
Loans and advances from Related Parties	250.00	590.00	684.95
<b>Total</b>	<b>250.00</b>	<b>620.00</b>	<b>3,824.95</b>

## Notes to Financial Statement for the year ended March 31, 2018

### 15 - Trade Payables

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
a) Due to Micro, Small and Medium Enterprise (Refer note no 35)	-	-	-
b) Due to Others	31.77	53.60	114.89
<b>Total</b>	<b>31.77</b>	<b>53.60</b>	<b>114.89</b>

### 16 - Other Current Financial Liabilities

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
a) Current Maturities of Long-Term Debt (Refer Note no 34)	202.17	201.97	203.34
b) Application Money received for Allotment of Warrants	2.00	-	-
<b>Total</b>	<b>204.17</b>	<b>201.97</b>	<b>203.34</b>

### 17 - Other Current Liabilities

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
a) Revenue received in Advance	2.40	2.40	2.40
b) Statutory Dues Payable (includes Provident Fund, GST, Withholding Tax etc.)	10.39	1.07	38.26
c) Outstanding Expenses Payable	13.06	7.97	34.65
<b>Total</b>	<b>25.85</b>	<b>11.44</b>	<b>75.31</b>

### 18 - Current Provisions

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Provision for Employee Benefits (Refer note no 43)</b>			
Gratuity	17.73	12.24	4.58
Compensated Absences	16.20	15.98	14.94
<b>Total</b>	<b>33.93</b>	<b>28.22</b>	<b>19.52</b>

### 19 - Revenue from Operations

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Merchant Banking and Advisory Fees	827.18	463.00
<b>Total</b>	<b>827.18</b>	<b>463.00</b>

## Notes to Financial Statement for the year ended March 31, 2018

## 20 - Other Income

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Interest Income	20.63	16.33
Net Gain / (Loss) on Sale of Investments	3.21	192.47
Appreciation in Value of Investments	0.86	-
Gain on Foreign Exchange Transactions	2.74	-
Rent	4.80	4.80
Reimbursement of Expenses	40.00	-
<b>Total</b>	<b>72.24</b>	<b>213.60</b>

## 21 - Employee Benefits Expense

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Salaries	251.24	108.46
Contribution to Provident and Other Funds	4.16	3.73
Staff Welfare Expenses	4.11	6.32
<b>Total</b>	<b>259.51</b>	<b>118.51</b>

## 22 - Finance Costs

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Interest Expense	0.97	0.87
<b>Total</b>	<b>0.97</b>	<b>0.87</b>

## 23 - Other Expenses

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Electricity Expenses	3.03	3.49
Rent	37.99	39.36
Repairs & Maintenance	5.53	8.11
Insurance Premium	2.90	2.66
Rates & Taxes	0.36	1.82
Travelling & Conveyance	38.03	27.41
Consultancy & Professional Charges	95.21	45.58
Director's Sitting Fees	43.30	5.90
Auditor's Remuneration		
- For Audit Fees	6.00	6.20
- For Other Services	0.85	0.75
Corporate Social Responsibility Expenses	19.00	5.00
Diminution in Value of Investments	-	568.35
Miscellaneous Expenses	74.08	47.31
<b>Total</b>	<b>326.27</b>	<b>761.95</b>

## Notes to Financial Statement for the year ended March 31, 2018

### 24 - Exceptional Items

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Amounts Written Back	27.56	973.16
Balances Written off	-	(1,446.72)
<b>Total</b>	<b>27.56</b>	<b>(473.56)</b>

### 25 - Tax Expenses

#### (a) Amounts recognised in Profit & Loss

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>Current Income Tax</b>	67.00	-
Adjustment in respect of Current Income Tax of Previous Year	0.64	-
<b>Deferred Income Tax Liability / (Asset), Net</b>		
Origination and Reversal of Temporary Differences	(89.23)	-
<b>Deferred Tax Expense</b>	<b>(89.23)</b>	-
Tax Expense for the Year	<b>(21.59)</b>	-
Effective Tax Rate for the Year	N. A.	N. A.

#### (b) Amounts Recognised in Other Comprehensive Income

(₹ in Lacs)

	Year ended 31-Mar-18			Year ended 31-Mar-17		
	Before Tax	Tax (Expense) Benefit	Net of Tax	Before Tax	Tax (Expense) Benefit	Net of Tax
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit liability	(18.89)	3.85	(15.04)	(32.89)	-	(32.89)
	<b>(18.89)</b>	<b>3.85</b>	<b>(15.04)</b>	<b>(32.89)</b>	<b>-</b>	<b>(32.89)</b>

#### (c) Reconciliation of Effective Tax Rate

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>Profit Before Tax</b>	306.72	(690.97)
Applicable Tax Rate	27.55%	27.55%
Computed Tax Expense	84.51	-
<b>Tax effect of:</b>		
Allowances	(12.65)	-
Expenses Disallowed	14.46	-
Capital Gains Set off against brought forward losses	(0.88)	-
Brought forward losses	(49.19)	-
MAT under Section 115JB	26.91	-
<b>Current Tax Provision (A)</b>	<b>63.15</b>	<b>-</b>

## Notes to Financial Statement for the year ended March 31, 2018

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Deferred Tax Asset on account of Property, Plant and Equipment	(27.99)	-
Deferred Tax Asset on account of Retirement Benefit of Employees	(61.24)	-
<b>Deferred Tax Provision (B)</b>	<b>(89.23)</b>	-
Adjustment in respect of Current Income Tax of Previous Year	0.64	-
<b>Tax Expense recognised in Statement of Profit and Loss (A)+(B)+(C)</b>	<b>(25.44)</b>	-

The Applicable Indian Corporate Statutory Rate for the year ended March 31, 2018 and 2017 is 27.55%.

### (d) Movement in Deferred Tax Balances

(₹ in Lacs)

	March 31, 2018				
	Net Balance April 1, 2017	Recognised in Profit or Loss	Net Balance March 31, 2018	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Asset / (Liabilities)</b>					
Property, Plant and Equipment	-	27.99	27.99	27.99	-
Employee Benefits	-	61.24	61.24	61.24	-
<b>Tax Assets / (Liabilities)</b>	-	<b>89.23</b>	<b>89.23</b>	<b>89.23</b>	-
Set off Tax	-	-	-	-	-
<b>Net Tax Assets / (Liabilities)</b>	-	<b>89.23</b>	<b>89.23</b>	<b>89.23</b>	-

- 1) The Company offsets Tax Assets and Liabilities if and only if it has a legally enforceable right to set off Current Tax Assets and Current Tax Liabilities and the Deferred Tax Assets and Deferred Tax Liabilities relate to Income Taxes levied by the same Tax Authority.
- 2) Significant management judgment is required in determining Provision for Income Tax, Deferred Income Tax Assets and Liabilities and recoverability of Deferred Income Tax Assets. The recoverability of Deferred Income Tax Assets is based on estimates of Taxable Income in which the relevant entity operates and the period over which Deferred Income Tax Assets will be recovered.

### 26 - Other Comprehensive Income

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Gratuity Provision	(5.54)	(7.68)
Leave Encashment Provision	(13.35)	(25.21)
<b>Total</b>	<b>(18.89)</b>	<b>(32.89)</b>

## Notes to Financial Statement for the year ended March 31, 2018

### 27 Significant accounting policies

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

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the section 133 of the Companies Act 2013 ("the 2013 Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rule 2015, and Companies (Indian Accounting Standards) Rules, 2016. For all periods up to and for the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements are the Company's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP") which is considered as the "Previous GAAP" for purposes of Ind AS 101. An explanation of how the transition to Ind AS has affected the Company's equity and its net profit is provided in Note no 45. The financial statements were authorised for issue by the Company's Board of Directors on May 29, 2018.

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

#### Functional and presentation currency:

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

#### Historical cost convention:

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

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

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

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

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

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

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

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

#### • Recognition of deferred tax assets:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax

## Notes to Financial Statement for the year ended March 31, 2018

bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

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

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

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

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

- **Segment reporting:**

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

- **Measurement of fair values:**

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

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

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

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



## Notes to Financial Statement for the year ended March 31, 2018

### c) Property, plant and equipment:

- **Recognition and measurement:**

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

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

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

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

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

The cost of the property, plant and equipments as at 1st April 2016, the Company's date of transition to Ind AS, was determined with reference to its carrying value at that date.

### d) Depreciation:

- Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act, 2013;

Useful life of Property Plant and Equipment are reviewed at each balance sheet date and adjusted prospectively, if appropriate.

- Depreciation on addition to assets or on sale /discardment of assets, is calculated pro rata from the date of such addition or upto the date of such sale/discardment, as the case may be;
- Individual assets except assets given on lease acquired for less than ₹5,000 are depreciated entirely in the year of acquisition.

### e) Intangible Fixed Assets:

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

The cost of intangible assets at April 1, 2016, the Company's date of transition to Ind AS, was determined with reference to its carrying value at that date.

### f) Financial Instruments:

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

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

#### Financial Assets:

##### Classification:

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other omprehensive income or fair value through profit or loss on the basis of its

## Notes to Financial Statement for the year ended March 31, 2018

business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

### Initial recognition and measurement:

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

### Equity investments:

Equity investments in subsidiaries are measured at cost less impairment.

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

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

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

### Derecognition:

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

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

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

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

## Notes to Financial Statement for the year ended March 31, 2018

### **Impairment of financial assets:**

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

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

### **Financial liabilities:**

#### **Classification**

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

#### **Initial recognition and measurement:**

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

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

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

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

#### **Derecognition:**

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

#### **Offsetting of financial instruments:**

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

### **g) Employee Benefits:**

#### **Short Term Employee Benefits:**

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

## Notes to Financial Statement for the year ended March 31, 2018

### Post Employment / Retirement Benefits:

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

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

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

### Other Long Term Employee Benefits:

#### Compensated Absences:

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

#### h) Foreign Exchange Transactions:

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

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

#### i) Borrowing Costs:

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

#### j) Recognition of Income and Expenditure:

- i) Merchant Banking and Advisory Fees are accrued as per the terms of contract except where there is uncertainty as to their realization.
- ii) Revenue/Income and Cost/Expenditure are accounted on accrual as they are earned or incurred, except in case of significant uncertainties.
- iii) Dividend income is recognised when the right to receive is established.

## Notes to Financial Statement for the year ended March 31, 2018

- iv) Interest income is recognised on accrual basis.
- v) Gain or losses on sale of investments are recognized on trade dates by comparing the sales realization with the weighted average cost of such investment.

### k) Leases:

#### Lease payments:

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

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

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

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

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

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

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

### m) Cash and cash equivalents:

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

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

### n) Taxation:

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

#### i) Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

## Notes to Financial Statement for the year ended March 31, 2018

It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

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

### ii) Deferred tax:

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

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

## Notes to Financial Statement for the year ended March 31, 2018

### o) Provisions, Contingent Assets and Contingent Liabilities:

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

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

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

### 28 Contingent Liabilities to the extent not provided for in respect of:

(₹ in Lacs)

Sr. No.	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
i)	Demands raised by Tax Authorities against which the Company has preferred appeals	13.18	13.18	13.18
ii)	Corporate guarantee given for financial facilities for subsidiaries	-	-	15.00
iii)	Claims made not acknowledged as debts	-	1,855.99	2,593.34

29 The Company has a financial exposure of ₹5,341.37 lacs (₹5,974.11 lacs) in its wholly-owned subsidiary viz. Primesec Investments Limited ('PIL') - investment in equity shares of ₹798.00 lacs (₹798.00 lacs) and loans & advances of ₹4,543.37 lacs (₹5,176.11 lacs). PIL has a negative net worth of ₹4,263.02 lacs (₹5,083.02 lacs). However, having regard to efforts undertaken by the Board of PIL, among other things to negotiate re-statement of loans and realize value of its investments, the financial statements of PIL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities. Considering that the Company's investment in PIL is of strategic and long term in nature and having regard to the efforts undertaken by the Board of PIL, no provision is considered necessary by the management for diminution in the value of the Company's financial exposure in PIL.

30 The Company has advanced ₹175.22 lacs (₹143.22 lacs) to its wholly-owned subsidiary viz. Prime Research & Advisory Limited ('PRAL'). PRAL has a negative net worth of ₹234.32 lacs (₹343.35 lacs). However, having regard to efforts undertaken by the Board of PRAL, among other things to negotiate re-statement of loans and realize value of its investments, the financial statements of PRAL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities. Considering that the Company's investment in PRAL is of strategic and long term nature and having regard to the efforts undertaken by the Board of PRAL, no provision is considered necessary by the management.

31 In the earlier financial years, the company had written-back ₹1,400 Lacs as in the opinion of the

## Notes to Financial Statement for the year ended March 31, 2018

management, the same was no longer payable. The Company has been legally advised that there will be no liability due as the debt had become time-barred.

- 32 In the earlier financial year, the Company has reinstated an advance of ₹327.50 lacs which was previously written-off as not recoverable. The management is hopeful of recovery of the same.

### 33 Share capital:

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

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

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

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares held	% of Holding	No. of shares held	% of Holding	No. of shares held	% of Holding
Judith Investments Private Limited	17,83,497	6.73	26,83,497	10.12	26,83,497	10.14
N. Jayakumar	31,24,759	11.78	20,84,759	7.86	20,84,759	7.87
Videocon Industries Limited	-	-	-	-	17,62,565	6.66

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

Particulars	2017-18		2016-17		2015-16	
	Numbers	₹ in Lacs	Numbers	₹ in Lacs	Numbers	₹ in Lacs
Opening Balance	2,65,15,325	1,329.94	2,64,73,525	1,327.85	2,64,73,525	1,327.85
Add: Shares issued during the year	-	-	41,800	2.09	-	-
Closing Balance	2,65,15,325	1,329.94	2,65,15,325	1,329.94	2,64,73,525	1,327.85

#### 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 1,06,400 (Previous year 2,53,200) Equity Shares of ₹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.



## Notes to Financial Statement for the year ended March 31, 2018

### ESOS 2007 Scheme

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

### ESOS 2008 Scheme

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

### ESOS 2009 Scheme

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

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

Particulars (Exercise Price)	ESOS 2007 (₹38/-)		ESOS 2008 (₹15/-)		ESOS 2009 (₹38/-)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options outstanding, beginning of the Year	40,000	80,000	-	88,400	2,13,200	3,20,000
Add: Granted during the Year	-	-	-	-	-	-
Less: Exercised during the Year	-	-	-	41,800	-	-
Less: Lapsed during the Year	40,000	40,000	-	46,600	1,06,800	1,06,800
Options outstanding, end of the Year	-	40,000	-	-	1,06,400	2,13,200

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

Sr. No.	Particulars	2017-18
(A)	Weighted average risk-free rate	8.10%
(B)	Weighted average expected life of options	8 years
(C)	Weighted average expected volatility	64.25%
(E)	Weighted average share price	₹37.05 Per Share
(F)	Weighted average exercise price	₹38 Per Share
(G)	Method used to determine expected volatility	Based on the returns generated on equity shares of Company for the period from 2005 to 2010

Expense on Employee Stock Options Scheme debited to the Statement of Profit and Loss during the year is ₹29.22 Lakhs.

## Notes to Financial Statement for the year ended March 31, 2018

### 34 Borrowings:

#### (A) Secured loans:

##### a) Term Loan from Bank:

Term loan of ₹9.29 Lakhs (March 31, 2017 ₹11.26 lakhs) from the Bank is secured against Vehicle of the Company.

##### b) Other Loan from Bank:

Other Loan from Bank of ₹200 Lakhs (March 31, 2017 ₹400 Lakhs, March 31, 2016 ₹600 Lakhs) is secured against pledge of shares of other parties.

##### c) Term of Repayment

Term Loan from Bank is repayable in equal monthly instalment, the last instalment is due on December 1, 2021 as per repayment schedule having interest rate of 9.50% p.a. Other Loan from bank is interest free and repayable in equal yearly instalment, the last instalment is due on December 31, 2018.

#### (B) Unsecured loans:

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

### 35 Dues to micro and small suppliers:

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, there are no outstanding dues to the Micro and Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
Principal amount remaining unpaid to any supplier as at the year end	-	-	-
Interest due thereon	-	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED	-	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-

## Notes to Financial Statement for the year ended March 31, 2018

### 36 Related Party Disclosures:

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

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

<b>Subsidiary Companies:</b>	Prime Research & Advisory Limited
	Prime Commodities Broking (India) Limited
	Primesec Investments Limited
<b>Associate Companies:</b>	Gateway Entertainment Limited
	Judith Investments Private Limited
<b>Key Management Personnels:</b>	Mr. N. Jayakumar
	Mr. Ajay Shah
<b>Independent Directors:</b>	Mr. Pradip Dubhashi
	Mr. S R Sharma
	Mr. Anil Dharker
	Ms. Alpna Parida
<b>Relative of Key Management Personnel:</b>	Mrs. Madhu Jayakumar

The following transactions were carried out with the related parties in the ordinary course of business during the year 2017-2018:

(₹ in Lacs)

Sr. No.	Nature of Transaction	Relationship	Transactions	
			Current Year	Previous Year
1	Interest received from Prime Commodities Broking (India) Limited	Subsidiary	17.71	8.18
2	Inter corporate deposit paid to Prime Commodities Broking (India) Limited - Sums Paid - Refund received	Subsidiary	1,167.45 950.45	189.00 423.50
3	Interest free Inter corporate deposit paid to Prime Research & Advisory Limited - Sums Received - Sums paid	Subsidiary	1.00 33.00	- 63.20
4	Interest free Inter corporate deposit given to Primesec Investment Limited - Sums paid - Sums Received	Subsidiary	1,217.62 1,850.36	79.28 625.00
5	Interest free Inter corporate deposit received from Gateway Entertainment Limited - Write back of ICD no longer payable	Associate Company	30.00	-
6	Remuneration paid to Key Managerial Personnel	Key Management Personnel	159.00	66.28
7	Sitting Fees for Board and Committee Meetings to Independent Directors	Key Management Personnel	43.30	5.90
8	Shares issued to Key Managerial Personnel	Key Management Personnel	-	2.49

## Notes to Financial Statement for the year ended March 31, 2018

(₹ in Lacs)

Sr. No.	Nature of Transaction	Relationship	Transactions	
			Current Year	Previous Year
9	Repayment of Interest free unsecured loan received from Mr. N Jayakumar	Key Management Personnel	255.00	94.95
10	Repayment of Interest free unsecured Inter Corporate Deposit from Judith Investments Private Limited	Associate Company	85.00	-

### Outstanding Balance

(₹ in Lacs)

Sr. No.	Nature of Transaction	Relationship	Balance as on	
			March 31, 2018	March 31, 2017
1	Outstanding amount receivable from Prime Broking Company (India) Limited on current account	Subsidiary	48.59 (Debit)	48.59 (Debit)
2	Inter corporate deposit given to Prime Commodities Broking (India) Limited	Subsidiary	348.49 (Debit)	115.55 (Debit)
3	Interest free Inter corporate deposit given to Prime Research & Advisory Limited	Subsidiary	175.22 (Debit)	143.22 (Debit)
4	Interest free Inter corporate deposit given to Primesec Investment Limited	Subsidiary	4,543.37 (Debit)	5,176.11 (Debit)
5	Interest free Inter corporate deposit from Gateway Entertainment Limited	Associate Company	-	30.00 (Credit)
6	Interest free unsecured loan from Mr N Jayakumar	Key Management Personnel	-	255.00 (Credit)
7	Interest free unsecured Inter Corporate Deposit from Judith Investments Private Limited	Associate Company	250.00 (Credit)	335.00 (Credit)

#### Note:

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

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

(₹ in Lacs)

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
i)	Total of future minimum lease payments		
a)	Not later than one year	38.16	33.49
b)	Later than one year and not later than five years	41.64	51.30
ii)	Lease payments recognised in the Profit and Loss account	37.99	39.36

## Notes to Financial Statement for the year ended March 31, 2018

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

### 39 Subsequent Events :

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

### 40 Corporate Social Responsibility

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

(a) Gross amount required to be spent by the Company during the year 2017-18 ₹5.05 lakhs (Previous year ₹ Nil).

(b) Amount spent during the year on: (₹ in Lacs)

Particulars	2017-18	2016-17	2015-16
(i) Construction / acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	19.00	5.00	-

### 41 Financial instruments – Fair values and risk management

#### A) Accounting classification and fair values

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

March 31, 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non Current Investments *	33.18	-	-	33.18	-	-	-	-
Security Deposits	-	-	19.93	19.93	-	19.93	-	19.93
Advance Given	-	-	327.50	327.50	-	-	-	-
Quoted Equity Shares	28.10	-	-	28.10	-	-	-	-
Trade receivables	-	-	64.73	64.73	-	-	-	-
Cash and cash equivalents	-	-	5.76	5.76	-	-	-	-
Loans	-	-	5,067.08	5,067.08	-	5,067.08	-	5,067.08
Other Current Financial Assets	-	-	3.58	3.58	-	-	-	-
	<b>61.28</b>	<b>-</b>	<b>5,488.58</b>	<b>5,549.86</b>	<b>-</b>	<b>5,087.01</b>	<b>-</b>	<b>5,087.01</b>
<b>Financial liabilities</b>								
Non - current borrowings	-	-	7.13	7.13	-	7.13	-	7.13
Current borrowings	-	-	250.00	250.00	-	-	-	-
Trade and other payables	-	-	31.77	31.77	-	-	-	-
Other Current financial liabilities	-	-	204.17	204.17	-	-	-	-
	<b>-</b>	<b>-</b>	<b>493.07</b>	<b>493.07</b>	<b>-</b>	<b>7.13</b>	<b>-</b>	<b>7.13</b>

## Notes to Financial Statement for the year ended March 31, 2018

(₹ in Lacs)

March 31, 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non Current Investments *	23.70	-	-	23.70	-	-	-	-
Security Deposits	-	-	19.93	19.93	-	19.93	-	19.93
Advance Given	-	-	327.50	327.50	-	-	-	-
Quoted Equity Shares	36.72	-	-	36.72	-	-	-	-
Trade receivables	-	-	28.78	28.78	-	-	-	-
Cash and cash equivalents	-	-	9.24	9.24	-	-	-	-
Loans	-	-	5,434.88	5,434.88	-	5,434.88	-	5,434.88
Other Current Financial Assets	-	-	3.58	3.58	-	-	-	-
	<b>60.42</b>	<b>-</b>	<b>5,823.90</b>	<b>5,884.32</b>	<b>-</b>	<b>5,454.81</b>	<b>-</b>	<b>5,454.81</b>
<b>Financial liabilities</b>								
Non - current borrowings	-	-	209.29	209.29	-	209.29	-	209.29
Current borrowings	-	-	620.00	620.00	-	-	-	-
Trade and other payables	-	-	53.60	53.60	-	-	-	-
Other Current financial liabilities	-	-	201.97	201.97	-	-	-	-
	<b>-</b>	<b>-</b>	<b>1,084.86</b>	<b>1,084.86</b>	<b>-</b>	<b>209.29</b>	<b>-</b>	<b>209.29</b>

(₹ in Lacs)

April 1, 2016	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non Current Investments *	191.13	-	-	191.13	-	-	-	-
Security Deposits	-	-	19.93	19.93	-	19.93	-	19.93
Quoted Equity Shares	29.65	-	-	29.65	-	-	-	-
Cash and cash equivalents	-	-	61.04	61.04	-	-	-	-
Loans	-	-	6,143.90	6,143.90	-	6,143.90	-	6,143.90
Other Current Financial Assets	-	-	3.58	3.58	-	-	-	-
	<b>220.78</b>	<b>-</b>	<b>6,228.45</b>	<b>6,449.23</b>	<b>-</b>	<b>6,163.83</b>	<b>-</b>	<b>6,163.83</b>
<b>Financial liabilities</b>								
Non - current borrowings	-	-	400.00	400.00	-	400.00	-	400.00
Current borrowings	-	-	3,824.95	3,824.95	-	-	-	-
Trade and other payables	-	-	114.89	114.89	-	-	-	-
Other Current financial liabilities	-	-	203.34	203.34	-	-	-	-
	<b>-</b>	<b>-</b>	<b>4,543.18</b>	<b>4,543.18</b>	<b>-</b>	<b>400.00</b>	<b>-</b>	<b>400.00</b>

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

## Notes to Financial Statement for the year ended March 31, 2018

### B) Measurement of fair values:

Valuation techniques and significant unobservable inputs

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

#### Financial instruments measured at fair value

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

### C) Financial risk management

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

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

#### i) Risk management framework

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

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

#### ii) Credit risk

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

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

##### Trade receivables and loans and advances.

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

## Notes to Financial Statement for the year ended March 31, 2018

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

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

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

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

### Impairment:

At March 31, 2018, the ageing of trade receivables was as follows.

Particulars	Carrying amount (₹ in lacs)		
	March 31, 2018	March 31, 2017	April 1, 2016
Neither past due nor impaired			
Past due 1-90 days	-	10.50	-
Past due 91-180 days	61.45	-	-
Past due 181-365 days	-	18.28	-
Past due 366 days	3.28	-	-
	<b>64.73</b>	<b>28.78</b>	-

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

### Cash and cash equivalents and other Bank balances

The Company held cash and cash equivalents and other bank balances of ₹5.76 lacs as on March 31, 2018 (March 31, 2017: ₹9.24 lacs and April 1, 2016: ₹61.04 lacs). The cash and cash equivalents are held with banks with good credit ratings.

### Loans and Advances:

The Company held Loans and advances of ₹5,070.66 lacs as on March 31, 2018 (March 31, 2017: ₹5,438.45 lacs and April 1, 2016: ₹6,147.48 lacs). The loans and advances are in nature of advance to subsidiaries and rent deposit paid to landlords and are fully recoverable in the opinion of the Management.

### iii) Liquidity risk

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



## Notes to Financial Statement for the year ended March 31, 2018

### Maturity profile of financial liabilities

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

(₹ in Lacs)

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

(₹ in Lacs)

March 31, 2017	Carrying amount	Contractual cash flows					
		Total	less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	829.29	829.29	620.00	-	204.54	4.75	-
Trade and other payables	53.60	53.60	53.60	-	-	-	-
Other financial liabilities	201.97	201.97	0.97	201.00	-	-	-

(₹ in Lacs)

April 1, 2016	Carrying amount	Contractual cash flows					
		Total	less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	4,224.95	4,224.95	-	-	400.00	3,824.95	-
Trade and other payables	114.89	114.89	114.89	-	-	-	-
Other financial liabilities	203.34	203.34	168	201.66	-	-	-

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

#### iv) Market risk

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

## Notes to Financial Statement for the year ended March 31, 2018

### Currency risk

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

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

The currency profile of financial assets and financial liabilities as at 31st March, 2018 are as below:

March 31, 2018	GBP
<b>Financial assets</b>	
Trade and other receivables	66,600
	<b>66,600</b>

### v) Interest rate risk

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

## 42 Capital Management

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

The Company monitors capital using debt to equity ratio.

(₹ in Lacs)

Particulars	As at	As at	As at
	March 31, 2018	March 31, 2017	April 1, 2016
Non-Current Borrowings	7.13	209.29	400.00
Current Borrowings	250.00	620.00	3,824.95
Current maturity of long term debt	202.17	201.97	203.34
<b>Gross Debt</b>	<b>459.30</b>	<b>1,031.26</b>	<b>4,428.29</b>
Total equity	6,273.63	5,912.25	5,447.05
Adjusted Net debt to equity ratio	0.07	0.17	0.81

## Notes to Financial Statement for the year ended March 31, 2018

### 43 Employee Benefits

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

#### (i) Defined Contribution Plans:

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

The Company recognised ₹4.16 lacs for year ended March 31, 2018 (₹3.73 lacs for year ended March 31, 2017) provident fund contributions in the Statement of Profit and Loss.

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

#### (ii) Defined Benefit Plan:

##### Gratuity

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Particulars	Gratuity		
	March 31, 2018	March 31, 2017	April 1, 2016
Defined benefit obligation	42.60	34.88	25.60
Fair value of Plan Assets at the end of the year	24.88	22.62	21.02
Net Obligation at the end of the year	17.72	12.26	4.58

## Notes to Financial Statement for the year ended March 31, 2018

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

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

Particulars	₹ in Laacs							
	Defined benefit obligation				Gratuity			
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017
<b>Opening balance</b>	34.88	25.60	13.27	22.62	21.02	19.37	12.27	4.58
Included in profit or loss	-	-	9.96	-	-	-	-	-
Current service cost	7.83	6.55	1.31	-	-	-	7.83	6.55
Past service cost	-	-	-	-	-	-	-	-
Interest cost (income)	2.57	2.04	1.06	1.66	1.67	1.55	0.90	0.37
	<b>45.28</b>	<b>34.19</b>	<b>25.60</b>	<b>24.28</b>	<b>22.69</b>	<b>20.92</b>	<b>21.00</b>	<b>11.50</b>
<b>Included in OCI</b>								
Remeasurement loss (gain):	-	-	-	-	-	-	-	-
Actuarial loss / (gain) arising from:	2.68	(0.69)	-	(0.01)	0.10	(0.09)	2.68	(0.80)
Demographic assumptions	-	-	-	-	-	-	-	-
Financial assumptions	-	-	-	-	-	-	-	-
Experience adjustment	-	-	-	-	-	-	-	-
Return on plan assets excluding interest income	-	-	-	-	-	-	-	-
	<b>42.61</b>	<b>34.88</b>	<b>25.60</b>	<b>24.29</b>	<b>22.59</b>	<b>21.02</b>	<b>18.32</b>	<b>12.30</b>
<b>Other</b>								
Contributions paid by the employer	-	-	-	0.60	0.03	-	(0.60)	(0.03)
Benefits paid	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>42.61</b>	<b>34.88</b>	<b>25.60</b>	<b>24.88</b>	<b>22.62</b>	<b>21.02</b>	<b>17.72</b>	<b>12.27</b>
Represented by								
Net defined benefit asset	-	-	-	-	-	-	(24.88)	(22.62)
Net defined benefit liability	-	-	-	-	-	-	42.60	34.88
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.72</b>	<b>12.26</b>
								<b>4.58</b>

## Notes to Financial Statement for the year ended March 31, 2018

### C) Plan assets

Plan assets comprise the following: (₹ in Lacs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Fund managed by Insurance Company	24.88	22.62	21.02
	<b>24.88</b>	<b>22.62</b>	<b>21.02</b>

### D) Defined benefit obligations

#### i) Actuarial assumptions

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

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate	7.88%	7.36%	7.96%
Expected Rate of Return on Plan Assets	7.88%	7.36%	7.96%
Salary escalation rate	5%	5%	5%
Employee Turnover	2%	2%	2%
Mortality rate	N.A.	N.A.	N.A.
	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.

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

#### ii) Sensitivity analysis

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

Particulars	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2.65)	3.01	(2.60)	2.98
Future salary growth (1% movement)	3.07	(2.75)	3.02	(2.68)
Rate of employee turnover (1% movement)	0.31	(0.37)	0.12	(0.18)

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

## Notes to Financial Statement for the year ended March 31, 2018

### Expected future cash flows

The expected future cash flows in respect of gratuity as at March 31, 2018 were as follows

### Expected contribution

The expected contributions for defined benefit plan for the next financial year will be in line with the contribution for the year ended March 31, 2018, i.e. ₹0.60 lacs

Expected future benefit payments	(₹ in lacs)
March 31, 2019	0.79
March 31, 2020	1.39
March 31, 2021	1.45
March 31, 2022	27.52
March 31, 2023	0.74
Thereafter	51.49

### Compensated Absences:

The Compensated Absences is payable to all eligible employees for each day of accumulated leave on death or on resignation. Compensated Absences debited to Statement of Profit and Loss during the year amounts to ₹13.35 lacs (March 31, 2017 ₹25.21 lacs) and is included in Note 26 - 'Other Comprehensive Income'. Accumulated non-current provision for leave encashment aggregates ₹186.20 lacs (March 31, 2017 ₹173.79 lacs and April 1, 2016 ₹155.54 lacs) and current provision aggregates ₹16.20 lacs (March 31, 2017 ₹15.98 lacs and April 1, 2016 ₹14.94 lacs).

## 44 Earnings per share (EPS)

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

### a) Profit attributable to Equity holders of Company (₹ in Lacs)

Particulars	March 31, 2018	March 31, 2017
Continuing operations	347.20	(690.97)
Profit attributable to equity holders of the Company for basic earnings	347.20	(690.97)
Profit attributable to equity holders of the Company adjusted for the effect of dilution	347.20	(690.97)

### b) Weighted average number of ordinary shares

Particulars	March 31, 2018	March 31, 2017
Issued ordinary shares at April 1	2,65,15,325	2,64,73,525
Effect of shares issued for cash	-	41,800
Weighted average number of shares at March 31 for basic and Diluted EPS	2,65,15,325	2,65,15,325

## Notes to Financial Statement for the year ended March 31, 2018

### c) Basic and Diluted earnings per share

Particulars	March 31, 2018	March 31, 2017
Basic earnings per share	1.31	(2.61)
Diluted earnings per share	1.31	(2.61)

## 45 First-time adoption of Ind AS

### A) Transition to Ind AS

For the purposes of reporting as set out in Note 27, the Company has transitioned the basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 27 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the "transition date").

In preparing the opening Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, the Company did not revise estimates previously made under IGAAP except where required by Ind AS.

### B) Exemptions and exceptions availed

#### 1) Ind AS mandatory exceptions

##### 1.1) Estimates

The estimates at April 1 2016 and March 31 2017 are consistent with those made for the same dates in accordance with the Indian GAAP (after adjustments to reflect any differences if any, in accounting policies). The Company has made estimates for following items in accordance with Ind AS at the date of transition as these were not required under IGAAP:

- 1) Investment in equity instruments carried at FVTPL;

##### 1.2) Classification and measurement of financial assets

The Company has classified and measured the financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

#### 2) Ind AS optional exemptions

##### 2.1) Deemed cost

The Company has elected to continue with the carrying value for all of its property, plant and equipment, intangible assets recognised in the financial statements as the deemed cost at the date of transition to Ind AS, measured as per the IGAAP

##### 2.2) Deemed cost for investments in subsidiaries and Joint Ventures

The Company has elected to continue with the carrying value of its investments in subsidiaries as recognised in the financial statements as at the date of transition to Ind AS.

Accordingly, the Company has measured all its investments in subsidiaries at their IGAAP carrying value.

## Notes to Financial Statement for the year ended March 31, 2018

### C) Reconciliation between IGAAP and Ind AS:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following table represent the reconciliation from IGAAP to Ind AS

#### I) Reconciliation of equity as at April 1, 2016

(₹ in Lacs)

Particulars	Footnote No.	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
<b>ASSETS</b>				
<b>1) Non-current assets</b>				
(a) Property, Plant and Equipment		285.69	-	285.69
(b) Capital work-in-progress		-	-	-
(c) Other Intangible assets		0.18	-	0.18
(d) Financial Assets				
(i) Investments in Subsidiaries		848.00	-	848.00
(ii) Investments	2	3,865.23	(1,194.65)	2,670.58
(e) Non-Current Advance Tax Assets (Net)		169.73	-	169.73
(f) Other non-current assets		19.93	-	19.93
<b>Total non current assets</b>		<b>5,188.76</b>	<b>(1,194.65)</b>	<b>3,994.11</b>
<b>2) Current Assets</b>				
(a) Financial Assets				
(i) Investments	2	17.80	11.85	29.65
(ii) Trade Receivables		-	-	-
(iii) Cash and Cash Equivalents		61.04	-	61.04
(iv) Loans		6,143.90	-	6,143.90
(v) Other Financial Assets		3.58	-	3.58
(b) Other current assets		8.32	-	8.32
<b>Total current assets</b>		<b>6,234.64</b>	<b>11.85</b>	<b>6,246.49</b>
<b>TOTAL ASSETS</b>		<b>11,423.40</b>	<b>(1,182.80)</b>	<b>10,240.60</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1) Equity</b>				
(a) Equity share capital		1,327.85	-	1,327.85
(b) Other equity	2	5,301.99	(1,182.80)	4,119.19
<b>Total Equity</b>		<b>6,629.84</b>	<b>(1,182.80)</b>	<b>5,447.04</b>
<b>2) Non current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		400.00	-	400.00
(b) Provisions		155.54	-	155.54
<b>Total non current liabilities</b>		<b>555.54</b>	<b>-</b>	<b>555.54</b>
<b>3) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		3,824.95	-	3,824.95
(ii) Trade payables		114.89	-	114.89
(iii) Other financial liabilities		203.34	-	203.34
(b) Other current liabilities		75.31	-	75.31
(c) Provisions		19.53	-	19.53
<b>Total Current liabilities</b>		<b>4,238.01</b>	<b>-</b>	<b>4,238.01</b>
<b>Total liabilities</b>		<b>4,793.56</b>	<b>-</b>	<b>4,793.56</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,423.40</b>	<b>(1,182.80)</b>	<b>10,240.60</b>



## Notes to Financial Statement for the year ended March 31, 2018

### II) Reconciliation of equity as at March 31, 2017 (₹ in Lacs)

Particulars	Footnote No.	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
<b>ASSETS</b>				
<b>1) Non-current assets</b>				
(a) Property, Plant and Equipment		291.23	-	291.23
(b) Capital work-in-progress		-	-	-
(c) Other Intangible assets		0.02	-	0.02
(d) Financial Assets				
(i) Investments in Subsidiaries		848.00	-	848.00
(ii) Investments	2	614.09	(568.35)	45.74
(e) Non-Current Advance Tax Assets (Net)		168.59	-	168.59
(f) Other non-current assets		347.43	-	347.43
<b>Total non current assets</b>		<b>2,269.36</b>	<b>(568.35)</b>	<b>1,701.01</b>
<b>2) Current Assets</b>				
(a) Financial Assets				
(i) Investments		14.68	-	14.68
(ii) Trade Receivables		28.78	-	28.78
(iii) Cash and Cash Equivalents		9.24	-	9.24
(iv) Loans		5,434.87	-	5,434.87
(v) Other Financial Assets		3.58	-	3.58
(b) Other current assets		18.40	-	18.40
<b>Total current assets</b>		<b>5,509.55</b>	<b>-</b>	<b>5,509.55</b>
<b>TOTAL ASSETS</b>		<b>7,778.91</b>	<b>(568.35)</b>	<b>7,210.56</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1) Equity</b>				
(a) Equity share capital		1,329.94	-	1,329.94
(b) Other equity	2	5,150.67	(568.35)	4,582.32
<b>Total Equity</b>		<b>6,480.61</b>	<b>(568.35)</b>	<b>5,912.26</b>
<b>2) Non current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		209.29	-	209.29
(b) Provisions		173.79	-	173.79
<b>Total non current liabilities</b>		<b>383.08</b>	<b>-</b>	<b>383.08</b>
<b>3) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		620.00	-	620.00
(ii) Trade payables		53.60	-	53.60
(iii) Other financial liabilities		201.97	-	201.97
(b) Other current liabilities		11.44	-	11.44
(c) Provisions		28.22	-	28.22
<b>Total Current liabilities</b>		<b>915.23</b>	<b>-</b>	<b>915.23</b>
<b>Total liabilities</b>		<b>1,298.31</b>	<b>-</b>	<b>1,298.31</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,778.91</b>	<b>(568.35)</b>	<b>7,210.56</b>

## Notes to Financial Statement for the year ended March 31, 2018

## III) Reconciliation of Profit &amp; Loss Account as on March 31, 2017

(₹ in Lacs)

Particulars	Footnote No.	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
I. Revenue from Operations (Gross)		463.00	-	463.00
II. Other income		213.60	-	213.60
III. Total Revenue (I+II)		676.60	-	676.60
IV. Expenses				
Employee Benefits Expenses	1	151.40	(32.89)	118.51
Finance costs		0.87	-	0.87
Depreciation and Amortization Expenses		12.68	-	12.68
Other Expenses	2	193.59	568.35	761.94
<b>Total Expenses</b>		<b>358.54</b>	<b>535.46</b>	<b>894.00</b>
V. Profit/(loss) before Exceptional Items and taxes		318.06	(535.46)	(217.41)
VI. Exceptional Items		(473.56)	-	(473.56)
VII. Profit/(loss) before Tax		(155.50)	(535.46)	(690.97)
VIII. Tax expense:				
1. Current Tax		-	-	-
2. Deferred Tax		-	-	-
3. Tax for Earlier years		-	-	-
IX. Profit/(Loss) for the period from continuing operations		(155.50)	(535.46)	(690.97)
X. Profit/(Loss) for the period		(155.50)	(535.46)	(690.97)
XI. Other comprehensive income				
<b>A (i) Items that will not be reclassified to profit or loss</b>				
Remeasurements of defined benefit liability (asset)	1		(32.89)	(32.89)
<b>B (i) Items that will be reclassified to profit or loss</b>				
Effective portion of (Loss)/Gain on hedging instrument in a cash flow hedge				
Other comprehensive income (net of tax)		-		-
XII. Total comprehensive income for the period		(155.50)	(568.35)	(723.86)

## 1) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under IGAAP the Company recognised actuarial gains and losses in profit and loss. However this has no impact on the total comprehensive income and total equity as on 1 April 2016 or

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## Notes to Financial Statement for the year ended March 31, 2018

as on 31 March 2017. The Employee Benefit Expenses and Other Comprehensive Income were reduced by ₹32.89 lacs each.

### 2) Fair Valuation of Investments

Under IGAAP, Non-Current Investments (including Investments in Subsidiaries) were carried at cost less provision, if any, for diminution which is considered other than temporary in nature. Current Investments were valued at lower of cost and fair value. Under Ind AS, these Investment are measured at fair value. The resulting fair value of changes of these investments have been recognised in the retained earnings as at the day of transition and subsequently in the profit or loss for the year ended March 31, 2017

### IV) Adjustments to Statement of Cash Flows

There were no material differences between the statement of Cash Flows presented under Ind AS and IGAAP

# Independent Auditor's Report on Consolidated Financial Statements

To,

The Members of

**PRIME SECURITIES LIMITED**

## Report on Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Prime Securities Limited** (hereinafter referred to as the `Holding Company`) and its subsidiaries and associate (the Holding Company and its subsidiaries together referred to as `the Company` or `the Group`), comprising of the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the `consolidated Ind AS financial statements`).

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the `Act`) that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in the equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in Companies (Indian Accounting Standards) Rules, 2015 (as amended) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities;

the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud

or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraphs 1 & 2 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### **Basis for Qualified Opinion**

1. As referred in Note 32, the Group has written-back an outstanding payable of ₹219.07 Lacs as in the opinion of the management the same was no longer payable. Accordingly, the profit for the year is higher by the said amount and Other Current Liabilities is lower by the said amount.
2. As referred in Note 33, the Group has written-back ₹327.50 Lacs which was written-off as not recoverable in the earlier financial year as in the opinion of the management the same is now recoverable. Accordingly, the loss in Surplus (Profit & Loss) under Other Equity is lower and the Other Non-Current Assets is higher, by the said amount.

#### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in point nos. 1 & 2 of the Basis for Qualified Opinion paragraph, the aforesaid consolidated Ind AS 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, of the consolidated state of affairs of the Group as at 31 March 2018, and their consolidated total comprehensive income (comprising of consolidated profit for the year and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

#### **Other Matters**

1. We did not audit the financial statements of the subsidiaries, whose audited financial statements reflect total assets of ₹1,137.79 Lacs as at March 31, 2018 and total revenue of ₹1,520.76 Lacs, total net profit after tax of ₹1,083.29 Lacs and total comprehensive income of ₹ (1,082.64) Lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. 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 Ind AS 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 profit/ (loss) of ₹ (2.35) Lacs for the year ended March 31, 2018. These financial statements and other financial information for the associate have been prepared by the management and our opinion on the accompanying consolidated Ind AS financial statements is based solely on such management certified financial statements/information.

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

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of

- our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and report of other auditors;
- (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, except for the effects of the matters described in point nos. 1 & 2 of the Basis for Qualified Opinion paragraph, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a Director of that company in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of subsidiaries as noted in 'Other Matter' paragraph:
- i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated Ind AS financial position of the group— Refer Note No. 29 to the consolidated Ind AS financial statements;
  - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Group;
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable for the year ended 31 March 2018.

**For GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**[MILIND GANDHI]**

Partner

Mumbai,  
May 29, 2018

Membership No. 043194

## Annexure - A to the Auditor's Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Prime Securities Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

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

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting

(the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material

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

#### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### **For GANDHI & ASSOCIATES LLP**

*Chartered Accountants*  
(FRN: 102965W/W100192)

**[MILIND GANDHI]**

Mumbai,  
May 29, 2018

*Partner*  
Membership No. 043194



# Consolidated Balance Sheet as at March 31, 2018

(₹ in Lacs)

Particulars	Note No.	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>ASSETS</b>				
<b>1. Non-Current Assets</b>				
(a) Property, Plant & Equipment	1	284.60	291.23	285.69
(b) Other Intangible assets	1	1.21	0.02	0.18
(c) Financial Assets				
i) Investments	2	136.17	151.87	3,148.92
(d) Deferred Tax Assets		89.23	-	-
(e) Non-Current Advance tax Assets (Net)		96.57	-	176.62
(f) Other Non-Current Assets	3	356.33	347.43	19.93
<b>Total Non-Current Assets</b>		<b>964.11</b>	<b>790.55</b>	<b>3,631.34</b>
<b>2. Current Assets</b>				
(a) Financial Assets				
i) Investments	4	28.10	36.72	29.65
ii) Trade Receivables	5	129.63	428.88	-
iii) Cash & Cash Equivalents	6	10.74	285.72	67.43
iv) Bank Balance other than (iii) above	7	525.00	435.35	396.46
v) Loans	8	200.00	-	162.84
vi) Other Financial Assets	9	140.45	146.71	1,296.20
(b) Other Current Assets	10	169.77	118.89	1,065.52
<b>Total Current Assets</b>		<b>1,203.69</b>	<b>1,452.27</b>	<b>3,018.10</b>
<b>Total Assets</b>		<b>2,167.80</b>	<b>2,242.82</b>	<b>6,649.44</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity Share capital	11	1,329.94	1,329.94	1,327.85
(b) Other Equity	12	(317.83)	(1,761.85)	(4,763.58)
<b>Total Equity</b>		<b>1,012.11</b>	<b>(431.91)</b>	<b>(3,435.73)</b>
<b>2. Non-Current Liabilities</b>				
(a) Financial Liabilities				
i) Borrowings	13	7.13	209.29	400.00
(b) Provisions	14	193.99	181.23	155.54
<b>Total Non-Current Liabilities</b>		<b>201.12</b>	<b>390.52</b>	<b>555.54</b>
<b>3. Current Liabilities</b>				
(a) Financial Liabilities				
i) Borrowings	15	587.36	1,285.00	8,292.06
ii) Trade Payables	16	34.15	54.75	116.93
iii) Other Financial Liabilities	17	204.17	201.97	203.34
(b) Other current liabilities	18	94.11	378.78	897.77
(c) Provisions	19	34.78	28.99	19.53
(d) Current tax liabilities (Net)		-	334.72	-
<b>Total Current Liabilities</b>		<b>954.57</b>	<b>2,284.21</b>	<b>9,529.63</b>
<b>Total Equity and Liabilities</b>		<b>2,167.80</b>	<b>2,242.82</b>	<b>6,649.44</b>

## Significant accounting policies Note no. 28

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

As per our Report attached

For and on behalf of the Board

For and on behalf of

**GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**N. Jayakumar**  
Managing Director

**Pradip Dubhashi**  
Chairman

**Anil Dharker**  
Director

**Milind Gandhi**  
Partner

**S. R. Sharma**  
Director

**Alpana Parida**  
Director

**Ajay Shah**  
Company Secretary

Membership No. 043194

Mumbai, May 29, 2018

Mumbai, May 29, 2018

## Consolidated Statement of Profit & Loss for the year ended March 31, 2018

(₹ in Lacs)

Particulars	Note No.	Year ended 31-Mar-18	Year ended 31-Mar-17
I. Revenue from Operations	20	2,311.42	1,695.50
II. Other Income	21	91.05	262.15
III. Total Income (I+II)		<b>2,402.47</b>	<b>1,957.65</b>
IV. Expenses			
Employee benefits expenses	22	354.31	138.46
Finance cost	23	1.87	2.22
Depreciation and amortization expenses	1	14.97	12.68
Other expenses	24	421.04	919.11
Total Expenses		<b>792.19</b>	<b>1,072.47</b>
V. Profit / (loss) before exceptional items and tax (III -IV)		<b>1,610.28</b>	<b>885.18</b>
VI. Exceptional Items	25	104.71	1,049.66
VII. Profit / (loss) before tax ( V + VI )		<b>1,714.99</b>	<b>1,934.84</b>
VIII. Tax expense:			
Current tax	26	373.10	593.53
Deferred tax		(89.23)	-
Tax from earlier years		0.64	-
IX. Profit / (loss) for the year (VII - VIII)		<b>1,430.48</b>	<b>1,341.31</b>
X. Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability	27	(19.71)	(41.10)
Income tax effect on above		4.02	1.67
XI. Total Comprehensive Income for the period (IX + X) (Comprising Profit / (loss) and other comprehensive income for the period)		<b>1,414.79</b>	<b>1,301.88</b>
XII. Earnings per Equity Share			
Basic		5.39	5.06
Diluted		5.39	5.06

### Significant accounting policies Note no. 28

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

As per our Report attached

For and on behalf of

**GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**Milind Gandhi**

Partner

Membership No. 043194

Mumbai, May 29, 2018

**N. Jayakumar**

Managing Director

**S. R. Sharma**

Director

For and on behalf of the Board

**Pradip Dubhashi**

Chairman

**Alpana Parida**

Director

**Anil Dharker**

Director

**Ajay Shah**

Company Secretary

Mumbai, May 29, 2018

## Consolidated Statement of Changes in Equity (SOCIE) for the year ended March 31, 2018

### (a) Equity Share Capital

(₹ in Lacs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the Beginning of the Reporting Period	2,65,15,325	1,329.94	2,64,73,525	1,327.85
Changes in Equity Share Capital during the Year	-	-	41,800	2.09
Balance at the End of the Reporting Period	2,65,15,325	1,329.94	2,65,15,325	1,329.94

### (b) Other Equity

(₹ in Lacs)

Particulars	Reserves and Surplus						Items of Other Comprehensive Income	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Share Options outstanding account	General Reserve	Retained Earnings	Remeasurements of the net defined benefit plans	
<b>Balance at April 1, 2016</b>	<b>165.00</b>	<b>217.27</b>	<b>5,312.64</b>	-	<b>2,400.00</b>	<b>(11,162.80)</b>	-	<b>(3,067.89)</b>
Profit for the year	-	-	-	-	-	1,341.31	-	1,341.31
Actuarial gain / (Loss) on defined benefit plan	-	-	-	-	-	-	(39.43)	(39.43)
Other comprehensive income for the year	-	-	-	-	-	-	(39.43)	(39.43)
Total comprehensive income for the year	-	-	-	-	-	1,341.31	(39.43)	1,301.88
Received on Issue of Shares	-	-	4.18	-	-	-	-	4.18
<b>Balance at March 31, 2017</b>	<b>165.00</b>	<b>217.27</b>	<b>5,316.82</b>	-	<b>2,400.00</b>	<b>(9,821.49)</b>	<b>(39.43)</b>	<b>(1,761.85)</b>
Profit for the year	-	-	-	-	-	1,430.48	-	1,430.48
Share based payment to employees	-	-	-	29.22	-	-	-	29.22
Actuarial gain / (Loss) on defined benefits plan net of tax	-	-	-	-	-	-	(15.69)	(15.69)
Other comprehensive income for the year	-	-	-	-	-	-	(15.69)	(15.69)
Total comprehensive income for the year	-	-	-	-	-	-	(15.69)	(15.69)
<b>Balance at March 31, 2018</b>	<b>165.00</b>	<b>217.27</b>	<b>5,316.82</b>	<b>29.22</b>	<b>2,400.00</b>	<b>(8,391.01)</b>	<b>(55.12)</b>	<b>(317.83)</b>

As per our Report attached

For and on behalf of

**GANDHI & ASSOCIATES LLP**  
Chartered Accountants  
(FRN: 102965W/W100192)

**Milind Gandhi**

Partner

Membership No. 043194

Mumbai, May 29, 2018

For and on behalf of the Board

**N. Jayakumar**  
Managing Director

**Pradip Dubhashi**  
Chairman

**Anil Dharker**  
Director

**S. R. Sharma**  
Director

**Alpana Parida**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 29, 2018

## Consolidated Cash Flow Statement for the year ended March 31, 2018

(₹ in Lacs)

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit / (Loss) before tax from continuing operations</b>	<b>1,695.28</b>	<b>1,893.74</b>
Adjustments for :		
Interest Received	(37.43)	(35.71)
Depreciation	14.97	12.68
Interest & Finance Charges	1.87	2.22
Loss / (Gain) on Sale of Investments (Net)	(4.14)	(220.84)
Amount Written-back	(302.40)	(5,645.83)
Balances written off	197.69	4,596.17
(Appreciation) / Diminution in value of Investments	23.07	710.01
Provision for outstanding ESOS	29.22	-
	(77.15)	(581.30)
<b>Operating Profit / (Loss) before Working Capital changes</b>	<b>1,618.13</b>	<b>1,312.44</b>
Adjustments for Changes in the Working Capital		
Debtors	299.25	(428.88)
Current Assets	(59.78)	(92.17)
Loans & Advances	(393.87)	(41.52)
Current Liabilities & Provisions	(11.89)	74.68
	(166.29)	(487.89)
<b>Cash generated from Operations</b>	<b>1,451.84</b>	<b>824.55</b>
Direct Taxes (Paid) / Refund (net)	(800.99)	(80.54)
<b>Net Cash from Operating Activities (A)</b>	<b>650.85</b>	<b>744.01</b>
<b>B CASHFLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Investments	-	(34.00)
Purchase of Fixed Assets	(9.53)	(18.06)
Sale of Investments	5.39	2,061.12
Interest Received	37.43	35.71
<b>Net Cash from Investment Activities (B)</b>	<b>33.29</b>	<b>2,044.77</b>

## Consolidated Cash Flow Statement for the year ended March 31, 2018

(₹ in Lacs)

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>C CASHFLOW FROM FINANCING ACTIVITIES</b>		
Interest & Finance Charges	(1.87)	(2.22)
Proceeds from issue of shares (ESOS)	-	6.26
Application Money against warrants	2.00	-
Funds Borrowed / (Repaid) (net)	(869.61)	(2,535.65)
<b>Net Cash from Financing Activities (C)</b>	<b>(869.48)</b>	<b>(2,531.61)</b>
<b>Net Cashflow (A + B + C)</b>	<b>(185.34)</b>	<b>257.17</b>
<b>Changes in the Cash &amp; Bank Balances</b>	(185.34)	257.17
Cash and Cash Equivalents at the beginning of the year	721.07	463.90
Cash and Cash Equivalents at the end of the year	535.74	721.07

### Notes to the cash flow statement

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

As per our Report attached

For and on behalf of  
**GANDHI & ASSOCIATES LLP**  
 Chartered Accountants  
 (FRN: 102965W/W100192)

**Milind Gandhi**  
 Partner  
 Membership No. 043194  
 Mumbai, May 29, 2018

**N. Jayakumar**  
 Managing Director

**S. R. Sharma**  
 Director

For and on behalf of the Board

**Pradip Dubhashi**  
 Chairman

**Alpana Parida**  
 Director

**Anil Dharker**  
 Director

**Ajay Shah**  
 Company Secretary

Mumbai, May 29, 2018

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 1 - Property, Plant and Equipment

(₹ in Lacs)

Particulars	Tangible						Intangible	
	Building	Furniture & Fixture	Office Equipments	Vehicles	Computers	Total	Computer Software	Total
<b>Gross Block</b>								
Balance as at 1st April 2016	260.08	12.16	1.61	11.08	0.76	285.69	0.18	0.18
Additions	-	0.90	0.29	15.54	1.34	18.07	-	-
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2017</b>	<b>260.08</b>	<b>13.06</b>	<b>1.90</b>	<b>26.62</b>	<b>2.10</b>	<b>303.76</b>	<b>0.18</b>	<b>0.18</b>
<b>Balance as at 1st April 2017</b>	<b>260.08</b>	<b>13.06</b>	<b>1.90</b>	<b>26.62</b>	<b>2.10</b>	<b>303.76</b>	<b>0.18</b>	<b>0.18</b>
Additions	-	3.02	2.57	-	2.70	8.29	1.24	1.24
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2018</b>	<b>260.08</b>	<b>16.08</b>	<b>4.47</b>	<b>26.62</b>	<b>4.80</b>	<b>312.05</b>	<b>1.42</b>	<b>1.42</b>
<b>Depreciation:</b>								
<b>Balance as at 1st April 2016</b>	-	-	-	-	-	-	-	-
Change for the year	6.56	2.02	0.57	2.81	0.57	12.53	0.16	0.16
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2017</b>	<b>6.56</b>	<b>2.02</b>	<b>0.57</b>	<b>2.81</b>	<b>0.57</b>	<b>12.53</b>	<b>0.16</b>	<b>0.16</b>
<b>Balance as at 1st April 2017</b>	<b>6.56</b>	<b>2.02</b>	<b>0.57</b>	<b>2.81</b>	<b>0.57</b>	<b>12.53</b>	<b>0.16</b>	<b>0.16</b>
Change for the year	6.55	2.13	0.66	4.33	1.25	14.92	0.05	0.05
Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2018</b>	<b>13.11</b>	<b>4.15</b>	<b>1.23</b>	<b>7.14</b>	<b>1.82</b>	<b>27.45</b>	<b>0.21</b>	<b>0.21</b>
<b>Net Block:</b>								
As at 31st March, 2017	253.52	11.04	1.33	23.81	1.53	291.23	0.02	0.02
As at 31st March, 2018	246.97	11.93	3.24	19.48	2.98	284.60	1.21	1.21

#### Note:

- Net block of the Building include a residential flat of ₹246.97 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.
- The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on April 1, 2016 under the previous GAAP.

#### Deemed Cost as on 1st April 2016

(₹ in Lacs)

Particulars	Building	Furniture & Fixture	Office Equipments	Vehicles	Computers	Total	Computer Software	Total
<b>Gross Block</b>	392.80	19.79	4.63	126.89	2.99	547.10	1.29	1.29
Less : Accumulated Depreciation	132.72	7.63	3.02	115.81	2.23	261.41	1.11	1.11
<b>Net Block</b>	<b>260.08</b>	<b>12.16</b>	<b>1.61</b>	<b>11.08</b>	<b>0.76</b>	<b>285.69</b>	<b>0.18</b>	<b>0.18</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 2 - Investments

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>In Other Companies (Non-Trade)</b>			
<b>(At Fair Value through Profit &amp; Loss Account)</b>			
I) Quoted, Fully Paid-up	136.17	151.87	603.86
II) Unquoted, Fully Paid-up	200.00	200.00	2,745.06
	336.17	351.87	3,348.92
Less: Impairment in Value of Investments	200.00	200.00	200.00
<b>Total</b>	<b>136.17</b>	<b>151.87</b>	<b>3,148.92</b>

### 3 - Other Non-Current Assets

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Unsecured, Considered good</b>			
Advances other than Capital Advances			
i) Security Deposit	28.83	19.93	19.93
ii) Advance Given	327.50	327.50	-
<b>Total</b>	<b>356.33</b>	<b>347.43</b>	<b>19.93</b>

### 4 - Current Investments

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>In Other Companies</b>			
<b>(At Fair Value through Profit &amp; Loss Account)</b>			
Quoted, Fully Paid-up.	28.10	36.72	29.65
<b>Total</b>	<b>28.10</b>	<b>36.72</b>	<b>29.65</b>

### 5 - Trade Receivables

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Unsecured, Considered Good	129.63	428.88	-
<b>Total</b>	<b>129.63</b>	<b>428.88</b>	<b>-</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

## 6 - Cash and Cash Equivalents

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Cash on Hand	0.67	1.02	8.56
Balance with Banks in Current Accounts	10.07	284.70	58.87
<b>Total</b>	<b>10.74</b>	<b>285.72</b>	<b>67.43</b>

## 7 - Bank Balances other than Cash and Cash Equivalents

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Bank Deposits with 3-12 months original maturity	525.00	435.35	396.46
<b>Total</b>	<b>525.00</b>	<b>435.35</b>	<b>396.46</b>

## 8 - Current Loans

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Unsecured, Considered Good</b>			
Loans to related parties			
Associate Company	200.00	-	162.84
<b>Total</b>	<b>200.00</b>	<b>-</b>	<b>162.84</b>

## 9 - Other Current Financial Assets

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Interest receivable	6.97	5.27	5.38
Other Receivables	133.48	141.44	1,290.82
<b>Total</b>	<b>140.45</b>	<b>146.71</b>	<b>1,296.20</b>

## 10 - Other Current Assets

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Advances other than Capital Advances</b>			
Prepaid Expenses	11.69	11.93	5.69
Other Advances	158.08	106.96	1,059.83
<b>Total</b>	<b>169.77</b>	<b>118.89</b>	<b>1,065.52</b>



## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 11 - Equity Share Capital

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Authorised</b>			
3,50,00,000 (March 31, 2017 3,00,00,000, April 1, 2016 3,00,00,000) Equity Shares of ₹5/- each	1,750.00	1,500.00	1,500.00
Nil (March 31, 2017 2,00,000, April 1, 2016 2,00,000) 13% Cumulative Redeemable Preference Shares of ₹100/- each	-	200.00	200.00
18,00,000 (March 31, 2017 18,00,000, April 1, 2016 18,00,000) Unclassified Shares of ₹100/- each	1,800.00	1,800.00	1,800.00
<b>Total</b>	<b>3,550.00</b>	<b>3,500.00</b>	<b>3,500.00</b>
<b>Issued</b>			
2,72,64,525 (March 31, 2017 2,72,64,525 April 1, 2016 2,72,22,725) Equity Shares of ₹5/- each	1,363.23	1,363.23	1,361.14
<b>Total</b>	<b>1,363.23</b>	<b>1,363.23</b>	<b>1,361.14</b>
<b>Subscribed &amp; Fully Paid-up</b>			
2,65,15,325 (March 31, 2017 2,65,15,325 April 1, 2016 2,64,73,525) Equity Shares of ₹5/- each	1,325.77	1,325.77	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	4.17	4.17	4.17
(Refer Note no 35)			
<b>Total</b>	<b>1,329.94</b>	<b>1,329.94</b>	<b>1,327.85</b>

### 12 - Other Equity

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>(a) Capital Reserve</b>			
The Reserve comprises of Profits / Gains of Capital nature earned by the Company and credited directly to such Reserve At the commencement and at the end of the year	165.00	165.00	
<b>Total</b>	<b>165.00</b>	<b>165.00</b>	<b>165.00</b>
<b>(b) Capital Redemption Reserve</b>			
As per the Companies Act, 2013, the Capital Redemption Reserve is created when the Company purchases its own Shares out of Free Reserves or Securities Premium. A sum equal to the Nominal Value of the Shares so purchased is transferred to Capital Redemption Reserve At the commencement and at the end of the year	217.27	217.27	
<b>Total</b>	<b>217.27</b>	<b>217.27</b>	<b>217.27</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 12 - Other Equity

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>(c) Securities Premium Reserve</b>			
Securities Premium is used to record the premium on issue of Shares. The Reserve is utilised in accordance with the provisions of the Companies Act, 2013			
At the commencement of the year	5,316.82	5,312.64	
Add: Received during the year	-	4.18	
<b>Total</b>	<b>5,316.82</b>	<b>5,316.82</b>	<b>5,312.64</b>
<b>(d) Share Options outstanding account</b>			
The amount is provided on determination of fair value of options in accordance with requirements of Ind AS 102			
At the commencement of the year	-	-	
Add: Provided during the year	29.22	-	
<b>Total</b>	<b>29.22</b>	<b>-</b>	<b>-</b>
<b>(e) General Reserve</b>			
General Reserve forms part of the Retained Earnings and is permitted to be distributed to Shareholders as part of Dividend			
At the commencement and at the end of the year	2,400.00	2,400.00	
<b>Total</b>	<b>2,400.00</b>	<b>2,400.00</b>	<b>2,400.00</b>
<b>(f) Surplus</b>			
At the commencement of the year	(9,821.50)	(12,858.49)	
Add: Adjustment due to Restatement on fair value of Investments	-	1,695.68	
Add: Net Profit / (Loss) for the Year	1,430.48	1,341.31	
<b>Total</b>	<b>(8,391.02)</b>	<b>(9,821.50)</b>	<b>(12,858.49)</b>
<b>(g) Items of Other Comprehensive Income</b>			
<b>Remeasurement of defined benefit liability</b>			
At the commencement of the year	(39.43)	-	
Add : Remeasurement of defined benefit liability	(15.69)	(39.43)	
<b>Total</b>	<b>(55.12)</b>	<b>(39.43)</b>	<b>-</b>
<b>Total Other Equity</b>	<b>(317.83)</b>	<b>(1,761.85)</b>	<b>(4,763.58)</b>

### 13 - Borrowings - Non-Current Liabilities

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Secured Loan (For Security and terms of repayment : Refer Note no 36)</b>			
Term Loan from Bank	7.13	9.29	-
Other Loan from Bank	-	200.00	400.00
<b>Total</b>	<b>7.13</b>	<b>209.29</b>	<b>400.00</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 14 - Non-Current Provisions

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Provision for employee benefits (Refer note no 45)</b>			
Compensated Absences	193.99	181.23	155.54
<b>Total</b>	<b>193.99</b>	<b>181.23</b>	<b>155.54</b>

### 15 - Borrowings - Current Liabilities

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Secured Loan (For Security and terms of repayment : Refer Note no 36)</b>			
Loans repayable on demand from other party	-	-	6,237.11
Other Loan from Bank	97.36	-	-
<b>Unsecured</b>			
Loans repayable on demand from banks	-	-	400.00
Loans repayable on demand from other party	-	280.00	555.00
Loans and advances from related parties	490.00	1,005.00	1,099.95
<b>Total</b>	<b>587.36</b>	<b>1,285.00</b>	<b>8,292.06</b>

### 16 - Trade Payables

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
a) Due to micro, small and medium enterprise (Refer note no 37)	-	-	-
b) Due to Others	34.15	54.75	116.93
<b>Total</b>	<b>34.15</b>	<b>54.75</b>	<b>116.93</b>

### 17 - Other Current Financial Liabilities

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
a) Current maturities of Long-Term debt (Refer note no 36)	202.17	201.97	203.34
b) Application Money received for allotment of warrants	2.00	-	-
<b>Total</b>	<b>204.17</b>	<b>201.97</b>	<b>203.34</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 18 - Other current liabilities

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
a) Revenue received in Advance	2.40	2.40	2.40
b) Statutory Dues Payable (includes Provident Fund, GST, Withholding Tax etc.)	25.72	1.58	40.83
c) Outstanding Expenses Payable	13.06	258.06	284.75
d) Payable on Purchase of Investments	-	54.75	166.21
e) Other Payables	52.93	61.98	403.58
<b>Total</b>	<b>94.11</b>	<b>378.78</b>	<b>897.77</b>

### 19 - Current Provisions

(₹ in Lacs)

	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Provision for Employee Benefits (Refer note no 45)</b>			
Gratuity	17.73	12.24	4.58
Compensated Absences	17.05	16.75	14.94
<b>Total</b>	<b>34.78</b>	<b>28.99</b>	<b>19.53</b>

### 20 - Revenue from Operations

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Merchant Banking and Advisory Fees	827.18	463.00
Corporate Restructuring Advisory Fees	1,484.24	1,232.50
<b>Total</b>	<b>2,311.42</b>	<b>1,695.50</b>

### 21 - Other Income

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Brokerage Income	1.08	-
Interest Income	37.43	36.50
Net Gain / (Loss) on Sale of Investments	4.14	220.84
Appreciation in value of investments	0.86	-
Gain on Foreign Exchange Transactions	2.74	-
Rent	4.80	4.80
Reimbursement of Expenses	40.00	-
<b>Total</b>	<b>91.05</b>	<b>262.15</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 22 - Employee Benefits Expense

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Salaries	342.07	127.78
Contribution to Provident and Other Funds	6.40	4.31
Staff Welfare Expenses	5.84	6.37
<b>Total</b>	<b>354.31</b>	<b>138.46</b>

### 23 - Finance Costs

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Interest Expense	1.87	2.22
<b>Total</b>	<b>1.87</b>	<b>2.22</b>

### 24 - Other Expenses

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Electricity Expenses	3.03	3.49
Rent	47.17	39.36
Repairs & Maintenance	33.90	8.29
Insurance Premium	2.90	2.66
Rates & Taxes	0.62	1.82
Travelling & Conveyance	46.37	27.95
Consultancy & Professional Charges	108.07	57.39
Director's Sitting Fees	45.90	5.90
Auditor's Remuneration		
- For Audit Fees	7.10	7.63
- For Other Services	0.85	0.75
Corporate Social Responsibility Expenses	20.20	5.00
Diminution in Value of Investments	23.93	710.01
Miscellaneous Expenses	81.00	48.87
<b>Total</b>	<b>421.04</b>	<b>919.11</b>

### 25 - Exceptional Items

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Amounts Written Back	302.40	5,645.83
Balances Written off	(197.69)	(4,596.17)
<b>Total</b>	<b>104.71</b>	<b>1,049.66</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 26 - Tax Expenses

#### (a) Amounts recognised in Profit & Loss

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>Current income tax</b>	373.10	593.53
Adjustment in respect of current income tax of previous year	0.64	-
<b>Deferred income tax liability / (asset), net</b>		
- Origination and reversal of temporary differences	(89.23)	-
<b>Deferred tax expense</b>	<b>(89.23)</b>	<b>-</b>
Tax expense for the year	<b>283.87</b>	<b>593.53</b>
Effective tax rate for the year	16.55%	30.68%

#### (b) Amounts Recognised in Other Comprehensive Income

(₹ in Lacs)

	Year ended 31-Mar-18			Year ended 31-Mar-17		
	Before Tax	Tax (Expense) Benefit	Net of Tax	Before Tax	Tax (Expense) Benefit	Net of Tax
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit liability	(19.71)	4.02	(15.69)	(41.10)	1.67	(39.43)
	<b>(19.71)</b>	<b>4.02</b>	<b>(15.69)</b>	<b>(41.10)</b>	<b>1.67</b>	<b>(39.43)</b>

#### (c) Reconciliation of Effective Tax Rate

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>Profit Before Tax</b>	1,695.28	1,893.74
Computed Tax Expense	478.74	783.57
<b>Tax effect of:</b>		
Allowances	(12.65)	(1,347.60)
Expenses Disallowed	71.47	908.30
Capital Gains Set off against brought forward losses	(1.15)	(8.45)
Brought forward losses	(429.03)	(329.36)
MAT under Section 115JB	261.70	585.40
<b>Current Tax Provision (A)</b>	<b>369.08</b>	<b>591.86</b>
Deferred Tax Asset on account of Property, Plant and Equipment	(27.99)	-
Deferred Tax Asset on account of Retirement Benefit of Employees	(61.24)	-
<b>Deferred Tax Provision (B)</b>	<b>(89.23)</b>	<b>-</b>
Adjustment in respect of Current Income Tax of Previous Year	0.64	-
<b>Tax Expense recognised in Statement of Profit and Loss (A)+(B)+ (C)</b>	<b>280.49</b>	<b>591.86</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### (d) Movement in Deferred Tax Balances

(₹ in Lacs)

	March 31, 2018				
	Net Balance April 1, 2017	Recognised in Profit or Loss	Net Balance March 31, 2018	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred tax asset / (liabilities)</b>					
Property, plant and equipment	-	27.99	27.99	27.99	-
Employee benefits	-	61.24	61.24	61.24	-
<b>Tax assets / (Liabilities)</b>	-	<b>89.23</b>	<b>89.23</b>	<b>89.23</b>	-
Set off tax	-	-	-	-	-
<b>Net tax assets / (liabilities)</b>	-	<b>89.23</b>	<b>89.23</b>	<b>89.23</b>	-

- 1) The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- 2) Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

### 27 - Other Comprehensive Income

(₹ in Lacs)

	Year ended 31-Mar-18	Year ended 31-Mar-17
Gratuity Provision	(5.58)	(7.68)
Leave Encashment Provision	(14.13)	(33.42)
<b>Total</b>	<b>(19.71)</b>	<b>(41.10)</b>

### 28 Significant accounting policies

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

The Consolidated Financial Statements comprise the financial statements of Prime Securities Limited ("the holding Company") and its subsidiaries ("the holding Company and its subsidiaries together referred as the group") have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the section 133 of the Companies Act 2013 ("the 2013 Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Rules 2016 for all periods up to and for the year ended March 31, 2017. The Group prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements are the Group's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP") which is considered as the "Previous GAAP" for purposes of Ind AS 101. An explanation of how the transition to Ind AS has affected

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

the Group's equity and its net profit is provided in Note no 47. The financial statements were authorised for issue by the Holding Company's Board of Directors on May 29, 2018.

All the assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Group has ascertained the operating cycle to be 12 months.

### b) Principles of Consolidation:

The consolidated financial statements comprise the financial statements of Prime Securities Limited ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred as "the Group") and associate company.

#### Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exists when the Company is exposed to, or has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the Company and its subsidiaries and jointly controlled entity have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies.

Upon loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the Consolidated Statement of Profit and Loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee depending on the level of influence retained.

#### Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates.

An Associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interest in associates are accounted for using equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

#### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

The financial statements of the subsidiaries and the jointly controlled entities used for the purpose



## Notes to Consolidated Financial Statement for the year ended March 31, 2018

of consolidation are drawn upto the same reporting date as that of the Holding Company, i.e. March 31, 2018. The Subsidiary Companies and Joint ventures considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% Ownership held as at March 31, 2018	% Ownership held as at March 31, 2017
<b>Subsidiaries:</b>			
Primesec Investments Limited	India	100%	100%
Prime Commodities Broking (India) Limited	India	100%	100%
Prime Research & Adviosry Limited	India	100%	100%
<b>Associates:</b>			
Primary Cuisine Private Limited	India	24%	24%

"Minority interest" represents the amount of equity attributable to minority shareholders at the date on which investment in the subsidiary is made and its share of movements in the equity since the date the parent subsidiary relationship comes into existence.

### Functional and presentation currency

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

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial statements of the subsidiaries used for the purpose of consolidation are drawn upto the same reporting date as that of the Holding Company, i.e. March 31, 2018.

### Historical cost convention

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

- certain consolidated financial assets and liabilities (including derivative instrument) that are measured at fair value;
- defined benefit plans – plan assets measured at fair value

### c) Use of Estimates and Judgements:

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

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

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

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

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

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

- **Recognition of deferred tax assets:**

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

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

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

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

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

- **Determining whether an arrangement contains a lease**

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate. And in case of operating lease, treat all payments under the arrangement as lease payments.

- **Segment reporting:**

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

- **Fair value of financial instruments**

Derivatives are carried at fair value. Derivatives includes foreign currency forward contracts and interest rate swaps. Fair valued of foreign currency forward contracts are determined using the fair value reports provided by respective merchant bankers. Fair value of interest rate swaps are determined with respect to current market rate of interest.

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

- **Measurement of fair values:**

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

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

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

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

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

- **Recognition and measurement:**

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

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

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

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

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

The cost of the property, plant and equipment's at 1st April 2016, the Group's date of transition to Ind AS, was determined with reference to its carrying value at that date.

e) **Depreciation:**

- Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act, 2013;

Useful life of Property Plant and Equipment are reviewed at each balance sheet date and adjusted prospectively, if appropriate.

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

- Depreciation on addition to assets or on sale /discardment of assets, is calculated pro rata from the date of such addition or upto the date of such sale/discardment, as the case may be;
- Individual assets except assets given on lease acquired for less than ₹5,000/- are depreciated entirely in the year of acquisition.

### f) Intangible Fixed Assets:

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

All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

The cost of intangible assets at April 1, 2016, the Group's date of transition to Ind AS, was determined with reference to its carrying value at that date.

### g) Financial Instruments:

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

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

#### Financial Assets:

##### Classification:

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

##### Initial recognition and measurement:

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

##### Equity investments:

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

If the Group decides to classify an equity instrument as FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

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

### **Derecognition:**

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

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

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

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

### **Impairment of financial assets:**

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- b) Trade receivables - The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

### **Financial liabilities:**

#### **Classification**

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

#### **Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

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

### **Derecognition:**

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

### **Offsetting of financial instruments:**

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

## **h) Employee Benefits:**

### **Short Term Employee Benefits:**

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

### **Post Employment / Retirement Benefits:**

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

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

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

### **Other Long Term Employee Benefits:**

#### **Compensated Absences:**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

year end. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

### i) Foreign Exchange Transactions:

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

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

### j) Borrowing Costs:

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

### k) Recognition of Income and Expenditure:

- i) Merchant Banking and Advisory Fees are accrued as per the terms of contract except where there is uncertainty as to their realization.
- ii) Revenue/Income and Cost/Expenditure are accounted on accrual as they are earned or incurred, except in case of significant uncertainties.
- iii) Dividend income is recognised when the right to receive is established.
- iv) Interest income is recognised on accrual basis.
- v) Gain or losses on sale of investments are recognized on trade dates by comparing the sales realization with the weighted average cost of such investment.

### l) Leases:

#### Lease payments:

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

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

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

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

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

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

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

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

### n) Cash and cash equivalents:

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

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

### o) Taxation:

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

#### i) Current tax:

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

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

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

#### ii) Deferred tax:

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

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



## Notes to Consolidated Financial Statement for the year ended March 31, 2018

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

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

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

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

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

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 29 Contingent Liabilities to the extent not provided for in respect of:

(₹ in Lacs)

Sr. No.	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
i)	Demands raised by Tax Authorities against which the Company has preferred appeals	13.18	13.18	276.29
ii)	Corporate guarantee given for financial facilities for subsidiaries	-	-	15.00
iii)	Claims made not acknowledged as debts	-	1,855.99	4,004.56

30 A winding up order has been passed by Hon'ble High Court at Bombay and Official Liquidator has been appointed in respect of one of the subsidiary viz., Prime Broking Company (India) Limited. In view thereof, the Company has ceased to exercise control over the said subsidiary. Accordingly, the consolidated financial statements does not include the financial results of the said subsidiary as it has failed to meet the test for consolidation.

31 In the earlier financial years, the group had written-back ₹1,400 Lacs as in the opinion of the management, the same was no longer payable. The Company has been legally advised that there will be no liability due as the debt had become time-barred.

32 The Group has written back an outstanding payable of ₹219.07 lacs by crediting the statement of Profit & Loss as the same was no longer payable in the opinion of the management.

33 In the earlier financial year, the Group has reinstated an advance of ₹327.50 lacs which was previously written-off as not recoverable. The management is hopeful of recovery of the same.

34 The Group has written back a liability of ₹24.74 lacs by crediting the statement of Profit & Loss as the same was no longer payable pursuant to a one time settlement with the creditor.

### 35 Share capital:

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

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

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

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares held	% of Holding	No. of shares held	% of Holding	No. of shares held	% of Holding
Judith Investments Private Limited	17,83,497	6.73	26,83,497	10.12	26,83,497	10.14
N. Jayakumar	31,24,759	11.78	20,84,759	7.86	20,84,759	7.87
Videocon Industries Limited	-	-	-	-	17,62,565	6.66

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

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

Particulars	2017-18		2016-17		2015-16	
	Numbers	₹ in Lacs	Numbers	₹ in Lacs	Numbers	₹ in Lacs
Opening Balance	2,65,15,325	1,329.94	2,64,73,525	1,327.85	2,64,73,525	1,327.85
Add: Shares issued during the year	-	-	41,800	2.09	-	-
Closing Balance	2,65,15,325	1,329.94	2,65,15,325	1,329.94	2,64,73,525	1,327.85

### 35 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 1,06,400 (Previous year 2,53,200) Equity Shares of ₹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 ₹5/- per share to the eligible employees on the recommendation of the Compensation Committee at an exercise price of ₹38/-.

#### ESOS 2008 Scheme

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

#### ESOS 2009 Scheme

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

Particulars/ (Exercise Price)	ESOS 2007 (₹38/-)		ESOS 2008 (₹15/-)		ESOS 2009 (₹38/-)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options outstanding, beginning of the Year	40,000	80,000	-	88,400	2,13,200	3,20,000
Add: Granted during the Year	-	-	-	-	-	-
Less: Exercised during the Year	-	-	-	41,800	-	-
Less: Lapsed during the Year	40,000	40,000	-	46,600	1,06,800	1,06,800
Options outstanding, end of the Year	-	40,000	-	-	1,06,400	2,13,200

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

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

Sr. No.	Particulars	2017-18
(A)	Weighted average risk-free rate	8.10%
(B)	Weighted average expected life of options	8 years
(C)	Weighted average expected volatility	64.25%
(E)	Weighted average share price	₹37.05 Per Share
(F)	Weighted average exercise price	₹38 Per Share
(G)	Method used to determine expected volatility	Based on the returns generated on equity shares of Company for the period from 2005 to 2010

Expense on Employee Stock Options Scheme debited to the Statement of Profit and Loss during the year is ₹29.22 Lakhs

### 36 Borrowings:

#### (A) Secured loans:

##### a) Term Loan from Bank:

Term loan of ₹9.29 Lakhs (March 31, 2017 ₹11.26 lakhs) from the Bank is secured against Vehicle of the Company.

##### b) Other Loan from Bank:

Other Loan from Bank of ₹200 Lakhs (March 31, 2017 ₹400 Lakhs, April 01, 2016 ₹600 Lakhs) is secured against pledge of shares of other parties. Overdraft against Fixed Deposit from Bank of ₹97.36 Lakhs (March 31, 2017 ₹ Nil, April 01, 2016 ₹ Nil) is secured against Fixed Deposit of the Bank.

##### c) Term of Repayment

Term Loan from Bank is repayable in equal monthly instalment, the last instalment is due on December 1, 2021 as per repayment schedule having interest rate of 9.50% p.a. Other Loan from bank of ₹200 Lakhs is interest free and repayable in equal yearly instalment, the last instalment is due on December 31, 2018. Overdraft against Fixed Deposit from Bank having interest rate of 7.85% is repayable on demand.

#### (B) Unsecured loans:

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

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 37 Dues to micro and small suppliers:

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, there are no outstanding dues to the Micro and Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
Principal amount remaining unpaid to any supplier as at the year end	-	-	-
Interest due thereon	-	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED	-	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-

### 38 Related Party Disclosures:

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

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

<b>Associate Companies:</b>	Gateway Entertainment Limited
	Judith Investments Private Limited
	Primary Cuisine Private Limited
<b>Key Management Personnels:</b>	Mr. N. Jayakumar
	Mr. Ajay Shah
<b>Independent Directors:</b>	Mr. Pradip Dubhashi
	Mr. S R Sharma
	Mr. Anil Dharker
	Ms. Alpana Parida
<b>Relative of Key Management Personnel:</b>	Mrs. Madhu Jayakumar

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

The following transactions were carried out with the related parties in the ordinary course of business during the year 2017-2018: (₹ in Lacs)

Sr. No.	Nature of Transaction	Relationship	Transactions	
			Current Year	Previous Year
1	Interest free Inter corporate deposit received from Gateway Entertainment Limited - Write back of ICD no longer payable	Associate Company	30.00	-
2	Remuneration paid to Key Managerial Personnel	Key Management Personnel	178.03	66.28
3	Sitting Fees for Board and Committee Meetings to Independent Directors	Key Management Personnel	45.90	5.90
4	Shares issued to Key Managerial Personnel	Key Management Personnel	-	2.49
5	Loan given to / received back from Primary Cuisine Private Limited - Loan given - Loan Received back	Associate Company	300.00 100.00	5.57 168.41
6	Repayment of Interest free unsecured loan received from Mr. N Jayakumar	Key Management Personnel	430.00	94.95
7	Repayment of Interest free unsecured Inter Corporate Deposit from Judith Investments Private Limited	Associate Company	85.00	-

### Outstanding Balance (₹ in Lacs)

Sr. No.	Nature of Transaction	Relationship	Balance as on	
			March 31, 2018	March 31, 2017
1	Interest free Inter corporate deposit from Gateway Entertainment Limited	Associate Company	-	30.00 (Credit)
2	Interest free unsecured loan from Mr N Jayakumar	Key Management Personnel	-	430.00 (Credit)
3	Interest free unsecured Inter Corporate Deposit from Judith Investments Private Limited	Associate Company	490.00 (Credit)	575.00 (Credit)

#### Note:

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

### 39 Operating Lease in respect of Assets taken on Lease:

(₹ in Lacs)

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
i)	Total of future minimum lease payments		
a)	Not later than one year	55.56	33.49
b)	Later than one year and not later than five years	67.26	51.30
ii)	Lease payments recognised in the Profit and Loss account	47.17	39.36

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

40 The Company has only one segment i.e. corporate advisory services. There are no separate reportable segments as required by IND AS 108 – Operating Segments.

### 41 Subsequent Events :

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

### 42 Corporate Social Responsibility

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

(a) Gross amount required to be spent by the Company during the year 2017-18 ₹20.35 lakhs (Previous year ₹ Nil).

(b) Amount spent during the year on: (₹ in Lacs)

Particulars	2017-18	2016-17	2015-16
(i) Construction / acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	20.20	5.00	

### 43 Financial instruments – Fair values and risk management

#### A) Accounting classification and fair values

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

(₹ in Lacs)

March 31, 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non Current Investments *	136.17	-	-	136.17	-	-	-	-
Security Deposits	-	-	28.83	28.83	-	28.83	-	28.83
Advance Given	-	-	327.50	327.50	-	-	-	-
Quoted Equity Shares	28.10	-	-	28.10	-	-	-	-
Trade receivables	-	-	129.63	129.63	-	-	-	-
Cash and cash equivalents	-	-	10.74	10.74	-	-	-	-
Other Bank Balance	-	-	525.00	525.00	-	-	-	-
Loans	-	-	200.00	200.00	-	200.00	-	200.00
Other Current Financial Assets	-	-	140.45	140.45	-	-	-	-
	<b>164.27</b>	<b>-</b>	<b>1,362.15</b>	<b>1,526.42</b>	<b>-</b>	<b>228.83</b>	<b>-</b>	<b>228.83</b>
<b>Financial liabilities</b>								
Non - current borrowings	-	-	7.13	7.13	-	7.13	-	7.13
Current borrowings	-	-	587.36	587.36	-	-	-	-
Trade and other payables	-	-	34.14	34.14	-	-	-	-
Other Current financial liabilities	-	-	204.17	204.17	-	-	-	-
	<b>-</b>	<b>-</b>	<b>832.80</b>	<b>832.80</b>	<b>-</b>	<b>7.13</b>	<b>-</b>	<b>7.13</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

(₹ in Lacs)

March 31, 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non Current Investments *	151.87	-	-	151.87	-	-	-	-
Security Deposits	-	-	19.93	19.93	-	19.93	-	19.93
Advance Given	-	-	327.50	327.50	-	-	-	-
Quoted Equity Shares	36.72	-	-	36.72	-	-	-	-
Trade receivables	-	-	428.88	428.88	-	-	-	-
Cash and cash equivalents	-	-	285.72	285.72	-	-	-	-
Other Bank Balance	-	-	435.35	435.35	-	-	-	-
Other Current Financial Assets	-	-	146.71	146.71	-	-	-	-
	<b>188.59</b>	<b>-</b>	<b>1,644.09</b>	<b>1,832.68</b>	<b>-</b>	<b>19.93</b>	<b>-</b>	<b>19.93</b>
<b>Financial liabilities</b>								
Non - current borrowings	-	-	209.29	209.29	-	209.29	-	209.29
Current borrowings	-	-	1,285.00	1,285.00	-	-	-	-
Trade and other payables	-	-	54.75	54.75	-	-	-	-
Other Current financial liabilities	-	-	201.97	201.97	-	-	-	-
	<b>-</b>	<b>-</b>	<b>1,751.01</b>	<b>1,751.01</b>	<b>-</b>	<b>209.29</b>	<b>-</b>	<b>209.29</b>

(₹ in Lacs)

April 1, 2016	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non Current Investments *	3,148.92	-	-	3,148.92	-	-	-	-
Security Deposits	-	-	19.93	19.93	-	19.93	-	19.93
Quoted Equity Shares	29.65	-	-	29.65	-	-	-	-
Cash and cash equivalents	-	-	67.43	67.43	-	-	-	-
Other Bank Balance	-	-	396.46	396.46	-	-	-	-
Loans	-	-	162.84	162.84	-	162.84	-	162.84
Other Current Financial Assets	-	-	1,296.20	1,296.20	-	-	-	-
	<b>3,178.56</b>	<b>-</b>	<b>1,942.87</b>	<b>5,121.43</b>	<b>-</b>	<b>182.77</b>	<b>-</b>	<b>182.77</b>
<b>Financial liabilities</b>								
Non - current borrowings	-	-	400.00	400.00	-	400.00	-	400.00
Current borrowings	-	-	8,292.06	8,292.06	-	-	-	-
Trade and other payables	-	-	116.93	116.93	-	-	-	-
Other Current financial liabilities	-	-	203.34	203.34	-	-	-	-
	<b>-</b>	<b>-</b>	<b>9,012.32</b>	<b>9,012.32</b>	<b>-</b>	<b>400.00</b>	<b>-</b>	<b>400.00</b>

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



## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### B) Measurement of fair values:

#### Valuation techniques and significant unobservable inputs

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

#### Financial instruments measured at fair value

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

### C) Financial risk management

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

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

#### i) Risk management framework

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

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

#### ii) Credit risk

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

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

#### Trade receivables and loans and advances.

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

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

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

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

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

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

### Impairment:

At March 31, 2018, the ageing of trade receivables was as follows.

Particulars	Carrying amount (₹ in lacs)		
	March 31, 2018	March 31, 2017	April 1, 2016
Neither past due nor impaired	-	226.10	-
Past due 1-90 days	126.35	10.50	-
Past due 91-180 days	-	-	-
Past due 181-365 days	-	192.28	-
Past due 366 days	3.28	-	-
	<b>129.63</b>	<b>428.88</b>	-

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

### Cash and cash equivalents and other Bank balances

The Company held cash and cash equivalents and other bank balances of ₹10.74 lacs as on March 31, 2018 (March 31, 2017: ₹285.72 lacs and April 1, 2016: ₹67.43 lacs). The cash and cash equivalents are held with banks with good credit ratings.

### Loans and Advances:

The Company held Loans and advances of ₹340.45 lacs as on March 31, 2018 (March 31, 2017: ₹146.71 lacs and April 1, 2016: ₹1459.03 lacs). The loans and advances are in nature of rent deposit paid to landlords and advances to other parties and are fully recoverable in the opinion of management.

### iii) Liquidity risk

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

### Maturity profile of financial liabilities

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

(₹ in Lacs)

March 31, 2018	Carrying amount	Contractual cash flows					
		Total	less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	594.49	594.49	587.36	-	5.00	2.13	-
Trade and other payables	34.15	34.15	34.15	-	-	-	-
Other financial liabilities	204.17	204.17	202.00	2.17	-	-	-

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

(₹ in Lacs)

March 31, 2017	Carrying amount	Contractual cash flows					
		Total	less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	1,494.29	1,494.29	1,285.00	-	204.54	4.75	-
Trade and other payables	54.75	54.75	54.75	-	-	-	-
Other financial liabilities	201.97	201.97	0.97	201.00	-	-	-

(₹ in Lacs)

April 1, 2016	Carrying amount	Contractual cash flows					
		Total	less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	8,692.06	8,692.06	4,467.11	-	400.00	3,824.95	-
Trade and other payables	116.93	116.93	116.93	-	-	-	-
Other financial liabilities	203.34	203.34	1.68	201.66	-	-	-

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

#### iv) Market risk

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

#### Currency risk

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

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

The currency profile of financial assets and financial liabilities as at March 31, 2018 are as below:

March 31, 2018	GBP
<b>Financial assets</b>	
Trade and other receivables	66,600
	<b>66,600</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

**44 Capital Management**

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

The Company monitors capital using debt to equity ratio.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-Current Borrowings	7.13	209.29	400.00
Current Borrowings	587.36	1,285.00	8,292.06
Current maturity of long term debt	202.17	201.97	203.34
<b>Gross Debt</b>	<b>796.65</b>	<b>1,696.26</b>	<b>8,895.40</b>
Total equity	1,012.11	(431.91)	(3,435.73)
Adjusted Net debt to equity ratio	0.79	(3.93)	(2.59)

**45 Employee Benefits**

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

**(i) Defined Contribution Plans:**

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

The Company recognised ₹6.40 lacs for year ended March 31, 2018 (₹4.31 lacs for year ended March 31, 2017) provident fund contributions in the Statement of Profit and Loss.

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

**(ii) Defined Benefit Plan:****Gratuity**

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

**(A)**

(₹ in Lacs)

Particulars	Gratuity		
	March 31, 2018	March 31, 2017	April 1, 2016
Defined benefit obligation	56.15	48.15	25.60
Fair value of Plan Assets at the end of the year	39.55	23.31	21.02
Net Obligation at the end of the year	16.60	24.84	4.58

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

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

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

Particulars	Defined benefit obligation		Fair value of plan assets			Gratuity			Net defined benefit (asset) liability	
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2017	April 1, 2016
<b>Opening balance</b>	48.15	37.29	13.27	34.90	19.37	24.84	2.39	(6.10)		
Included in profit or loss	-	-	9.96	-	-	-	-	9.96		
Current service cost	8.57	7.24	1.31	-	-	8.57	7.24	1.31		
Past service cost	-	-	-	-	-	-	-	-		
Interest cost (income)	3.54	2.98	1.06	1.71	1.55	1.83	0.19	(0.49)		
	<b>60.26</b>	<b>47.51</b>	<b>25.60</b>	<b>37.69</b>	<b>20.92</b>	<b>35.24</b>	<b>9.82</b>	<b>4.68</b>		
<b>Included in OCI</b>										
Remeasurement loss (gain):	-	-	-	-	-	-	-	-		
Actuarial loss / (gain) arising from:	4.12	(0.64)	-	(0.17)	(0.09)	4.29	(15.74)	0.09		
Demographic assumptions	-	-	-	-	-	-	-	-		
Financial assumptions	-	-	-	-	-	-	-	-		
Experience adjustment	-	-	-	-	-	-	-	-		
Return on plan assets excluding interest income	-	-	-	-	-	-	-	-		
	<b>56.14</b>	<b>48.15</b>	<b>25.60</b>	<b>25.19</b>	<b>21.01</b>	<b>30.95</b>	<b>25.56</b>	<b>4.59</b>		
<b>Other</b>										
Contributions paid by the employer	-	-	-	14.36	0.73	(14.36)	(0.73)	-		
Benefits paid	-	-	-	-	-	-	-	-		
<b>Closing balance</b>	<b>56.14</b>	<b>48.15</b>	<b>25.60</b>	<b>39.55</b>	<b>21.02</b>	<b>16.59</b>	<b>24.83</b>	<b>4.59</b>		
Represented by										
Net defined benefit asset	-	-	-	-	-	(39.55)	(23.31)	(21.02)		
Net defined benefit liability	-	-	-	-	-	56.15	48.15	25.60		
	-	-	-	-	-	<b>16.60</b>	<b>24.84</b>	<b>4.58</b>		

(₹ in Lacs)

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

## C) Plan assets

Plan assets comprise the following:

(₹ in Lacs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Fund managed by Insurance Company	39.55	23.31	21.02
	<b>39.55</b>	<b>23.31</b>	<b>21.02</b>

## D) Defined benefit obligations

## i) Actuarial assumptions

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

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate	7.88%	7.36%	7.96%
Expected Rate of Return on Plan Assets	7.88%	7.36%	7.96%
Salary escalation rate	5%	5%	5%
Employee Turnover	2%	2%	2%
Mortality rate	N.A.	N.A.	N.A.
	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.

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

## ii) Sensitivity analysis

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

Particulars	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4.01)	4.58	(4.01)	4.62
Future salary growth (1% movement)	4.67	(4.16)	4.68	(4.14)
Rate of employee turnover (1% movement)	0.66	(0.75)	0.43	(0.52)

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

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### Expected future cash flows

The expected future cash flows in respect of gratuity as at March 31, 2018 were as follows

### Expected contribution

The expected contributions for defined benefit plan for the next financial year will be in line with the contribution for the year ended March 31, 2018, i.e. ₹14.36 lacs

Expected future benefit payments	(₹ in lacs)
March 31, 2019	1.21
March 31, 2020	1.83
March 31, 2021	1.91
March 31, 2022	28.00
March 31, 2023	1.24
Thereafter	84.23

### Compensated Absences:

The Compensated Absences is payable to all eligible employees for each day of accumulated leave on death or on resignation. Compensated Absences debited to Statement of Profit and Loss during the year amounts to ₹14.13 lacs (March 31, 2017 ₹ 33.42 lacs) and is included in Note 27 - 'Other Comprehensive Income'. Accumulated non-current provision for leave encashment aggregates ₹193.99 lacs (March 31, 2017 ₹181.23 lacs and April 1, 2016 ₹155.54 lacs) and current provision aggregates ₹17.05 lacs (March 31, 2017 ₹16.75 lacs and April 1, 2016 ₹14.94 lacs).

## 46 Earnings per share (EPS)

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

### a) Profit attributable to Equity holders of Company (₹ in Lacs)

Particulars	March 31, 2018	March 31, 2017
Continuing operations	1,430.48	1,341.31
Profit attributable to equity holders of the Company for basic earnings	1,430.48	1,341.31
Profit attributable to equity holders of the Company adjusted for the effect of dilution	1,430.48	1,341.31

### b) Weighted average number of ordinary shares

Particulars	March 31, 2018	March 31, 2017
Issued ordinary shares at April 1	2,65,15,325	2,64,73,525
Effect of shares issued for cash	-	41,800
Weighted average number of shares at March 31 for basic and Diluted EPS	2,65,15,325	2,65,15,325

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### c) Basic and Diluted earnings per share

(₹ in Lacs)

Particulars	March 31, 2018	March 31, 2017
Basic earnings per share	5.39	5.06
Diluted earnings per share	5.39	5.06

## 47 First-time adoption of Ind AS

### A) Transition to Ind AS

For the purposes of reporting as set out in Note 28, the Company has transitioned the basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note no. 28 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the "transition date").

In preparing the opening Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, the Company did not revise estimates previously made under IGAAP except where required by Ind AS.

### B) Exemptions and exceptions availed

#### 1) Ind AS mandatory exceptions

##### 1.1) Estimates

The estimates at April 1 2016 and March 31 2017 are consistent with those made for the same dates in accordance with the Indian GAAP (after adjustments to reflect any differences if any, in accounting policies). The Company has made estimates for following items in accordance with Ind AS at the date of transition as these were not required under IGAAP:

- 1) Investment in equity instruments carried at FVTPL;

##### 1.2) Classification and measurement of financial assets

The Company has classified and measured the financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

#### 2) Ind AS optional exemptions

##### 2.1) Deemed cost

The Company has elected to continue with the carrying value for all of its property, plant and equipment, intangible assets recognised in the financial statements as the deemed cost at the date of transition to Ind AS, measured as per the IGAAP

##### 2.2) Deemed cost for investments in subsidiaries and Joint Ventures

The Company has elected to continue with the carrying value of its investments in subsidiaries as recognised in the financial statements as at the date of transition to Ind AS.

Accordingly, the Company has measured all its investments in subsidiaries at their IGAAP carrying value.



## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### C) Reconciliation between IGAAP and Ind AS:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following table represent the reconciliation from IGAAP to Ind AS

### I) Reconciliation of equity as at April 1, 2016

(₹ in Lacs)

Particulars	Footnote No.	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
<b>ASSETS</b>				
<b>1) Non-current assets</b>				
(a) Property, Plant and Equipment		285.69	-	285.69
(b) Capital work-in-progress		-	-	-
(c) Other Intangible assets		0.18	-	0.18
(d) Financial Assets				
(i) Investments in Subsidiaries		-	-	-
(ii) Investments	2	4,844.60	(1,695.68)	3,148.92
(e) Non-Current Advance Tax Assets (Net)		176.62	-	176.62
(f) Other non-current assets		19.93	-	19.93
<b>Total non current assets</b>		<b>5,327.02</b>	<b>(1,695.68)</b>	<b>3,631.34</b>
<b>2) Current Assets</b>				
(a) Financial Assets				
(i) Investments	2	29.65	-	29.65
(ii) Trade Receivables		-	-	-
(iii) Cash and Cash Equivalents		67.43	-	67.43
(iv) Bank Balance other than (iii) above		396.46	-	396.46
(v) Loans		162.84	-	162.84
(vi) Other Financial Assets		1,296.19	-	1,296.19
(b) Other current assets		1,065.52	-	1,065.52
<b>Total current assets</b>		<b>3,018.10</b>	<b>-</b>	<b>3,018.10</b>
<b>TOTAL ASSETS</b>		<b>8,345.12</b>	<b>(1,695.68)</b>	<b>6,649.44</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1) Equity</b>				
(a) Equity share capital		1,327.85	-	1,327.85
(b) Other equity	2	(3,067.90)	(1,695.68)	(4,763.58)
<b>Total Equity</b>		<b>(1,740.05)</b>	<b>(1,695.68)</b>	<b>(3,435.73)</b>
<b>2) Non current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		400.00	-	400.00
(b) Provisions		155.54	-	155.54
<b>Total non current liabilities</b>		<b>555.54</b>	<b>-</b>	<b>555.54</b>
<b>3) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		8,292.06	-	8,292.06
(ii) Trade payables		116.93	-	116.93
(iii) Other financial liabilities		203.34	-	203.34
(b) Other current liabilities		897.76	-	897.76
(c) Provisions		19.53	-	19.53
<b>Total Current liabilities</b>		<b>9,529.62</b>	<b>-</b>	<b>9,529.62</b>
<b>Total liabilities</b>		<b>10,085.16</b>	<b>-</b>	<b>10,085.16</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,345.12</b>	<b>(1,695.68)</b>	<b>6,649.44</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### II) Reconciliation of equity as at March 31, 2017

(₹ in Lacs)

Particulars	Footnote No.	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
<b>ASSETS</b>				
<b>1) Non-current assets</b>				
(a) Property, Plant and Equipment		291.23	-	291.23
(b) Capital work-in-progress		-	-	-
(c) Other Intangible assets		0.02	-	0.02
(d) Financial Assets		-	-	-
(i) Investments in Subsidiaries		-	-	-
(ii) Investments	2	848.92	(697.05)	151.87
(e) Non-Current Advance Tax Assets (Net)		-	-	-
(f) Other non-current assets		347.43	-	347.43
<b>Total non current assets</b>		<b>1,487.60</b>	<b>(697.05)</b>	<b>790.55</b>
<b>2) Current Assets</b>				
(a) Financial Assets				
(i) Investments		14.68	22.04	36.72
(ii) Trade Receivables		428.88	-	428.88
(iii) Cash and Cash Equivalents		285.72	-	285.72
(iv) Bank Balance other than (iii) above		435.35	-	435.35
(v) Loans		-	-	-
(vi) Other Financial Assets		146.71	-	146.71
(b) Other current assets		118.89	-	118.89
<b>Total current assets</b>		<b>1,430.23</b>	<b>22.04</b>	<b>1,452.27</b>
<b>TOTAL ASSETS</b>		<b>2,917.83</b>	<b>(675.01)</b>	<b>2,242.82</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1) Equity</b>				
(a) Equity share capital		1,329.94	-	1,329.94
(b) Other equity	2	(1,086.84)	(675.01)	(1,761.85)
<b>Total Equity</b>		<b>243.10</b>	<b>(675.01)</b>	<b>(431.91)</b>
<b>2) Non current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		209.29	-	209.29
(b) Provisions		181.23	-	181.23
<b>Total non current liabilities</b>		<b>390.52</b>	<b>-</b>	<b>390.52</b>
<b>3) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		1,285.00	-	1,285.00
(ii) Trade payables		54.75	-	54.75
(iii) Other financial liabilities		201.97	-	201.97
(b) Other current liabilities		378.78	-	378.78
(c) Provisions		28.99	-	28.99
Current tax liabilities (Net)		334.72	-	334.72
<b>Total Current liabilities</b>		<b>2,284.21</b>	<b>-</b>	<b>2,284.21</b>
<b>Total liabilities</b>		<b>2,674.73</b>	<b>-</b>	<b>2,674.73</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,917.83</b>	<b>(675.01)</b>	<b>2,242.82</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### III) Reconciliation of Profit and Loss Account as on March 31, 2017

(₹ in Lacs)

Particulars	Footnote No.	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
I. Revenue from Operations		1,695.50	-	1,695.50
II. Other income		262.15	-	262.15
<b>III. Total Revenue (I+II)</b>		<b>1,957.65</b>	<b>-</b>	<b>1,957.65</b>
<b>IV. Expenses</b>				
Employee Benefits Expenses	1	179.56	(41.10)	138.46
Finance costs		2.22	-	2.22
Depreciation and Amortization Expenses		12.68	-	12.68
Other Expenses	2	209.11	710.00	919.11
<b>Total Expenses</b>		<b>403.57</b>	<b>668.90</b>	<b>1,072.47</b>
<b>V. Profit/(loss) before Exceptional Items and taxes</b>		<b>1,554.08</b>	<b>(668.90)</b>	<b>885.18</b>
VI. Exceptional Items		1,049.66	-	1,049.66
<b>VII. Profit/(loss) before Tax</b>		<b>2,603.74</b>	<b>(668.90)</b>	<b>1,934.84</b>
<b>VIII. Tax expense:</b>				
1. Current Tax		591.88	1.65	593.53
2. Deferred Tax		-	-	-
3. Tax for Earlier years		-	-	-
<b>IX. Profit/(Loss) for the period from continuing operations</b>		<b>2,011.86</b>	<b>(670.55)</b>	<b>1,341.31</b>
<b>X. Profit/(Loss) for the period</b>		<b>2,011.86</b>	<b>(670.55)</b>	<b>1,341.31</b>
<b>XI. Other comprehensive income</b>				
<b>A (i) Items that will not be reclassified to profit or loss</b>				
Remeasurements of defined benefit liability (asset)	1	-	(41.10)	(41.10)
Income tax effect on above		-	1.67	1.67
<b>B (i) Items that will be reclassified to profit or loss</b>				
Effective portion of (Loss)/Gain on hedging instrument in a cash flow hedge		-	-	-
Other comprehensive income (net of tax)		-	-	-
<b>XII. Total comprehensive income for the period</b>		<b>2,011.86</b>	<b>(709.98)</b>	<b>1,301.88</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 1) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under IGAAP the Company recognised actuarial gains and losses in profit and loss. However this has no impact on the total comprehensive income and total equity as on April 1, 2016 or as on March 31, 2017. The Employee Benefit Expenses and Other Comprehensive Income were reduced by ₹41.10 lacs each.

### 2) Fair Valuation of Investments

Under IGAAP, Non-Current Investments (including Investments in Subsidiaries) were carried at cost less provision, if any, for diminution which is considered other than temporary in nature. Current Investments were valued at lower of cost and fair value. Under Ind AS, these Investment are measured at fair value. The resulting fair value of changes of these investments have been recognised in the retained earnings as at the day of transition and subsequently in the profit or loss for the year ended March 31, 2017

### IV) Adjustments to Statement of Cash Flows

There were no material differences between the statement of Cash Flows presented under Ind AS and IGAAP

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

### 48 Additional Information to be given as required under Schedule III of the 2013, of enterprises consolidated as Subsidiary (₹ in Lacs)

Sr. No.	Particulars	March 31, 2018				March 31, 2017				Total Comprehensive Income							
		Net Assets i.e Total Assets minus Total Liabilities		Share In Profit		Other Comprehensive Income		Total Comprehensive Income									
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of OCI	Amount	As % of OCI	As % of consolidated Total Comprehensive income		Amount						
	Prime Securities Limited	536.07%	5425.62	24.27%	347.20	95.86%	-15.04	23.48%	332.16	-1077%	5029.25	-52%	-690.96	83.41%	-32.89	-55.60%	-723.85
	Subsidiary Company																
1	Primesec Investments Limited	-421.20%	-4263.02	60.38%	863.72	4.14%	-0.65	61.00%	863.07	1098%	-5126.09	158%	2120.57	16.59%	-6.54	162.38%	2114.03
2	Prime Commodities Broking (India) Limited	8.28%	83.83	0.84%	11.96	0.00%	-	0.85%	11.96	-15%	71.87	1%	13.07	0.00%	-	100%	13.07
3	Prime Research & Advisory Limited	-23.15%	-234.32	14.51%	207.61	0.00%	-	14.67%	207.61	95%	-441.94	-8%	-101.38	0.00%	-	-7.79%	-101.38
	<b>Total</b>	<b>100.00%</b>	<b>1012.11</b>	<b>100.00%</b>	<b>1430.49</b>	<b>100.00%</b>	<b>-15.69</b>	<b>100.00%</b>	<b>1414.80</b>	<b>100%</b>	<b>-466.91</b>	<b>100%</b>	<b>1341.30</b>	<b>100.00%</b>	<b>-59.43</b>	<b>100.00%</b>	<b>1301.87</b>

\* The above figures are after eliminating intra group transactions and intra group balances as at March 31, 2018

## Notes to Consolidated Financial Statement for the year ended March 31, 2018

49 Previous year figures have been re-group / reclassified wherever necessary.

As per our Report attached

For and on behalf of

**GANDHI & ASSOCIATES LLP**

*Chartered Accountants*

(FRN: 102965W/W100192)

**Milind Gandhi**

*Partner*

Membership No. 043194

Mumbai, May 29, 2018

For and on behalf of the Board

**N. Jayakumar**

*Managing Director*

**Pradip Dubhashi**

*Chairman*

**Anil Dharker**

*Director*

**S. R. Sharma**

*Director*

**Alpana Parida**

*Director*

**Ajay Shah**

*Company Secretary*

Mumbai, May 29, 2018

## Financial Statement of Subsidiaries / Associate Companies / Joint Ventures

### Salient features of the financial statements of Subsidiaries / Associate Companies / Joint Ventures

(Pursuant to the first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 -AOC-1)

#### Part 'A' : Subsidiaries

Sr. No.	Name of the Subsidiary Country	Date of Acquisition	Reporting Period	Reporting Currency	Exchange Rate (₹)	Share Capital (₹ in lacs)	Reserves & Surplus (₹ in lacs)	Total Assets (₹ in lacs)	Total Liabilities (₹ in lacs)	Investments (₹ in lacs)	Turnover (₹ in lacs)	Profit / (Loss) before Taxation (₹ in lacs)	Provision for Taxation (₹ in lacs)	Profit / (Loss) after Taxation (₹ in lacs)	Proposed Dividend	% of Shareholding
1	Primesec Investments Limited	15-Nov-07	1-Apr-17-31-Mar-18	INR	N.A.	163.60	(4,426.62)	597.04	4,860.06	102.99	1,485.17	1,098.72	235.00	863.72	Nil	100%
2	Prime Research & Advisory Limited	03-Mar-93	1-Apr-17-31-Mar-18	INR	N.A.	35.00	(269.32)	8.46	242.78	-	1.08	274.61	67.00	207.61	Nil	100%
3	Prime Commodities Broking (India) Limited	24-Apr-06	1-Apr-17-31-Mar-18	INR	N.A.	50.00	33.83	532.29	448.47	-	34.51	16.06	4.10	11.96	Nil	100%

Note: Prime Broking Company (India) Limited (100% subsidiary) operates under severe long-term restrictions which significantly impairs its ability to transfer funds to the parent Company and therefore having failed to meet test for consolidation, the consolidated financial statement for the year ended March 31, 2018 does not include financial results of Prime Broking Company (India) Limited.

### Part B - Associates and Joint Ventures

Name of Associates / Joint Ventures	Latest Audited Balance Sheet Date	Date of Acquisition	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 (₹ in lacs)				Extend of Holding %	Considered in Consolidation
Primary Cuisine Private Limited	31-Mar-17	12-Dec-09	2,40,000	36.12	24%	By Equity Holding	Nil	Not Applicable	Not Applicable

As per our Report attached

For and on behalf of

**GANDHI & ASSOCIATES LLP**

Chartered Accountants

(FRN: 102965W/W100192)

For and on behalf of the Board

**N. Jayakumar**

Managing Director

**Pradip Dubhashi**

Chairman

**Anil Dharker**

Director

**Milind Gandhi**

Partner

Membership No. 043194

Mumbai, May 29, 2018

**S. R. Sharma**

Director

**Alpana Parida**

Director

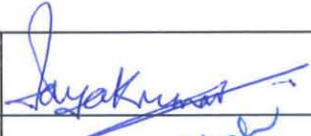
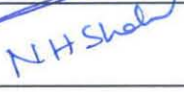
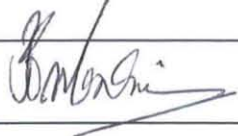

**Ajay Shah**

Company Secretary

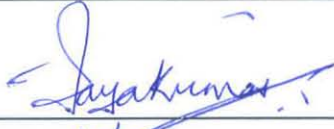

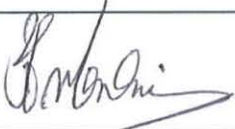
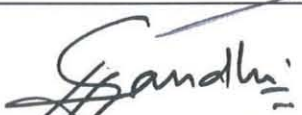
Mumbai, May 29, 2018



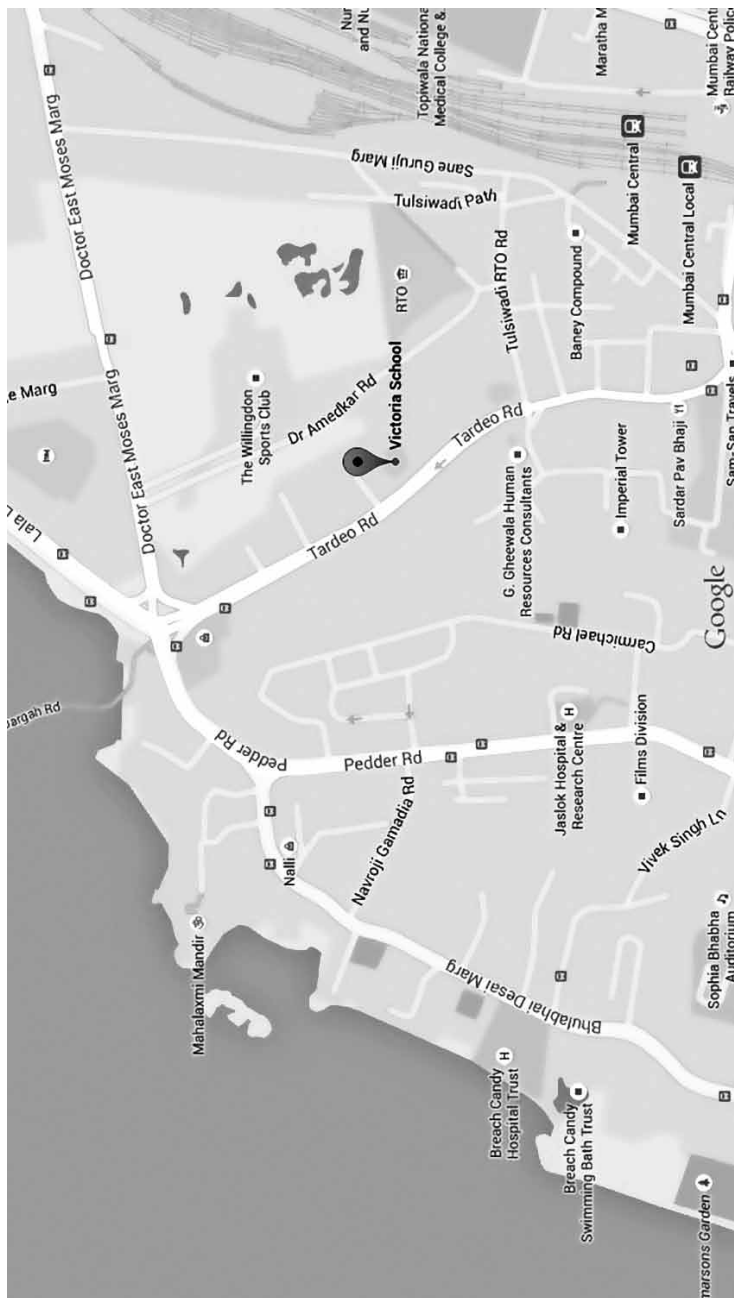
**Statement of Impact of Audit Qualifications (for Audit Report with Modified Opinion) submitted along-with Annual Audited Financial Results for the Financial Year ended March 31, 2018 (Consolidated)**

I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total Income	2,484.00	2,264.93
	2.	Total Expenditure	1,069.00	1,069.00
	3.	Net Profit / (Loss)	1,415.00	1,195.93
	4.	Earnings Per Share	5.34	4.51
	5.	Total Assets	2,167.80	1,840.30
	6.	Total Liabilities	1,155.69	1,374.76
	7.	Net Worth	1,012.11	465.54
	8.	Any other financial item(s) (as felt appropriate by management)	---	---
<b>II.</b>	<b>Audit Qualification:</b>			
	1)	<p>a) <b>Details of Audit Qualification:</b> The Group has written-back an outstanding payable of Rs. 219.07 Lacs as in the opinion of the management the same was no longer payable. Accordingly, loss in Surplus (Profit &amp; Loss) under Other Equity and Other Current Liabilities are lower by the said amount</p> <p>b) <b>Type of Audit Qualification:</b> Qualified Opinion</p> <p>c) <b>Frequency of Qualification:</b> First mention</p> <p>d) <b>For Audit Qualification where the impact is quantified by auditor, Management's views:</b> The management has written-back the said liability as it was no longer payable in the opinion of the management</p> <p>e) <b>For Audit Qualification where the impact is not quantified by the auditor:</b></p> <p>i) <b>Management's estimation on the impact of audit qualification:</b> Not Applicable</p> <p>ii) <b>If management is unable to estimate the impact, reasons for the same:</b> Not Applicable</p> <p>iii) <b>Auditor's comments on (i) or (ii) above:</b> Not Applicable</p>		
	2)	<p>a) <b>Details of Audit Qualification:</b> The Company had, in an earlier financial year, re-instated an advance of Rs. 327.50 Lacs which was previously written-off as not recoverable. Accordingly, the loss in surplus (Profit &amp; Loss) under Other Equity is lower and Other Non-Current Assets is higher by the said amount</p> <p>b) <b>Type of Audit Qualification:</b> Qualified Opinion</p> <p>c) <b>Frequency of Qualification:</b> Appearing since FY ended March 31, 2017</p> <p>d) <b>For Audit Qualification where the impact is quantified by auditor, Management's views:</b> The management is in receipt of confirmation from the party and is confident of recovery of the said amount in due course.</p> <p>e) <b>For Audit Qualification where the impact is not quantified by the auditor:</b></p> <p>i) <b>Management's estimation on the impact of audit qualification:</b> Not Applicable</p> <p>ii) <b>If management is unable to estimate the impact, reasons for the same:</b> Not Applicable</p> <p>iii) <b>Auditor's comments on (i) or (ii) above:</b> Not Applicable</p>		
<b>III.</b>	<b>Signatories:</b>			
	Mr. N. Jayakumar (Managing Director):			
	Mr. Nikhil Shah (Chief Financial Officer):			
	Mr. Pradip Dubhashi (Audit Committee Chairman)			
	Mr. Milind Gandhi, Gandhi & Associates LLP, Chartered Accountants (Auditor of the Company)			

**Statement of Impact of Audit Qualifications (for Audit Report with Modified Opinion) submitted  
along-with Annual Audited Financial Results for the Financial Year ended March 31, 2018  
(Standalone)**

I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total Income	927.00	927.00
	2.	Total Expenditure	595.00	595.00
	3.	Net Profit / (Loss)	332.00	332.00
	4.	Earnings Per Share	1.25	1.25
	5.	Total Assets	7,012.68	6,685.18
	6.	Total Liabilities	739.05	739.05
	7.	Net Worth	6,273.63	5,946.13
	8.	Any other financial item(s) (as felt appropriate by management)	---	---
<b>II.</b>	<b>Audit Qualification:</b>			
	1)	<p>a) <b>Details of Audit Qualification:</b> The Company had, in an earlier financial year, re-instated an advance of Rs. 327.50 Lacs which was previously written-off as not recoverable. Accordingly, the loss in Surplus (Profit &amp; Loss) under Other Equity is lower and Other Non-Current Assets is higher by the said amount</p> <p>b) <b>Type of Audit Qualification:</b> Qualified Opinion</p> <p>c) <b>Frequency of Qualification:</b> Appearing since FY ended March 31, 2017</p> <p>d) <b>For Audit Qualification where the impact is quantified by auditor, Management's views:</b> The management is in receipt of confirmation from the party and is confident of recovery of the said amount in due course.</p> <p>e) <b>For Audit Qualification where the impact is not quantified by the auditor:</b></p> <p>i) <b>Management's estimation on the impact of audit qualification:</b> Not Applicable</p> <p>ii) <b>If management is unable to estimate the impact, reasons for the same:</b> Not Applicable</p> <p>iii) <b>Auditor's comments on (i) or (ii) above:</b> Not Applicable</p>		
<b>III.</b>	<b>Signatories:</b>			
	Mr. N. Jayakumar (Managing Director):			
	Mr. Nikhil Shah (Chief Financial Officer):			
	Mr. Pradip Dubhashi (Audit Committee Chairman)			
	Mr. Milind Gandhi, Gandhi & Associates LLP, Chartered Accountants (Auditor of the Company)			

## Route Map of the AGM Venue



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*PRIME*

The logo consists of the word "PRIME" in a blue, italicized, sans-serif font. To the right of the text is a red, curved swoosh that starts below the 'E' and curves upwards and to the right, ending above the 'E'.