



PRIME SECURITIES LIMITED
ANNUAL REPORT
2012 - 2013

CHANGE OF ADDRESS

Dear Shareholder,

Please note the change in Registered Office address of Prime Securities Limited. You are requested to address all correspondence in future to our new address:

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

BOARD OF DIRECTORS

Pradip Dubhashi	Chairman
N. Jayakumar	Managing Director
S. R. Sharma	Director
Anil Dharker	Director

MANAGEMENT TEAM

Vinay Motwani	Director - Equity Sales
Nikhil Shah	Chief Financial Officer
Ajay Shah	Vice President - Legal & Company Secretary

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

Sharepro Services (India) Private Limited
Samhita Warehousing Complex,
13 AB, Gala No. 52, 2nd Floor,
Near Sakinaka Telephone Exchange,
Off. Kurla Andheri Road, Sakinaka,
Mumbai 400072
Tel: +91-22-67720300
Fax: +91-22-28508927
Email: sharepro@vsnl.com

AUDITORS

Gandhi & Associates
Chartered Accountants

INTERNAL AUDITORS

K. V. S. & Company
Chartered Accountants

BANKERS

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

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PRIME SECURITIES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty First Annual General Meeting of the Members of Prime Securities Limited will be held on Monday, March 24, 2014 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp Film Centre, Mumbai 400034, to transact, with or without modifications, the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at September 30, 2013 and the Profit and Loss Account for the Year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S. R. Sharma, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint M/s. Gandhi & Associates, Chartered Accountants, the retiring Auditors, as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Registered Office:

1109/1110, Maker Chambers V,
Nariman Point,
Mumbai 400021
February 14, 2014

By Order of the Board of Directors

Ajay Shah
Vice President - Legal
& Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The financial year of the Company was extended by a period of six months so as to end on September 30, 2013. In view of the same, the Company has obtained the approval of the Registrar of Companies, Maharashtra for extending the time for holding the Annual General Meeting on or before March 24, 2014.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, March 19, 2014 to Monday, March 24, 2014 (both days inclusive).
4. Members / Proxies should bring the enclosed attendance slip duly filled in, for attending the Meeting, along with the Annual Report.
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. The 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.
7. 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.
8. Members holding shares in physical form may obtain the Nomination Form from the Registrar and Share Transfer Agent of the Company and members holding shares in the electronic form may obtain the Nomination Form from their respective Depository Participants.
9. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the year ended 1994 has been transferred to the General Revenue Account of the Central Government. The members who have not yet encashed their dividend warrants for the said period are requested to forward their claim in Form No II prescribed under the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, 1978 to Office of the Registrar of Companies, Central Government Office Building, A Wing, Second Floor, Next to Reserve Bank of India, CBD Belapur, Navi Mumbai 400614.

Pursuant to the introduction of Section 205C of the Companies Act, 1956, the amount of dividends for the subsequent years remaining unclaimed for a period of seven years from the dates they became due for payment is required to be transferred to the Investor Education & Protection Fund ("IEPF") set up by the Central Government. Accordingly, all unclaimed dividend



upto the financial year ended March 31, 2006 have been transferred to IEPF. The members are requested to note that no claim of the members shall lie against the Company or IEPF in respect of any unclaimed dividend transferred to IEPF as above.

10. Any member who has not yet claimed dividend in respect of financial year end March 31, 2007 and March 31, 2008 is requested to approach the Company or Registrar and Share Transfer Agent of the Company for claiming the same. The members are requested to note the following details of the unclaimed dividends that will be transferred to IEPF:

Dividend	Date of Declaration of Dividend	Unclaimed Dividend to be claimed by	Transfer to IEPF
Final Dividend 2006-07	August 30, 2007	September 2014	October 2014
Interim Dividend 2007-08	November 3, 2007	November 2014	December 2014
Final Dividend 2007-08	September 30, 2008	October 2015	November 2015

As a part of Green Initiatives, the Ministry of Corporate Affairs, Government of India, (MCA), vide its Circular Nos. 17 & 18 dated April 21, 2011 and April 29, 2011 respectively, has permitted the Companies to send the Notice of General Meeting / other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc. henceforth to the members electronically, at the e-mail address registered by them with the Company. Please note that the said documents will be made available by the Company on its website, www.primesec.com and the physical copies of the same shall also be made available for inspection, during office hours, at our Registered Office at 1109/1110, Maker Chamber V, Nariman Point, Mumbai 400021. Further, upon receipt of a request from you, your Company shall also send you the physical copy of the same free of cost.

However, in case you wish to receive the above documents in physical mode, please send us an email at primesec@shareproservices.com quoting reference of your Folio No. or DP ID & Client ID and name of the 1st registered shareholder.

Those members, who are yet registered their email ID with the Company, are requested to co-operate with the Company to implement the Green Initiative taken by the Government, by registering their email ID with the Company / Depository Participant, so as to receive all documents from the Company in electronic mode in future.

11. The Company has designated an exclusive e-mail id prime@primesec.com for redressal of investor complaints / grievances. In case you have any queries / complaints or grievances, then please write to us at prime@primesec.com.
12. 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 10 days before the Annual General Meeting so that the same can be suitably replied.

The relevant details of the Director seeking re-appointment at the Annual General Meeting under item no. 2 above, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is as follows:

Name of Director	Mr. S. R. Sharma
Date of Birth	August 7, 1959
Date of Appointment	January 25, 2011
Expertise in Specific Functional Area	He 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.
Qualifications	B. Tech. (Chemical Engineering), IIT-Delhi, PGDM, IIM-Ahmedabad
Directorship held in other Companies	MaxiGreen Designs-Solutions Private Limited Asia Bio Energy (India) Limited
Membership / Chairmanship of Committees of the Board of other Companies in which he is a Director	None

PRIME SECURITIES LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Thirty First Annual Report, together with the Audited Accounts for the year ended September 30, 2013.

(Rs. in lacs)

FINANCIAL RESULTS	Year ended September 30, 2013 (18 Months)	Year ended March 31, 2012 (12 Months)
Total Revenues	(1,303.32)	955.89
Total Expenses	3,846.31	1,258.97
Profit / (Loss) before Tax	(5,149.63)	(303.08)
Tax Expenses	Nil	116.00
Profit / (Loss) after Tax	(5,149.63)	(419.08)
Profit Brought Forward from Previous Year	1,444.04	1,863.12
Balance Carried to Balance Sheet	(3,705.59)	1,444.04

CHANGE IN FINANCIAL YEAR

The Company has obtained an approval of the Registrar of Companies, Maharashtra, under section 210(4) of the Companies Act, 1956, vide their order dated April 8, 2013, to extend the Financial Year of the Company and its subsidiaries by a period of six months to end on September 30, 2013. Accordingly, the financial statements for the current period are for eighteen months.

PERFORMANCE REVIEW

The 18 month period gone by has been one of the toughest periods for the country and the banking sector in general, and the financial services sector and your company in particular. This was a year when Non Performing Assets of the banking industry rose quite dramatically putting huge pressure on further disbursements to companies in trouble. This led to substantial liquidity issues down the line, as companies found it impossible to deal with a combination of slowing growth, lower demand and poor liquidity. This situation was further exacerbated by a fear of liquidity being squeezed through a gradual reduction/ phase-out of Quantitative Easing measures undertaken by the Western World.

The RBI kept interest rates elevated as fears of a stagflation kind of scenario became evident in policy making – a combination of low growth and high inflation, principally due to supply side being a huge constraint.

Your company was at the receiving end of a series of moves by the National Stock Exchange (NSE), where changes in collateral rules were implemented on an arbitrary, retrospective basis by the NSE (to begin with) and subsequently, the unwillingness to sell collateral by them resulted in a sharp decline in the value of the collateral pledged by Prime Broking (on behalf of its clients) to the NSE – the latter declared Prime Broking a defaulter, which has been challenged by our subsidiary in the Securities Appellate Tribunal.

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

In the first hearing itself, in the SAT, the judges asked the parties to settle out of court, which both the parties agreed to, in principle. The specific details of a settlement, if any, could well take a lot more time to emerge.

The Corporate Finance and Advisory business has been quite weak in this period, as private equity investors and strategic buyers, which are the typical clients of the company, have been quite nervous about the investment climate in general. While there are numerous deals in the pipeline, closures of such deals could take time.

DIVIDEND

The Board of Directors has not recommended any Dividend on Equity Shares for the year under review.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENT

Prime Broking Company (India) Limited (PBCIL) has during the year under review earned revenues of Rs. 2,056.70 lacs as compared to Rs. 868.96 lacs in the previous financial year. This includes income from broking operations, income from portfolio management services, gain / (loss) on sale of investments and interest & dividend income. During the year, PBCIL incurred a net loss after tax of Rs. 371.97 lacs vis-à-vis a net loss after tax of Rs. 7.88 lacs in the previous financial year.



The operations of the company have had to be shut down due to the ongoing issues with the NSE, as described above. Since the matter is sub-judice, it suffices to say that the company is taking all possible steps to arrive at a solution, while looking at other options to compensate for the loss in revenues.

One of the unintended fall-outs of this was also the withholding of client shares by the exchanges – both broking clients as well as retail Portfolio Management clients. This too has gone into appeal in the SAT.

Primesec Investments Limited (PIL) was incorporated in November 2007 to carry on investment activities. During the year under review, PIL earned revenues of Rs. (3,975.90) lacs as compared to Rs. (1,664.39) lacs in the previous financial year. This includes gain / (loss) on sale of investments and interest & dividend income. During the year, PIL incurred net loss after tax of Rs. (4,479.09) lacs vis-à-vis a net loss after tax of Rs. (2,338.94) lacs in the previous financial year.

Prime Research & Advisory Limited (PRAL) has during the year under review earned revenues of Rs. (341.83) lacs as compared to Rs. 2.38 lacs in the previous financial year. This includes gain / (loss) on sale of investments and interest & dividend income. During the year, PIL incurred net loss after tax of Rs. (371.66) lacs vis-à-vis a net profit after tax of Rs. 0.33 lacs in the previous financial year.

Prime Commodities Broking (India) Limited (PCBIL) was incorporated in 2006 to carry on broking and other related activities in the commodities markets. PCBIL did not undertake any activities during 2012-2013. During the year under review, PCBIL earned revenues of Rs. 0.53 lacs as compared to Rs. 3.25 lacs in the previous financial year. During the year, PCBIL earned a net profit after tax of Rs. 0.03 lacs vis-à-vis a net profit after tax of Rs. 2.17 lacs in the previous financial year.

A statement pursuant to Section 212 of the Companies Act, 1956 relating to the Subsidiary Companies is annexed.

In terms of the general permission granted by the Government of India, Ministry of Corporate Affairs, New Delhi u/s 212 (8) of the Companies Act, 1956 vide its circular no. 02/2011 dated February 8, 2011, copies of the Balance Sheet, Profit & Loss Account, Director's Report and Auditor's Report of all the Subsidiary Companies have not been attached to the Balance Sheet of the Company as at September 30, 2013. However, as directed by the said approval, the financial data of the Subsidiary Companies have been disclosed under "Subsidiary Companies Particulars" forming part of the Annual Report. The annual accounts of the Subsidiary Companies and the related detailed information will be made available to the holding and subsidiary companies investors seeking such information at any point of time. The annual accounts of the Subsidiary Companies will also be kept open for inspection by any investor at the Registered Office of the Company and that of the Subsidiary Companies concerned.

As required under the Listing Agreement with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated Financial Statement has been prepared in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and shows the financial information of the Company and its subsidiaries as a single entity, after elimination of minority interest.

EMPLOYEE STOCK OPTION SCHEMES

The Company is presently having three employee stock option schemes viz. Employee Stock Option Scheme 2007 (ESOS 2007), Employee Stock Option Scheme 2008 (ESOS 2008) and Employee Stock Option Scheme 2009 (ESOS 2009). The compensation committee of the board of directors has granted, to the eligible employees / directors of the Company and subsidiary companies 999,000, 1,197,750 and 1,485,000 Options pursuant to ESOS 2007, ESOS 2008 and ESOS 2009 respectively. The disclosures in accordance with the provisions of clause 12 of the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the annexure to this report.

CORPORATE GOVERNANCE AND CODE OF CONDUCT

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Report and a Report on Corporate Governance are given as annexures to this Report. A certificate from the Statutory Auditors confirming compliance by the Company of the conditions of Corporate Governance as provided in Clause 49 of the Listing Agreement is also annexed to this Report.

Pursuant to the provisions of Clause 49(1)(D) of the Listing Agreement, your Company has also laid down a Code of Conduct for its Board Members and Senior Management Personnel. All the Directors and the Senior Management Personnel have affirmed compliance with the said Code of Conduct. A declaration by the Whole-time Director regarding compliance by Board Members and Senior Management Personnel with the Code of Conduct for the year ended September 30, 2013 is annexed to this Report.

DIRECTORS

Mr. S. R. Sharma is retiring at the ensuing Annual General Meeting and is eligible for re-appointment. Appropriate resolution for 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 Clause 49 of the Listing Agreement have been given in the Notice of Annual General Meeting in this Annual Report. Your Directors recommend his re-appointment as a Director of your Company.

PRIME SECURITIES LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

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

AUDITORS AND AUDITORS' REPORT

M/s. Gandhi & Associates, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956. Members are requested to re-appoint them as Auditors and to authorise the Board of Directors to fix their remuneration.

Observations made in the Auditors' Report are self-explanatory.

EMPLOYEES

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

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

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

During the year, 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. Listing fees for the year 2013-14 have been duly paid.

ACKNOWLEDGEMENTS

The Board would like to place on record their appreciation to bankers and shareholders for their continued support to the Company.

For and on behalf of the Board of Directors

Mumbai
Dated: February 14, 2014

N. Jayakumar
Managing Director

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

Particulars		ESOS 2007	ESOS 2008	ESOS 2009	
a)	Options granted	999,000	1,197,750	1,485,000	
b)	Pricing formula	Rs 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs 15/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	
c)	Options vested	999,000	1,197,750	433,600	
d)	Options exercised	Nil	148,100	Nil	
e)	The total number of shares arising as a result of exercise of option	Nil	148,100	Nil	
f)	Options lapsed	540,600	534,450	709,600	
g)	Variation of terms of options	Nil	Nil	Nil	
h)	Money raised by exercise of options	Nil	Rs. 2,221,500/-	Nil	
i)	Total number of options in force	458,400	515,200	775,400	
j)	Employee wise details of options granted				
	i)	Senior managerial personnel	Total 120,000 options granted to 1 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)	Total 140,000 options granted to 1 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)	Total 150,000 options granted to 1 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)
	ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of the option granted during that year	Nil	Nil	Nil
	iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Nil	Nil
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard AS20 Earnings Per Share		Rs (19.45) per share of face value of Rs 5/- each	Rs (19.45) per share of face value of Rs 5/- each	Rs (19.45) per share of face value of Rs 5/- each
l)	i)	Method of calculation of employee compensation cost	Intrinsic value method	Intrinsic value method	Intrinsic value method
	ii)	Difference between the employee compensation cost so computed at (i) above and cost that shall have been recognized if it had used the fair value of the options	Nil	Rs 0.53 lacs	Nil
	iii)	The impact of this difference on profits and on EPS of the Company	The net profit would have been lower by Nil and basic & diluted EPS would have been lower by Nil	The net profit would have been lower by Rs 0.53 lacs and basic & diluted EPS would have been lower by Nil	The net profit would have been lower by Nil and basic & diluted EPS would have been lower by Nil
m)	Weighted average exercise price and weighted average fair value		Weighted average exercise price – Rs 38/- Weighted average fair value – Rs 38/-	Weighted average exercise price – Rs 15/- Weighted average fair value – Rs 15.31	Weighted average exercise price – Rs 38/- Weighted average fair value – Rs 38/-
n)	Fair value of options based on Black Scholes methodology - assumptions				
	Risk free rate		8.80%	8.80%	8.80%
	Expected life of options		3 years	3 years	3 years
	Expected volatility		22.46%	22.46%	22.46%
	Expected dividends		-	-	-
	Closing market price of share on date of option grant		Rs 196.40	Rs 13.60	Rs 38.75

PRIME SECURITIES LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

A. Industry Structure & Developments

The period under review (April 2012 to September 2013) has been an extremely eventful period, not always for the right reasons. It will be a period remembered for the sharp decline in retail interest in the Capital Markets. It was period when interest rates were kept elevated as inflation threatened to derail the fledgling recovery in the economy.

Central Banks across the world have been bracing themselves for the eventual tapering in the Quantitative Easing program of the Federal Reserve, an event expected to result in a huge withdrawal of easy money, as bond buying by the Fed would get progressively reduced. The impact on financial markets, especially the Emerging Markets, is expected to be quite substantial, as these markets have been at the receiving end of liquidity flows for the past several years.

Domestically, a number of retail and corporate brokers have shut shop, because costs to maintain a full infrastructure, in the face of declining volumes and brokerage rates, have been prohibitive. Fixed return products have taken a huge beating, since investors who invested in the NSEL spot and forwards product, found that they were in an unregulated space. Numerous brokers too have seen their client base disappear, because of either miscommunication or misrepresentation.

The banking system has been massively affected by the slowing economy, as NPAs have zoomed and the RBI has imposed extremely stringent norms for both, the recognition of non performing accounts in their books and for the handling of such borrowers. The resultant paralysis has meant that the banking system is staring at estimated Rs. 4 Lakh Crores as the potential debt restructuring candidates. A sustainable rally in the equity markets needs a robust PSU banking network, which means an immediate recapitalization of an estimated Rs 2 Lakh Crores, at the very least.

Capital formation in the economy has taken a beating, given the structural issues plaguing the country, including the political ambivalence on progressive policy making. Long term investments through the FDI route is an absolute must, since sentiment amongst Indian promoters, measured by the Business Confidence Index, is at historic lows. Other than the traditionally well-established groups, very few have been able to raise capital, through the Capital Markets. Project Finance, an erstwhile evergreen business opportunity, has declined sharply. Given that Corporate Advisory is the centre-of-plate revenue source for the company, this negative sentiment amongst bankers, promoters and the corporate sector in general, is a huge challenge to overcome.

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

B. Opportunities & Threats

Even in this turmoil the corporate advisory services segment is likely to see new opportunities. New services, like advising on the handling of stressed assets and sell down of distressed portfolios, are likely to see robust growth in coming years. Risk Management has become a major issue for institutions and organizations, as the underlying risks in the economy and sectors within, have risen quite dramatically in the last few years. It is now commonplace to see a vibrant company and one that is on the brink of default, both survive and subsist in the same group. These are new, uncharted waters which both, lenders and investors, are coming to terms with.

C. Segment-wise or Product-wise Performance

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

D. Outlook

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

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

E. Risks & Concerns

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

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

F. Internal Control Systems & Their Adequacy

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

G. Discussion on Financial Performance

The Total Revenues of the Company were (Rs.1,303.32) lacs for the financial year under review as against previous year Rs. 955.89 lacs. The Loss after Tax was at Rs. 5,149.63 lacs as against Loss after Tax of Rs. 419.08 lacs. The company and its subsidiary performance has been greatly affected as a result of the actions of the NSE in shutting down the broking business, as also the resultant legal processes that have been taken up since. In future, while the legal process is pursued vigorously, the business and revenues of the company will only stem from the advisory and capital markets intermediation activities.

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

Our subsidiary, Prime Broking Ltd., has substantially reduced head-count, because of the termination of the Broking business. Further, the Portfolio Management Business of Prime Broking Ltd has been transferred to Religare, resulting in the shifting out of about ten people. The company's advisory business has also effected surgical reduction of jobs thus paring the salary bill of the company. The corporate advisory team is being augmented very carefully so that there is no idle capacity. Thus the manpower levels in the group have been brought down by 75%.

CAUTIONARY STATEMENT

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

PRIME SECURITIES LIMITED

REPORT ON CORPORATE GOVERNANCE

MANDATORY REQUIREMENTS

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

(a) Composition

The present strength of the Board is Four Directors. The Board comprises of Three Non-Executive and Independent Directors and One Executive Director. The Chairman of the Board is a Non-Executive and Independent Director. The number of Non-Executive and Independent Directors exceeds one-third of the total number of Directors.

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

During the year under review, 10 Board Meetings were held. The attendance of each of the Directors at the said Board Meetings is given below:

Name of Director	Category of Directorship	No of Meetings attended	% of total Meetings attended during the year
Mr. Anil Dharker	Independent, Non-Executive	10	91%
Mr. N. Jayakumar	Executive	11	100%
Mr. Pradip Dubhashi	Independent, Non-Executive	11	100%
Mr. R. Ramachandran #	Executive	8	89%
Mr. S. R. Sharma	Independent, Non-Executive	11	100%

Ceased to be a Director w.e.f. June 21, 2013.

All Directors of the Company who were on the Board as on the date of the last Annual General Meeting held on September 25, 2012 attended the Annual General Meeting. None of the Director is related to each other.

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

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

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

Ceased to be a Director w.e.f. June 21, 2013.

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

** Includes memberships of only audit and shareholders' grievances committee.

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

During the year under review, 11 Board Meetings were held. The dates on which the said meeting were held are May 25, 2012, August 14, 2012, November 12, 2012, January 22, 2013, February 12, 2013, March 25, 2013, March 28, 2013, May 15, 2013, June 21, 2013, July 22, 2013 and August 14, 2013.

3. Audit Committee

The Audit Committee was originally constituted on November 5, 1995. On June 26, 2001, the terms of reference and scope were revised to meet with the requirements prescribed under the Code of Corporate Governance and the Listing Agreement with the Stock Exchanges.

(a) Terms of Reference

The Audit Committee has been given the powers to deal with matters specified under Clause 49 of the Listing Agreement as well as under section 292A of the Companies Act, 1956.

In brief, the terms of reference include:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee includes the matters specified in the clause 49 of the Listing Agreement with the Stock Exchanges as well as reviewing the applicability of various Accounting Standards issued by the Institute of Chartered Accountants of India.

(b) Composition, Name of Members and Chairperson

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

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

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

(c) Meeting and Attendance during the year

During the year under review, the members met six times on May 25, 2012, August 14, 2012, November 12, 2012, February 12, 2013, May 15, 2013 and August 14, 2013. The attendance of each member at the meeting is given below:

Name of the Member	Designation	No of Meetings Attended	% of total Meetings attended during the year
Mr. Anil Dharker	Member	5	83%
Mr. Pradip Dubhashi	Chairman	6	100%
Mr. S. R. Sharma	Member	6	100%

The Committee invites the Head of the Finance Department, the Managing Director of the Company, the Internal & Statutory Auditors to participate in the meeting. The Company Secretary acts as the Secretary to the meeting. The Chairman of the Committee was present at the last Annual General Meeting held on September 25, 2012.

(d) Internal Auditors

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

4. Remuneration Committee

(a) Terms of Reference

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

(b) Composition, Name of Members and Chairperson

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

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

(c) Meeting and Attendance during the year

During the year under review, the members met once on August 14, 2012. The attendance of each member at the meeting is given below:

Name of the Member	Designation	No of Meetings Attended	% of total Meetings attended during the year
Mr. Anil Dharker	Member	Nil	Nil
Mr. Pradip Dubhashi	Chairman	1	100%
Mr. S. R. Sharma	Member	1	100%

PRIME SECURITIES LIMITED

(d) Remuneration Policy

1. The Managing Director / Whole-Time Director of the Company is paid remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) as approved by the shareholders in annual general meeting and the payment in excess of the limits envisaged under Schedule XIII of the Companies Act, 1956 is subject to approval of the Central Government.
2. Non-Executive & Independent Directors are paid sitting fees for attending Board and Audit Committee Meetings. The Company also pays Commission to the Non-Executive & Independent Directors within the ceiling of 1% per annum of the profits of the Company.

(e) Details of Remuneration paid to all the Directors

Name of Director	Fixed Salary	Commission	Sitting Fees	Total	Service Contract / Notice Period
Mr. Anil Dharker	Nil	Nil	240,000	240,000	Retirement by rotation
Mr. N. Jayakumar	10,010,934	Nil	Nil	10,010,934	Contractual *
Mr. Pradip Dubhashi	Nil	Nil	220,000	220,000	Retirement by rotation
Mr. R. Ramachandran #	5,327,646	Nil	Nil	5,327,646	Contractual *
Mr. S. R. Sharma	Nil	Nil	220,000	220,000	Retirement by rotation

Ceased to be a Director w.e.f. June 21, 2013.

* 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 53,98,256 shares of the Company representing 20.39% of the total shareholding of the Company. None of the other Director of the Company is holding any equity shares in the Company.

Employee Stock Options 2007

Pursuant to the authority granted by special resolution passed by the shareholders of the Company at their annual general meeting held on January 25, 2008, the Board of Directors has granted 75,000 employee stock options to Mr. Pradip Dubhashi. Each option carries an entitlement to apply for one equity shares of the Company at Rs. 38/- per share (including a premium of Rs. 33/- per share).

Employee Stock Options 2008

Pursuant to the authority granted by special resolution passed by the shareholders of the Company at their annual general meeting held on September 30, 2008, the Board of Directors has granted 65,000 employee stock options to Mr. Pradip Dubhashi. Each option carries an entitlement to apply for one equity shares of the Company at Rs. 15/- per share (including a premium of Rs. 10/- per share).

Employee Stock Options 2009

Pursuant to the authority granted by special resolution passed by the shareholders of the Company at their annual general meeting held on September 29, 2009, the Board of Directors has granted 75,000 employee stock options to Mr. Pradip Dubhashi. Each option carries an entitlement to apply for one equity shares of the Company at Rs. 38/- per share (including a premium of Rs. 33/- per share).

5. Shareholders' / Investors' Grievances Committee

The Board of Directors had constituted a Share Transfer Committee to approve transfer of shares and related matters. In line with the recommendations of the Code of Corporate Governance, the Board has re-designated the Committee as "Shareholders' / Investors' Grievances Committee" and vested the Committee with further powers. 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 Shareholders / Investors Grievances Committee for their decision. The approval of share transfers is normally done on a weekly basis so that the Company is able to return share certificates, duly transferred, within fifteen days.

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

Composition

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

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

Compliance Officer

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

Summary of Shareholders queries received and replied during the year:

Particulars	Queries / Complaints received	Queries / Complaints Replied to
Transfer Related	38	38
Dividend Related	30	30
Change of Address	30	30
Change of Name	2	2
Stop Transfer	Nil	Nil
Stop Transfer Cancellation	Nil	Nil
Power of Attorney	1	1
Issue of Duplicate / Loss of Shares	13	13
Deletion Cases	9	9
Correction on Certificates	2	2
Mandate	5	5
Transmission	13	13
Non-receipt of Annual Report	1	1
SEBI Complaints	5	5
Miscellaneous	7	7
Total	156	156

6. Compensation Committee

The Compensation Committee was originally constituted in October 7, 1999 for administration and superintendence of the Employee Stock Option Schemes / Employee Stock Purchase Scheme. The Compensation Committee was re-constituted in October 25, 2004.

Composition

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

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

7. General Body Meetings

(a) Location and time, where the last three Annual General meetings were held:

Financial Year	Date	Location of the Meeting	Time
2011-2012	September 25, 2012	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2010-2011	September 29, 2011	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2009-2010	September 30, 2010	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.

(b) Whether any special resolutions passed in the pervious three Annual General Meetings:

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

(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

PRIME SECURITIES LIMITED

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.

8. Disclosures

1. There are no materially significant related party transactions entered into 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.
2. Transactions with the related parties are disclosed in Note No. 40 to the Accounts in the Annual Report.
3. 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.
4. Presently, the Company does not have any Whistle Blower Policy. No personnel of the Company have been denied access to the Audit Committee.
5. The Company has complied with all the mandatory requirements of this clause. The extent of adoption of non-mandatory requirements has been stated separately in this Report.

9. 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 compliance with the Code of Conduct. A declaration to that extent signed by CEO has been annexed to the Annual Report of the Company. The Code of Conduct has also been displayed on the website of the Company.

10. Means of Communication

1. The Board of Directors of the Company approves and takes on record the quarterly, half-yearly and yearly financial results in accordance with the provisions of clause 41 of the listing agreements.
2. The quarterly, half-yearly and yearly financial results of the Company, as approved by the Board of Directors of the Company, are communicated to all the Stock Exchanges, where the shares of the Company are listed and published in the Mumbai edition of Free Press Journal & Navsakti within the stipulated time. The same are not sent individually to each shareholder.

The Company's financial results and other official news release are displayed on the Company's website www.primesec.com

3. At present, no formal presentations are made to analysts.

11. General Shareholder information

- * AGM: Date, Time and Venue : Monday, March 24, 2014 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp Film Centre, Mumbai 400034
- * Financial Calendar : Financial Year → October 2013 to September 2014
 - ii) First Quarter results → on or before February 14, 2014
 - iii) Second Quarter & Half-yearly results → on or before May 15, 2014
 - iv) Third Quarter & Nine Months results → on or before August 14, 2014
 - v) Results for the year ending September 30, 2014 → during October 2014 to November 2014
- * Date of Book Closure : Wednesday, March 19, 2014 to Monday, March 24, 2014 (both days inclusive)
- * Dividend Payment Date : N.A.
- * Listing on Stock Exchanges : The Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India (NSE). The Company has paid the listing fees for the year 2013-2014
- * Stock Code – Physical : BSE: 500337
NSE: PRIMESECU
- * Demat ISIN Number for NSDL : INE032B01021
and CDSL
- * Market price data: High, Low : As per Annexure "1"
during each month in last
financial year
- * Performance in comparison to : As per Annexure "2"
broad-based indices such as
BSE Sensex, CRISIL Index, etc.

- * Registrar and Transfer Agent : Sharepro Services (India) Private Limited
Samhita Warehousing Complex, 13 AB, Gala No. 52, 2nd Floor,
Nr. Sakinaka Telephone Exchange, Off. Kurla Andheri Road,
Sakinaka, Mumbai 400072.
Tel: +91-22-67720300
Fax: +91-22-28508927
Email: sharepro@shareproservices.com
- * Share Transfer System : The Company Secretary or the Managing Director of the Company are authorised to approve the transfer of share and the same are generally registered / confirmed within 15 days of receipt, provided the documents are clear in all aspects. The said transfers are then noted at the subsequent Shareholders' / Investors' Grievances Committee Meeting.
- * Distribution of Shareholding : As per Annexure "3"
- * Shareholding Pattern : As per Annexure "4"
- * Dematerialisation of shares and liquidity : 94.52% of the total shareholding has been dematerialised as on September 30, 2013
- * Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact of equity : None
- * Plant Location : Not Applicable
- * Address for Correspondence : Shareholders correspondence should be addressed to the Registrar and Share Transfer Agents of the Company, M/s Sharepro Services (India) Private Limited, Samhita Warehousing Complex, 13 AB, Gala No. 52, 2nd Floor, Nr. Sakinaka Telephone Exchange, Off. Kurla Andheri Road, Sakinaka, Mumbai 400072. Tel: +91-22-67720300 Fax: +91-22-28508927. The Company has designated an exclusive e-mail id prime@primesec.com 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

- (a) 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.
- (b) As on date, there is no Independent Director having a term of office exceeding nine years on the Board of the Company.

2. Remuneration Committee

Please refer Sr. No. 4 under the heading "Mandatory Requirements" in this Report.

3. Shareholders Rights

The Company is not sending the half-yearly results to individual shareholder, but the same are published in Free Press Journal & Navsakti.

4. Audit Qualification

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

5. Training of Board Members

The Company does not have any training programme for its Board Members.

6. Mechanism for evaluating non-executive Board Members

The Company does not have any mechanism for evaluating the performance of the non-executive Board Members.

7. Whistle Blower Policy

The Company does not have a Whistle Blower Policy for employees.

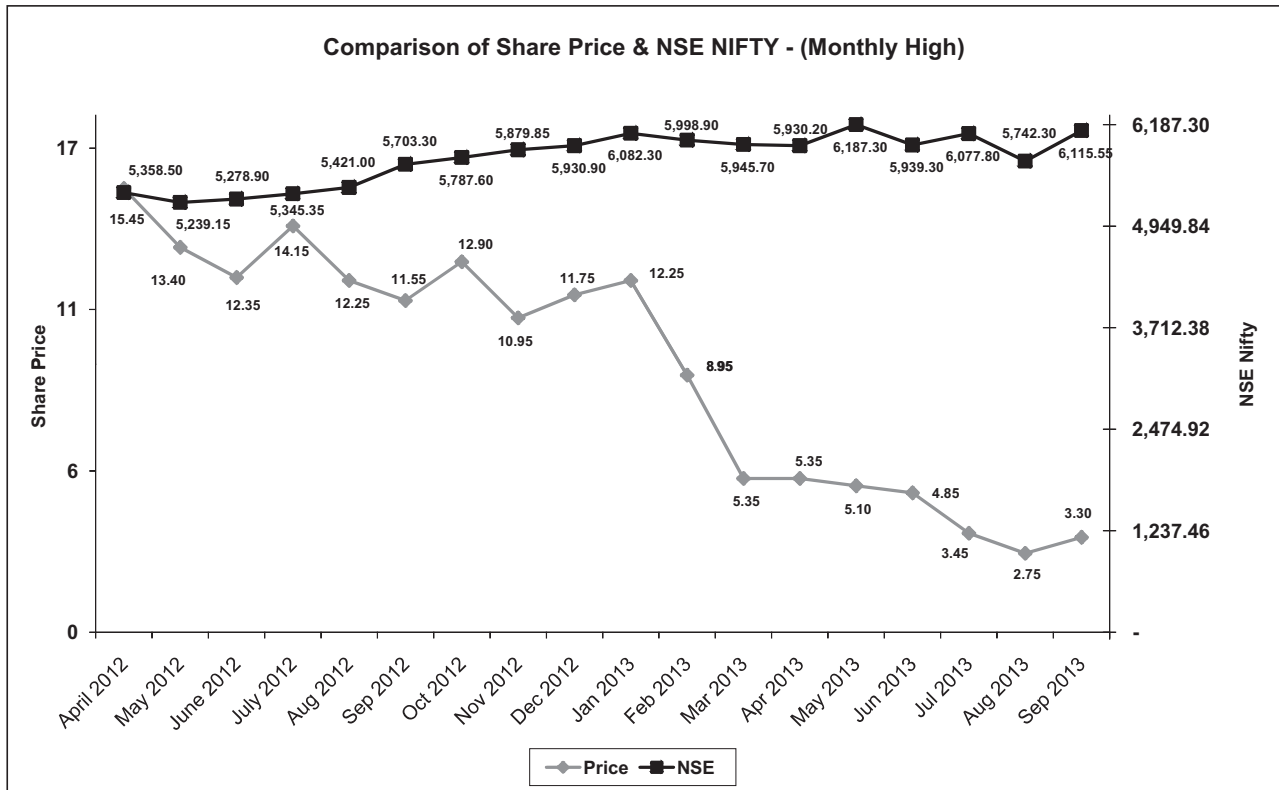
PRIME SECURITIES LIMITED

Annexure 1

Market Price Data: High / Low from April 2012 to September 2013

Month	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Nos.)	High (Rs)	Low (Rs)	Volume (Nos.)
April 2012	15.20	12.90	99,679	15.45	13.00	884,258
May 2012	14.00	11.49	83,640	13.40	11.60	77,853
June 2012	12.00	11.40	74,317	12.35	10.95	54,396
July 2012	14.17	11.12	89,570	14.15	11.10	92,930
August 2012	12.40	9.58	88,917	12.25	9.60	129,316
September 2012	11.35	9.68	102,346	11.55	9.70	108,630
October 2012	13.00	10.31	122,471	12.90	10.45	176,918
November 2012	11.00	9.79	86,242	10.95	9.85	114,270
December 2012	11.62	10.28	137,468	11.75	10.30	145,160
January 2013	12.30	8.80	517,411	12.25	8.85	661,245
February 2013	8.97	4.06	1,538,439	8.95	4.05	1,585,948
March 2013	5.39	3.98	173,252	5.35	4.00	325,895
April 2013	5.18	4.41	64,111	5.35	4.50	119,736
May 2013	5.04	4.55	54,387	5.10	4.70	65,033
June 2013	4.92	3.45	140,162	4.85	3.50	103,706
July 2013	3.67	2.59	114,543	3.45	2.85	67,666
August 2013	2.58	1.95	99,054	2.75	2.00	24,061
September 2013	4.00	2.37	146,714	3.30	2.00	108,568

Annexure 2



Annexure 3
Distribution of Shareholding (As on September 30, 2013)

Number of Equity Shares held	Number of Shareholders	Percentage of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 1000	23,835	93.66	4,256,687	16.08
1001 – 2000	667	2.63	1,041,126	3.93
2001 – 3000	273	1.07	698,382	2.64
3001 – 4000	152	0.60	540,381	2.04
4001 – 5000	120	0.47	558,467	2.11
5001 – 6000	62	0.24	342,675	1.29
6001 – 7000	49	0.19	320,521	1.21
7001 – 8000	40	0.16	305,305	1.15
8001 – 9000	19	0.07	161,563	0.61
9001 – 10000	31	0.12	302,481	1.14
Above 10000	202	0.79	17,945,937	67.80
Total	25,450	100.00	26,473,525	100.00

Annexure 4
Shareholding Pattern of the Company (As on September 30, 2013)

Category	Number of Shares	% of Share Capital
A Shareholding of Promoter and Promoter Group		
1) Indian	Nil	Nil
2) Foreign	Nil	Nil
Sub-Total	Nil	Nil
B Public Shareholding		
1) Institutions		
a) Mutual Funds & UTI	23,100	0.09
b) Financial Institutions / Banks	16,700	0.06
c) Foreign Institutional Investors	490,300	1.85
Sub-Total	530,100	2.00
2) Non-Institutions		
a) Bodies Corporate	8,455,618	31.94
b) i) Individual Shareholders holding nominal share capital upto Rs 1 lac	9,670,615	36.53
ii) Individual Shareholders holding nominal share capital in excess of Rs 1 lac	59,88,592	22.62
c) Any Other (Foreign Companies)	1,828,600	6.91
Sub-Total	25,943,425	98.00
Grand Total	26,473,525	100.00

PRIME SECURITIES LIMITED

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

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

I confirm that the Company has in respect of the financial year ended September 30, 2013, received a declaration of Compliance with the Code of Conduct from all the Members of the Board and Senior Management Personnel.

For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Board of Directors as on September 30, 2013.

Mumbai
February 14, 2014

N. Jayakumar
Managing Director

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 September 30, 2013 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

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

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

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

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

Milind Gandhi
Partner
Membership No. 043194

Mumbai, February 14, 2014

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of **PRIME SECURITIES LIMITED** ("the Company"), which comprises the Balance Sheet as at 30th September 2013 and the statement of Profit & Loss Account for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

1. *Reference is invited to Note 27 according to which inter-corporate deposits of Rs. 2,075.00 Lacs is outstanding which are categorized under Short-term Borrowings, as represented by the management. We have not been able to validate this assertion in absence of confirmation of balances, terms of repayments and charge of interest. Accordingly, we are unable to ascertain the impact on the financial statements of the categorization of the deposits and non-provision of interest thereon.*
2. *As referred in Note 28 the Company has not provided for interest of Rs. 380.67 Lacs on certain secured loans as in the opinion of the management the same is under renegotiations with the lenders. Had the Company made such provision the loss for the period and the amount of secured loans would have been higher by that amount.*
3. *Reference is invited to Note 29 according to which the management is hopeful of recovery of a capital advance of Rs. 327.50 Lacs in respect of which we are unable to ascertain the impact, if any, that may arise in case if the same, or part thereof, is subsequently determined to be doubtful of recovery.*

Qualified Opinion

In our opinion and to the best of our knowledge and according to the information and explanations given to us, *except for the effects of the matters described in paragraph 1 to 3 of the Basis for Qualified Opinion paragraph*, the said financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2013;
- b) In the case of the Profit and Loss Account, of the loss for the period ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flow for the period ended on that date.

Emphasis of Matter:

Our opinion is not modified in respect of the following:

1. The accompanying financial statements are prepared on going concern basis, notwithstanding the circumstances referred in Note 26 which casts significant doubt about Company's ability to meet its financial obligations as and when they fall due. The appropriateness of the said basis is interalia dependent on the Company's ability to generate cash from disposing-off investments and from new revenue streams to meet its liabilities in normal course of business. Relying on the above, no adjustments have been made to the carrying value of the assets and liabilities in the accompanying financial statements.
2. As referred to in Note 25 the Company's subsidiary Primesec Investments Limited's networth has been eroded but having regard to receipt of share application monies from the Company, for which shares are proposed to be allotted, Primesec Investments Limited has prepared its accounts on a going concern basis. Relying on the above, the Company has not considered making any adjustments to its financial exposure in the subsidiary.
3. As referred to in Note 32 there is a diminution of Rs. 1,866.74 Lacs in value of non-current investments (other than in subsidiary companies). The Company has not provided for such diminution on the basis that the same is temporary in nature.

PRIME SECURITIES LIMITED

4. Attention is invited to Note 33 in respect of transactions in Company's demat accounts.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, *except for the effect of matter described in Basis for Qualified Opinion paragraph*, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report, comply in all material respects, with the mandatory Accounting Standards referred to in subsection (3C) of section 211 of the Act.
 - e) Except for the possible effects of the matter described in the Basis for Adverse Opinion paragraph, In our opinion, the Balance Sheet and the Statement of Profit & Loss, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - f) On the basis of written representations received from the directors as on 30th September 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 30th September 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - g) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Milind Gandhi
*Partner
Membership No. 043194*

Mumbai, November 29, 2013

ANNEXURE TO THE AUDITORS' REPORT

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

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

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, all the fixed assets were physically verified by the management at reasonable intervals during the period. According to the information and explanations given to us, no discrepancies were noticed on such physical verification.
 - c) The Company has not disposed off substantial part of its fixed assets during the period.
2.
 - a) The Company does not hold any inventories and therefore Clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
3.
 - a) The Company has taken an unsecured interest-free loan, from a party listed in the register maintained under Section 301 of the Companies Act, 1956. As at the period-end the amount of loan outstanding was Rs. 3,000,000 and the maximum amount of loan involved during the period under review was Rs. 3,000,000.
 - b) As per the information given to us, in our opinion, the terms and conditions of the loan is prima facie non-prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase and sale of inventories and fixed assets and the sale of services. During the course of our audit no major weaknesses have been observed in the internal controls.
5.
 - a) On the basis of audit procedures performed by us and according to the information and explanation given to us and on our inquiries in this behalf and the records produced to us for our verification, the transactions that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.

- b) As per the information and explanations given to us, the contracts entered into during the period from the parties covered under the register maintained under Section 301 of the Companies Act, 1956 are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits within the meaning of the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Act and rules framed there under.
7. In our opinion the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. To the best of our knowledge and according to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records for the services rendered by the Company and hence the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
9. a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, service tax and other statutory dues applicable to it.
- b) According to the information and explanations given to us, there are undisputed amounts payable in respect tax deducted at source of Rs. 1,664,269 at the end of the period outstanding for more than six months from the date they became payable.
- c) Further, according to the information and explanations given to us, the particulars of statutory dues outstanding at the end of the period on account of a dispute are as follows:

Statute	Assessment Year	Nature Dues	Forum before whom pending	Total
Income Tax Act 1961	2006-2007	Income Tax	Assessing Officer (Rectification Proceedings)	1,318,069
	2008-2009		Commissioner of Income-tax (Ap- peal Proceedings)	26,991,325

10. The Company does not have any accumulated losses at the end of the period. However it has incurred cash loss during the current period as well as in the immediately preceding financial year.
11. According to the examination of documents and records and the information and explanations given to us, the Company has not defaulted in repayment of any dues to any financial institution or bank.
12. According to the examination of documents and records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the Company is neither a chit fund nor a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
14. Based on our examination of the records and according to the information and explanation given to us and *subject to Note 31 of the financial statements*, we are of the opinion that the Company has maintained proper records of transaction and contracts in respect of its investments in shares and securities. The shares and securities have been held in the name of the Company except in case of (a) shares given as margin for derivative transactions; (b) shares pledged as security for loan taken by the Company and its subsidiary; and (c) given to a party pending completion of a contract.
15. The Company has given corporate guarantee to banks on behalf of its subsidiary company against the credit facilities availed by the subsidiary companies. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us and the records of the Company examined by us, term loans, prima facie, have been applied for the purpose for which the loans were obtained.
17. *On an overall examination of the balance sheet of the Company, we report that funds to the extent of Rs. 916,746,332 raised on short term basis have been used for long term investments.*
18. The Company has not made any preferential allotment of shares to parties covered or companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued debentures.
20. The Company has not raised any money by public issue.
21. On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

For Gandhi & Associates
Chartered Accountants
Registration No. 102965W

Milind Gandhi
Partner
Membership No. 043194

Mumbai, November 29, 2013

PRIME SECURITIES LIMITED

BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Note No.	Period ended 30-Sep-13 (Rs Lacs)		Year ended 31-Mar-12 (Rs Lacs)	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	1,327.85		1,327.85	
Reserves and Surplus	2	4,389.32	5,717.17	9,538.95	10,866.80
Non-current Liabilities					
Long-term Borrowings	3	7.84		-	
Long-term Provisions	4	106.48	114.33	110.82	110.82
Current Liabilities					
Short-term Borrowings	5	8,537.75		5,781.96	
Trade Payables	6	9.84		7.88	
Other Current Liabilities	7	753.03		513.25	
Short-term Provisions	8	11.34		12.24	
			9,311.96		6,315.33
Total			15,143.45		17,292.95
ASSETS					
Non-current Assets					
Fixed Assets	9				
- Tangible Assets		450.09		467.64	
- Intangible Assets		0.72		0.81	
Non-current Investments	10	4,649.19		7,655.96	
Long Term Loans and Advances	11	518.28		583.02	
Other Non-current Assets	12	9,000.00	14,618.29	345.00	9,052.44
Current Assets					
Current Investments	13	19.70		71.50	
Trade Receivables	14	5.78		373.44	
Cash and Bank Balances	15	67.72		360.66	
Short-term Loans and Advances	16	431.96		7,371.84	
Other Current Assets	17	-	525.16	63.07	8,240.51
Total			15,143.45		17,292.95
Notes on Accounts	1 to 42				

As per our Report attached

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

Milind Gandhi
Partner
Membership No. 043194

Mumbai, November 29, 2013

N. Jayakumar
Managing Director

Ajay Shah
Company Secretary

For and on behalf of the Board

Pradip Dubhashi Chairman

Anil Dharker Director

S. R. Sharma Director

Mumbai, November 29, 2013

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	Note No.	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
I REVENUE FROM OPERATIONS	18	(409.05)	1,349.86
II OTHER INCOME	19	(894.27)	(393.97)
III TOTAL REVENUE (I + II)		(1,303.32)	955.89
IV EXPENSES			
Employee Benefit Expenses	20	244.50	274.03
Finance Costs	21	575.23	669.58
Depreciation and Amortisation Expense	9	35.74	22.15
Other Expenses	22	2,990.84	293.21
TOTAL EXPENSES		3,846.31	1,258.97
V PROFIT / (LOSS) BEFORE TAX (III - IV)		(5,149.63)	(303.08)
VI Tax Expense			
- Current Tax		-	116.00
- Deferred Tax		-	-
- Short / (Excess) Provision of Tax		-	-
VII PROFIT / (LOSS) FOR THE YEAR (V - VI)		(5,149.63)	(419.08)
Earning per Equity Share (Face Value per Share Rs. 5/-)			
- Basic		(19.45)	(1.58)
- Diluted		(19.45)	(1.58)
Notes on Accounts	1 to 42		

As per our Report attached

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

N. Jayakumar
Managing Director

Milind Gandhi
Partner
Membership No. 043194

Ajay Shah
Company Secretary

Mumbai, November 29, 2013

For and on behalf of the Board

Pradip Dubhashi Chairman

Anil Dharker Director

S. R. Sharma Director

Mumbai, November 29, 2013

PRIME SECURITIES LIMITED

NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SHARE CAPITAL	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
AUTHORISED		
3,00,00,000 Equity Shares of Rs. 5/- each	1,500.00	1,500.00
2,00,000 13% Cumulative Redeemable Preference Shares of Rs. 100/- each	200.00	200.00
18,00,000 Unclassified Shares of Rs. 100/- each	1,800.00	1,800.00
Total	3,500.00	3,500.00
ISSUED		
2,72,22,725 (Previous Year 2,72,22,725) Equity Shares of Rs. 5/- each	1,361.14	1,361.14
Total	1,361.14	1,361.14
SUBSCRIBED & FULLY PAID		
2,64,73,525 (Previous Year 2,64,73,525) Equity Shares of Rs. 5/- each	1,323.68	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	4.17	4.17
Total	1,327.85	1,327.85

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

Particulars	Period ended 30-Sep-13 No. of Shares	Year ended 31-Mar-12 No. of Shares
Opening Balance	2,64,73,525	2,64,73,525
Add: Shares Issued during the period	-	-
Closing Balance	2,64,73,525	2,64,73,525

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

Name of Shareholder	Period ended 30th September, 2013		Year ended 31st March, 2012	
	%	No. of Shares	%	No. of Shares
N. Jayakumar (along with persons acting in concert)	20.39	5,398,256	20.29	5,372,149
Religare Finvest Limited	-	-	7.47	2,018,566
Videocon Industries Limited	6.70	1,774,153	7.00	1,853,158
New Vernon Private Equity Limited	6.80	1,800,000	6.80	1,800,000

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

The Company's stock based compensation plan for employees comprises of three schemes viz. ESOS 2007 Scheme, ESOS 2008 and ESOS 2009 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries. The Company has reserved issuance of 17,49,000 (Previous year 27,81,950) Equity Shares of Rs. 5/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS) approved by Members. During the year, the Company has granted NIL (Previous year NIL) Options to the eligible employees.

ESOS 2007 Scheme

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

ESOS 2008 Scheme

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

ESOS 2009 Scheme

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

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

Particulars (Exercise Price)	ESOS 2007 (Rs. 38/-)		ESOS 2008 (Rs. 15/-)		ESOS 2009 (Rs. 38/-)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options outstanding, beginning of the Year	812,000	822,000	839,950	839,950	1,130,000	1,150,000
Add: Granted during the Year	-	-	-	-	-	-
Less: Exercised during the Year	-	-	-	-	-	-
Less: Lapsed during the Year	353,600	10,000	324,750	-	354,600	20,000
Options outstanding, end of the Year	458,400	812,000	515,200	839,950	775,400	1,130,000

NOTE 2 - RESERVES AND SURPLUS	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Capital Reserve		
As per last Balance Sheet	165.00	165.00
	165.00	165.00
Capital Redemption Reserve		
As per last Balance Sheet	217.27	217.27
	217.27	217.27
Securities Premium Reserve		
As per last Balance Sheet	5,312.64	5,312.64
Add: Receipts on exercise of Employee Stock Options	-	-
	5,312.64	5,312.64
General Reserve		
As per last Balance Sheet	2,400.00	2,400.00
	2,400.00	2,400.00
Surplus		
Balance at the beginning of the Year	1,444.04	1,863.12
Add: Net Profit / (Loss) for the Year	(5,149.63)	(419.08)
	(3,705.59)	1,444.04
Total	4,389.32	9,538.95

NOTE 3 - LONG-TERM BORROWINGS	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Term Loans		
Secured		
- From Banks	7.84	-
Total	7.84	-

Note: Maturity Profile of Secured Term Loan are as set out below:

Terms of Repayment			
Particulars	1-2 Years	2-3 Years	3-4 Years
Term Loan From Banks	5.54	3.42	-

The above Term Loans are secured against hypothecation of own assets

NOTE 4 - LONG-TERM PROVISIONS	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Provision for Employee Benefits		
- Leave Encashment	106.48	110.82
Total	106.48	110.82

NOTE 5 - SHORT-TERM BORROWINGS	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Loan and Advances other than Banks		
Secured [Against pledge of specified investments owned by the Company (refer note 10 & 13) and other parties (Refer Note 28 & 30)]	3,320.77	3,345.86
Unsecured [Refer Note 27]	2,105.00	2,360.13
Loan and Advances from Related Parties		
From Subsidiary Companies (Unsecured)	3,111.99	75.98
Total	8,537.75	5,781.96

PRIME SECURITIES LIMITED

NOTE 6 - TRADE PAYABLES	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Trade Payables [As per the information available with the Company, there are no dues outstanding as on 30th September 2013 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006]	9.84	7.88
Total	9.84	7.88

NOTE 7 - OTHER CURRENT LIABILITIES	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Current Maturities of Long Term Debt Secured - From Banks	2.62	-
Interest Accrued and Due on Borrowings	361.91	376.78
Unpaid Dividends	53.71	54.11
Other Payables Statutory Dues	48.34	64.99
Payable on purchase of Investments	157.28	-
Salary Payable	5.87	7.81
Liability towards share obligations [Refer Note 31]	108.91	-
Outstanding Expenses	14.39	9.55
Total	753.03	513.25

NOTE 8 - SHORT-TERM PROVISIONS	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Provision for Employee Benefits - Leave Encashment.	11.34	12.24
Total	11.34	12.24

NOTE 9 - FIXED ASSETS										
Description	Gross Block at Cost				Depreciation				Net Block	
	As on 1-Apr-12	Additions	Deletions & Adjustments	As on 30-Sep-13	As on 1-Apr-12	For the period		As on 30-Sep-13	As on 30-Sep-13	As on 31-Mar-12
						Provided	Adjustments			
Tangible Assets										
Building	437.79	-	-	437.79	107.23	10.71	-	117.94	319.85	330.56
Furniture & Fixtures	37.16	3.25	-	40.40	2.13	3.69	-	5.82	34.58	35.02
Vehicles	121.56	19.13	13.80	126.89	55.48	18.06	8.91	64.63	62.25	66.08
Office Equipments	35.42	0.44	-	35.86	1.25	2.53	-	3.77	32.09	34.18
Computers	1.97	-	-	1.97	0.17	0.48	-	0.64	1.32	1.80
Intangible Assets										
Computer Software	1.11	0.19	-	1.29	0.30	0.27	-	0.57	0.72	0.81
Total	635.01	23.00	13.80	644.20	166.56	35.74	8.91	193.39	450.87	468.45
Previous Year	578.99	114.72	58.70	635.01	180.18	22.15	35.77	166.56	468.45	398.80

Note:

Net block of the Building include a residential flat of Rs. 276.31 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.

NOTE 10 - NON-CURRENT INVESTMENTS (NON-TRADE)	Face Value	Quantity (Nos.) Year ended 30-Sep-13	Quantity (Nos.) Year ended 31-Mar-12	Period ended (Rs Lacs) 30-Sep-13	Year ended (Rs Lacs) 31-Mar-12
INVESTMENT IN EQUITY INSTRUMENTS					
A) In Wholly-owned Subsidiary Companies					
Unquoted, Fully Paid-up					
Prime Broking Company (India) Limited	Rs. 10	5,341,000	5,341,000	1,719.70	1,719.70
Prime Commodities Broking (India) Limited	Rs. 10	500,000	500,000	50.00	50.00
Prime Research & Advisory Limited	Rs. 10	350,000	350,000	33.02	33.02
Primesec Investments Limited	Rs. 10	1,636,000	1,636,000	798.00	798.00
				2,600.72	2,600.72
Less : Provision for Diminution in the value of Investments				1,752.72	-
Total A				848.00	2,600.72
B) In Other Companies					
I) Quoted, Fully Paid-up					
* ABG Shipyard Limited	Rs. 10	416,000	336,500	1,629.99	1,315.07
& Aanjaneya Lifecare Limited	Rs. 10	71,500	65,000	322.86	272.07
El forge Limited	Rs. 10	89,990	97,316	13.47	14.57
Gitanjali Gems Limited	Rs. 10	-	225,000	-	768.45
Great Offshore Limited	Rs. 10	-	290,000	-	645.37
@ Greycells Entertainment Limited	Rs. 10	474,000	512,029	537.98	581.14
Intense Technologies Limited	Rs. 10	20,500	421,000	2.24	46.09
# IOL Netcom Limited	Rs. 10	923,910	1,079,930	343.08	401.01
Jaiprakash Associates Limited	Rs. 2	-	150	-	0.08
Logix Microsystems Limited	Rs. 10	200,696	213,421	94.24	100.22
* Lumax Industries Limited	Rs. 10	33,006	50,000	116.05	175.81
Total B (I)				3,059.91	4,319.87
II) Unquoted, Fully Paid-up					
Baron International Limited	Rs. 10	1,828,300	1,828,300	882.36	882.36
^ Blue Chip Technologies Limited	Rs. 10	100,000	100,000	-	-
Bussiness India Publication Limited	Rs. 10	134,589	134,589	138.73	138.73
Gateway Entertainment Limited	Rs. 10	48,500	28,500	-	-
Sarju International Limited	Rs. 10	535,000	535,000	240.75	240.75
^ Trinity Fuels Limited	Rs. 10	320,000	320,000	-	-
Tunip Agro Limited	Rs. 10	873,687	858,929	602.55	596.65
				1,864.39	1,858.49
Less : Provision for Diminution in the value of Investments				1,123.11	1,123.11
Total B (II)				741.28	735.37
Total B [B (I)+B (II)]				3,801.19	5,055.24
Total Non-Current Investments (A+B)				4,649.19	7,655.96
Aggregate amount of Quoted Investments (A)				3,059.91	4,319.87
Market Value of Quoted Investments				1,661.39	3,074.96
Aggregate Amount of Unquoted Investments (B)				3,342.00	3,336.09
NOTES:					
* Shares under lien/pledge towards short-term borrowings by the Company.					
& 65,000 shares under lien/pledge towards short-term borrowings by the Company and 6,500 shares pledged towards short term borrowings by Company's subsidiary.					
@ 395,000 shares are under lien/pledge towards short-term borrowings by the Company.					
# 498,910 shares are under lien/pledge towards short-term borrowings by the Company and balance 425,000 shares under pledge for which loan has been repaid.					
^ Cost written-off on account of permanent diminution.					
Refer Note 32 for diminution in value considered temporary in nature					

PRIME SECURITIES LIMITED

NOTE 11 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Capital Advances	327.50	327.50
Security Deposits	6.53	121.10
Other Loans and Advances		
Advance Income Tax (Net of Provisions)	184.16	132.66
Prepaid Expenses	0.09	1.76
Total	518.28	583.02

NOTE 12 - OTHER NON-CURRENT ASSETS	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Share Application Monies to Subsidiary - Pending Allotment	9,000.00	-
Deposit with Banks	-	345.00
Total	9,000.00	345.00

NOTE 13 - CURRENT INVESTMENTS (NON-TRADE)	Face Value	Quantity (Nos.) Period ended 30-Sep-13	Quantity (Nos.) Year ended 31-Mar-12	Period ended (Rs Lacs) 30-Sep-13	Year ended (Rs Lacs) 31-Mar-12
INVESTMENT IN EQUITY INSTRUMENTS					
A) Quoted, Fully Paid up					
* Gemini Communications Limited	Rs. 10	100,000	-	1.90	-
\$ Hitech Plast Limited	Rs. 10	9,000	107,022	3.12	37.08
International Hometex Limited	Rs. 10	400,000	400,000	0.00	0.00
Premier Limited	Rs. 10	-	21,500	-	14.23
Solid Stone Company Limited	Rs. 10	41,939	42,139	14.68	20.18
Total Current Investments				19.70	71.50
Aggregate amount of Quoted Investments				19.70	71.50
Market Value of Quoted Investments				94.59	94.59

NOTES:
* Shares under lien/pledge towards short-term borrowings by the Company.
\$ Shares under pledge for which loan has been repaid.

NOTE 14 - TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Outstanding for a period exceeding six months	352.89	363.96
Less : Provision for Doubtful Debts	(347.11)	-
Others	5.78	363.96
	-	9.48
Total	5.78	373.44

NOTE 15 - CASH AND BANK BALANCES	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Cash and Cash Equivalents		
Balances with Banks	64.65	102.73
[Includes earmarked balances for payment of Unclaimed Dividend of Rs. 53.71 Lacs (Previous Year Rs. 54.10 Lacs)]		
Cash on Hand	3.07	2.93
Other Bank Balances		
- In Deposit Accounts	-	255.00
Total	67.72	360.66



NOTE 16 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)	Period ended 30-Sep-13 (Rs Lacs)	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Loans and Advances to Related Parties			
Subsidiary Companies		347.76	6,605.86
Others			
Intercorporate Deposits	655.00		
Less : Provision for doubtful Advances	(655.00)	-	694.35
Prepaid Expenses		78.83	70.74
Security Deposits		0.17	-
Service Tax Credit			0.89
Advance Recoverable in Cash or Kind	39.55		
Less : Provision for doubtful Advances	(34.35)	5.20	-
Total		431.96	7,371.84

NOTE 17 - OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Receivable on Sale of Investments	-	55.35
Income Receivable	-	7.73
Total	-	63.07

NOTE 18 - REVENUE FROM OPERATIONS	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Merchant Banking and Advisory Fees	407.45	1,352.43
Net Gain / (Loss) in Derivatives and Other Transactions	(816.50)	(2.57)
Total	(409.05)	1,349.86

NOTE 19 - OTHER INCOME	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Interest Income	6.59	63.86
Dividend Income	13.54	8.05
Net Gain / (Loss) on Sale of Investments	(919.39)	(595.93)
Recovery of Shared Services	-	130.00
Other Non-Operating Income		
Provisions no longer required, Written back	-	0.05
Debts Written-off Now Recovered	-	-
Miscellaneous Income	5.00	-
Total	(894.27)	(393.97)

NOTE 20 - EMPLOYEE BENEFIT EXPENSES	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Salaries	233.63	263.77
Contribution to Provident and Other Funds	7.90	6.74
Staff Welfare Expenses	2.97	3.52
Total	244.50	274.03

NOTE 21 - FINANCE COSTS	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Interest Expense	575.23	669.58
Total	575.23	669.58

PRIME SECURITIES LIMITED

NOTE 22 - OTHER EXPENSES	Period ended 30-Sep-13 (Rs Lacs)	Year ended 31-Mar-12 (Rs Lacs)
Power and Fuel	21.54	8.41
Rent	10.53	71.39
Repairs to Building	0.81	0.45
Repairs to Machinery	0.08	0.66
Insurance Premium	1.76	1.57
Rates & Taxes	0.64	5.58
Travelling & Conveyance	29.33	33.67
Consultancy & Professional Charges	12.65	56.75
Director's Sitting Fees	6.80	5.10
Auditor's Remuneration		
- For Audit Fees	6.00	4.00
- For Taxation	2.75	1.00
- For Other Services	0.20	-
Loss on Foreign Currency Transaction	-	5.91
Balances Written-off	-	12.22
Loss on Asset Sold/Discarded	2.39	18.23
Diminution in Value of Investments	1,776.99	4.21
Prior Period Items	-	17.44
Provision for Doubtful Debts & Advances	1,036.46	-
Miscellaneous Expenses	81.92	46.61
Total	2,990.84	293.21

NOTES FORMING PARTS OF ACCOUNTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

23. Significant Accounting Policies

a) Basis of Presentation of Financial Statements

The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with the accounting practices generally accepted in India.

b) Fixed Assets

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

c) Depreciation

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

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

d) Investments

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

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

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

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

e) Revenue Recognition

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

Interest is accounted on accrual basis.

Dividend is accounted when the right to receive is established.

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

f) Employee Benefits

i) Defined Contribution Plan

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

- ii) **Defined Benefit Plan**
The present value of the obligation under defined benefit plan (being Gratuity and Leave Encashment) is determined based on actuarial valuation using the projected unit credit method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In case of funded benefit plans the fair value of the plan assets is compared with the gross obligation under the benefit plan to recognize the obligation on net basis.
- iii) **Other Benefits**
Short term and long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- g) Taxation**
Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.
Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
Deferred tax assets are recognised only if there is a reasonable certainty of their realization.
- h) Earnings Per Share**
In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.
- i) Impairment of Assets**
The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.
- j) Operating Leases**
Leases of Assets under which all the risk and benefits of the ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss account.
- k) Derivative Transactions**
Gains are recognized only on settlement/expiry of derivative instruments.
All open positions are marked to market and unrealized losses are provided for. Unrealized gains, if any, on marked to market are not recognized.
Debit/Credit balance on open interest as on the balance sheet dates are shown as current assets/liabilities, as the case may be.
- l) Foreign Currency Transactions**
Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the profit and loss account.
There are no monetary assets or liabilities outstanding as at the year end.
- m) Provisions and contingencies**
A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

24. Contingent Liabilities

(Rs. in Lacs)

Particulars	Period ended Sept 30, 2013	Year ended March 31, 2012
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	283.09	20.11
Corporate guarantee given for financial facilities for a subsidiary (Amount outstanding at the close of the year)	2,251.09	2,300.00
Claim made against the Company not acknowledged as debt (Interest liability on the same cannot be ascertained)	926.47	545.80
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advance)	-	1,360.00

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In July a bank had invoked corporate guarantee given by the Company on behalf of Prime Broking Company (India) Limited ("PBCIL"), a subsidiary company, for Rs. 1,168.74 Lacs. PBCIL has thereafter provided additional security and entered into a deed of hypothecation. In view of these subsequent events the Company continues to recognize these obligations as only contingent liability.

25. One of the Company's subsidiary Primesec Investments Limited ("PIL") has a negative networth of Rs. 6,992.71 Lacs. The Company has advanced Rs. 9,000.00 Lacs to PIL as share application monies which is pending for allotment. PIL's management has undertaken to allot the shares. Pursuant to the proposed allotment of shares PIL's networth will turn positive. In view thereof PIL has prepared its financial statements on the basis that it is a going-concern. Considering that the Company's investment in PIL is of strategic and long term in nature and having regard to proposed capitalization, no provision is presently considered necessary by the management for diminution in the value of the Company's financial exposure in PIL.
26. The Company has made significant financial investment in its subsidiary Primesec Investments Limited which is strategic and long term in nature. On the other hand the Company has substantial dues which are current in nature. In view thereof, the analysis of the Company's assets and liabilities casts significant doubt about the Company's ability to meet its obligations as and when they fall due and therefore its ability to continue as a going concern. Based on evaluation of the current situation and plans formulated to dispose-off investments and to create new revenue streams, the management holds the view that the Company will be able to discharge its liabilities in the normal course of business. Accordingly, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.
27. The documentation like confirmation of balances, terms of repayment and charge of interest in respect of the following unsecured loans received by the Company (refer Note 5) have not been obtained:

Name of the Party	Loan Amount (Rs.)
Aaryahi Properties Private Limited	140,000,000
Glorious Shipping Private Limited	25,000,000
Videocon Industries Limited	42,500,000
Total	207,500,000

The Company has not accounted for interest on such loans on the basis that they are interest-free. Further they have been categorized as short-term borrowings on the basis of the management's representation in that regard.

28. The Company has not accounted for interest of Rs. 380.67 Lacs charged by lenders who have advanced secured loan, as the management is of the opinion that the same would not be payable pursuant to a proposed restructuring/settlement of the loan.
29. The Company had advanced Rs. 327.50 Lacs to a party and secured a right to acquire an office premises in Mumbai within a specified period. The Company could not complete the acquisition within the specified period and the right has lapsed. The management is in discussion with the party for refund of the said advance and is hopeful of recovery and accordingly, no provision is considered necessary.
30. During the year Company has pledged shares belonging to third parties to obtain credit facilities. As at the end of the period shares belonging to third parties of the following companies were pledged for which confirmations from such parties has not been received:

Name of the Company	No. of shares
Gemini Communication Limited	210,000
Lumax Industries Limited	37,500
Hindustan Tin Works Limited	100,001

31. Certain shares belonging to third parties and pledged by the Company were sold by the lender on account of shortfall in margins. The Company being obliged to return the shares has returned part of the shares during the period. The financial liability for shares remaining to be returned has been accounted for.
32. There has been a decline of Rs. 1,866.74 Lacs as on September 30, 2013 in the carrying value of Non-current Investments. No provision for diminution in the value of such investments has been considered necessary since, in the opinion of the management, such diminution is only temporary in nature considering depressed market conditions prevailing at the year-end.
33. The Company maintains many demat accounts. The transactions of inflow of shares in the demat accounts were on account of purchase of shares, transfer from other demat accounts, received from third parties (for further pledge) and received on release from pledge. As and when shares were sold, either by release from pledge or directly by the lender, irrespective of the demat account from which the shares were delivered, the Company has first accounted for sale to the extent of shares owned by it and the remaining shares were treated as sold on behalf of other parties. Due to this treatment the shares effectively got pooled-in and became fungible and as a result the Company has maintained share balances only on an overall basis and not on the basis of each demat account.
34. Having reviewed the financial position of its subsidiaries the Company has during the period made a provision of Rs. 1,752.72 Lacs for diminution in value of its equity investment in two subsidiaries viz. Prime Broking Company (India) Limited and Prime Research & Advisory Limited.
35. The Company's main business is to provide corporate advisory services. All other activities are incidental to the main business. As such, there are no separate reportable segments, as per Accounting Standard on 'Segment Reporting' (AS 17) issued by the Institute of Chartered Accountants of India.

36. Retirement Benefits

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

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

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

	Period ended Sept 30, 2013	Year ended March 31, 2012
Change in Projected Benefits Obligation (PBO)		
PBO at beginning of the year	113.69	106.69
Service cost	11.61	7.75
Interest cost	14.07	8.80
Actuarial (gain)/loss	(17.05)	(9.55)
Benefits paid	(10.31)	-
PBO at the end of the period	112.01	113.69
Change in Plan Assets		
Plan assets at the beginning of the year at fair value	138.15	111.48
Expected return on plan assets	16.58	8.92
Employer Contribution	-	15.47
Actuarial gain/(loss)	(4.03)	2.28
Benefits paid	(10.31)	-
Fair value of plan assets at the end of the year	140.39	138.15
Reconciliation of PBO and the fair value of the plan assets		
Fair value of plan assets at the end of the year	140.39	138.15
Present value of the defined benefit obligations at the end of the year	112.01	113.69
Funded Status of the Plan	28.38	24.46
Gratuity costs for the year		
Service cost	11.61	7.75
Interest cost	14.07	8.80
Expected return on plan assets	(16.58)	(8.92)
Actuarial (gain)/loss	(13.02)	(11.84)
Net Gratuity	(3.92)	(4.21)
Assumption		
Discount Factor	8.75%	8.75%
Estimated rate of return on plan assets	8.80%	8.80%

(B) During the year, a provision of Rs. 17.04 lacs (Previous year Rs. 0.62 lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is Rs. 117.82 lacs (Previous Year Rs. 123.06 lacs). The actuarial liability is computed assuming the discount factor of 9.25%.

37. Earnings per Share

Particulars	Period ended Sept 30, 2013	Year ended March 31, 2012
Basic		
Opening Number of Shares	26,473,525	26,473,525
Closing Number of Shares	26,473,525	26,473,525
Weighted Average Number of Shares for Basic EPS	26,473,525	26,473,525
Profit / (Loss) after Tax (Rs. in Lacs)	(5149.63)	(419.08)
Basic EPS (Rs.)	(19.45)	(1.58)
Diluted		
Dilutive Component of Stock Options / Warrants Outstanding	-	7,789
Weighted Average Number of Shares for Diluted EPS	26,473,525	26,481,314
Diluted EPS (Rs.)	(19.45)	(1.58)

The Guidance Note on Accounting of Employee Share Based Compensation issued by Institute of Chartered Accountant of India applies to employee share based payment plans, the grant date of which falls on or after April 1, 2005 and allows accounting for employee share based payment plans based on either the Intrinsic value method or the fair value method. The Company follows the intrinsic value method. Under the fair value method, the net loss for the period ended September 30, 2013 would have been higher by Rs. 0.54 Lacs and the Basic EPS and Diluted EPS would have been Rs. (19.45) and (Rs. 19.45) respectively.

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

Particulars	Period ended Sept 30, 2013
Dividend Yield (%)	-
Expected Volatility (%)	22.46
Risk Free Interest Rate (%)	8.80
Expected Term (Number of Years)	3

38. Earnings in Foreign Exchange (Rs. in Lacs)

Particulars	Period ended Sept 30, 2013	Year ended March 31, 2012
Merchant Banking & Advisory Fees	-	225.70

39. Operating Lease for asset taken on lease (Rs. in Lacs)

Particulars	Period ended Sept 30, 2013	Year ended March 31, 2012
i) Total of future minimum lease payments		
a) Not later than one year	-	8.88
b) Later than one year and not later than five years	-	6.60
c) Later than five years	-	-
ii) Lease payments recognised in the Profit and Loss account	10.17	71.39

40. Related Party Disclosures

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

Relationships

i) Subsidiary Companies

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

ii) Associate Company

- Gateway Entertainment Limited

iii) Key Management Personnel

- Mr. N. Jayakumar
- Mr. R. Ramachandran (Till 21st June, 2013)
- Mr. Ajay Shah

iv) Relative of Key Management Personnel

- Mrs. Madhu Jayakumar

2. The following transactions were carried out with the related parties in the ordinary course of business during the period April 2012 to Sept 2013 (Rs. In Lacs)

Sr. No	Nature of Transaction	Transactions during the year		Balance as on	
		Current Period	Previous Year	Sept 30, 2013	March 31, 2012
1.	Sums paid / received from Prime Broking Company (India) Limited on current account				
	- Sums Received	41,982.19	7,892.20	3,102.32	4.57
	- Sums Paid	38,875.30	7,184.34	(Debit)	(Debit)
2.	Recovery of Shared Services				
	- From Prime Broking Company (India) Limited	-	130.00	-	-
3.	Brokerage paid to Prime Broking Company (India) Limited	15.57	2.06	-	-
4.	Interest free Inter corporate deposit received from Prime Commodities Broking (India) Limited				
	- Sums Received	469.00	47.50	-	47.50
	- Sums Repaid	516.50	-	-	(Credit)

Sr. No	Nature of Transaction	Transactions during the year		Balance as on	
		Current Period	Previous Year	Sept 30, 2013	March 31, 2012
5.	Interest free Inter corporate deposit received from Prime Research & Advisory Limited				
	- Sums Received	326.50	33.50	9.67	28.47
	- Sums Repaid	345.31	5.03	(Credit)	(Credit)
6.	Interest free Inter corporate deposit given to Primesec Investment Limited				
	- Sums Received	19,371.34	5,979.35	347.76	6,601.29
	- Sums Repaid	13,118.28	6,664.17	(Debit)	(Debit)
7.	Share Application Money (Pending Allotment) advanced to Primesec Investment Limited	9,000.00	-	9,000.00	-
				(Debit)	
8.	Interest free Inter corporate deposit received from Gateway Entertainment Limited				
	- Sums Received	30.00	-	30.00	
	- Sums Repaid	-	-	(Credit)	-
9.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation	3.00	3.00	3.00	2.70
				(Credit)	(Credit)
10.	Remuneration paid to Key Managerial Personnel	161.82	202.23	-	-
11.	Advance salary paid to Whole-time Director	4.39	-	44.39	40.00
				(Debit)	(Debit)
12.	Refund of Office Deposit to Prime Broking Company (India) Limited	-	35.00	-	-
13.	Refund of Office Deposit to Prime Research & Advisory Limited	-	13.50	-	-
14.	Deposit given to Mrs. Madhu Jayakumar for Residential accommodation				100.00
	- Sums Repaid	100.00	-	-	(Debit)
15.	Advance written-off of Gateway Entertainment Limited	-	0.77	-	-
16.	Provision for Diminution in Value of Investments				
	- Prime Broking Company (India) Limited	1,719.70	-	-	-
	- Prime Research & Advisory Limited	33.02	-	-	-
17.	Sale of Shares				
	- Primesec Investment Limited	5.09	-		
	- Prime Research & Advisory Limited	6.56	-		

41. The net effect of taxation timing differences results in a deferred tax asset. As a measure of prudence such deferred tax asset is, for the time being, not recognized in the accounts in absence of certainty about its realization.
42. The Company has obtained approval from the Registrar of Companies, Maharashtra (Mumbai) vide order under section 210(4) of the Companies Act 1956 for extension of financial year by a period of six months to end on September 30, 2013. Therefore, the financial statements for the current period are for eighteen months. Hence previous year figures are not comparable with the current period.

As per our Report attached

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

N. Jayakumar
Managing Director

Milind Gandhi
Partner
Membership No. 043194

Ajay Shah
Company Secretary

Mumbai, November 29, 2013

For and on behalf of the Board

Pradip Dubhashi Chairman

Anil Dharker Director

S. R. Sharma Director

Mumbai, November 29, 2013

PRIME SECURITIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON SEPTEMBER 30, 2013

	INFLOWS/(OUTFLOWS)	
	Year ended 30-Sep-13 (Rs. in lacs)	Year ended 31-Mar-12 (Rs. in lacs)
A Cash flow from Operating Activities		
Net Profit / (Loss) before tax	(5,149.63)	(303.08)
Adjustments for :		
Dividend Received	(13.54)	(8.05)
Interest Received	(6.59)	(63.86)
Depreciation	35.74	22.15
Interest & Finance Charges	575.23	669.58
Diminution in Value of Investments (Net)	1,776.99	4.21
Loss on Asset Sold / Discarded	2.39	18.23
Loss / (Gain) on Sale of Investments (Net)	919.39	595.93
Balances Written-off	–	12.22
Provision for Doubtful Debts	347.11	–
Provision for Doubtful Advances	689.35	–
	4,326.07	1,250.41
Operating Profit / (Loss) before Working Capital changes	(823.56)	947.33
Adjustments for Changes in the Working Capital		
Debtors	20.55	285.10
Current Assets	55.35	(55.35)
Loans & Advances	6,366.76	(99.13)
Current Liabilities & Provisions	251.37	(55.13)
	6,694.03	75.49
Cash generated from Operations	5,870.47	1,022.82
Direct Taxes (Paid) / Refund (net)	(51.49)	(180.58)
Net Cash from Operating Activities (A)	5,818.98	842.24
B Cashflow from Investment Activities		
Purchase of Investments	(4,417.05)	(7,029.24)
Purchase of Fixed Assets	(23.00)	(114.73)
Sale of Investments	4,779.25	7,173.90
Sale of Fixed Assets	2.50	4.70
Share Application Money	(9,000.00)	–
Dividend Received	13.54	8.05
Interest Received	14.31	64.61
Net Cash from Investment Activities (B)	(8,630.45)	107.29
C Cashflow from Financing Activities		
Interest & Finance Charges	(590.10)	(712.18)
Funds Borrowed / (Repaid)(net)	2,763.63	(469.85)
Net Cash from Financing Activities (C)	2,173.53	(1,182.04)
Net Cashflow (A + B + C)	(637.94)	(232.50)
Changes in the Cash & Bank Balances	(637.94)	(232.50)
Cash and Cash Equivalents at the beginning of the year	705.66	938.16
Cash and Cash Equivalents at the end of the year	67.72	705.66

As per our Report attached
For and on behalf of
GANDHI & ASSOCIATES
Chartered Accountants
Registration No. 102965W

Milind Gandhi
Partner
Membership No. 043194

Mumbai, November 29, 2013

N. Jayakumar
Managing Director

Ajay Shah
Company Secretary

For and on behalf of the Board

Pradip Dubhashi Chairman

Anil Dharker Director

S. R. Sharma Director

Mumbai, November 29, 2013



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the accompanying consolidated financial statements of **PRIME SECURITIES LIMITED** ("the Company"), and its subsidiary companies (collectively referred as 'the Group') which comprise the Consolidated Balance Sheet as at 30th September 2013 and the statement of Consolidated Profit & Loss Account and the Consolidated Cash Flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

1. *Reference is invited to Note 28 according to which inter-corporate deposits of Rs. 2,075.00 Lacs is outstanding which are categorized under Short-term Borrowings, as represented by the management. We have not been able to validate this assertion in absence of confirmation of balances, terms of repayments and charge of interest. Accordingly, we are unable to ascertain the impact on the financial statements of the categorization of the deposits and non-provision of interest thereon.*
2. *As referred in Note 29 the Group has not provided for interest of Rs. 643.36 Lacs on certain secured loans as in opinion of the management the same is under renegotiations with the lenders. Had the Group made such provision the loss for the period and the amount of secured loans would have been higher by that amount.*
3. *Reference is invited to Note 30 according to which the management is hopeful of recovery of a capital advance of Rs. 327.50 Lacs in respect of which we are unable to ascertain the impact, if any, that may arise in case if the same, or part thereof, is subsequently determined to be doubtful of recovery.*

Qualified Opinion

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

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at September 30, 2013;
- b) In the case of the Consolidated Statement of Profit and Loss Account, of the loss of the Group for the period ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flow of the Group for the period ended on that date.

Emphasis of Matter:

Our opinion is not modified in respect of the following:

1. Attention is invited to Note 25 regarding preparation of financial statements of the Group on going concern basis notwithstanding erosion in the Group's networth and cessation of broking activity pursuant to action by the exchanges. The appropriateness of the said basis is interalia dependent on the Group's ability to renegotiate liabilities, recommence broking activity and generate cash flows to meet its financial obligations as and when they fall due.
2. As referred to in Note 33 there is a diminution of Rs. 3,324.97 Lacs in value of non-current investments. The diminution is not provided on the basis that the same is temporary in nature.
3. Attention is invited to Note 34 in respect of transactions in demat accounts.

Other Matters

1. We did not audit the financial statements of the subsidiaries, whose audited financial statements reflect total assets of Rs. 27,482.84 Lacs as at September 30, 2013 and total negative revenue of Rs. 5,222.69 Lacs and net negative cash flows amounting to Rs. 1,428.94 Lacs for the period then ended. These audited financial statements and other financial information for these subsidiaries has been audited by other auditors whose reports have been furnished to us, and our opinion on the accompanying consolidated financial statements is based solely on the reports of the other auditors.
2. We did not audit the financial statements of an associate, whose unaudited financial statements reflect the Group's share of loss of Rs. Nil Lacs for the period ended September 30, 2013. These financial statements and other financial information for the associate have been prepared by the management and our opinion on the accompanying consolidated financial statements is based solely on such management certified financial statements/information.

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

[MILIND GANDHI]
Partner

Membership No. 043194

Mumbai, November 29, 2013

PRIME SECURITIES LIMITED

CONSOLIDATED BALANCE SHEET OF PRIME SECURITIES LIMITED AND ITS SUBSIDIARIES AS AT SEPTEMBER 30, 2013

	Note No.	As at 30-Sep-13 (Rs Lacs)		As at 31-Mar-12 (Rs Lacs)	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	1,327.85		1,327.85	
Reserves and Surplus	2	(1,266.46)	61.39	7,395.17	8,723.02
Minority Interest			-		2.78
Non-current Liabilities					
Long-term Borrowings	3	14.46		24.90	
Long-term Provisions	4	145.54	160.00	162.74	187.64
Current Liabilities					
Short-term Borrowings	5	10,158.25		10,757.63	
Trade Payables	6	10,887.69		17.90	
Other Current Liabilities	7	6,888.93		4,222.51	
Short-term Provisions	8	16.05	27,950.91	30.68	15,028.72
Total			28,172.30		23,942.16
ASSETS					
Non-current Assets					
Fixed Assets	9				
- Tangible Assets		515.77		570.41	
- Intangible Assets		22.32		23.94	
Non-current Investments	10	7,471.10		11,008.27	
Deferred Tax Assets (Net)		8.40		12.16	
Long Term Loans and Advances	11	1,017.79		1,008.11	
Other Non-current Assets	12	-	9,035.38	375.00	12,997.90
Current Assets					
Current Investments	13	19.70		1,094.28	
Trade Receivables	14	12,925.86		3,165.43	
Cash and Bank Balances	15	474.00		2,173.47	
Short-term Loans and Advances	16	5,259.00		2,512.13	
Other Current Assets	17	458.36	19,136.91	1,998.95	10,944.26
Total			28,172.30		23,942.16
Notes on Accounts	1 to 46				

As per our Report attached

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

N. Jayakumar
 Managing Director

Milind Gandhi
Partner
 Membership No. 043194

Ajay Shah
 Company Secretary

Mumbai, November 29, 2013

For and on behalf of the Board

Pradip Dubhashi Chairman

Anil Dharker Director

S. R. Sharma Director

Mumbai, November 29, 2013



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS OF PRIME SECURITIES LIMITED
AND ITS SUBSIDIARIES FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

	Note No.	Period ended 30-Sep-13 (Rs. in Lacs)	Period ended 31-Mar-12 (Rs. in Lacs)
I REVENUE FROM OPERATIONS	18	(3,215.44)	2,167.63
II OTHER INCOME	19	(348.37)	(2,110.21)
III TOTAL REVENUE (I + II)		(3,563.81)	57.42
IV EXPENSES			
Employee Benefit Expenses	20	692.61	565.31
Finance Costs	21	1,282.83	1,400.26
Depreciation and Amortisation Expense	9	68.69	49.37
Other Expenses	22	3,032.60	590.89
TOTAL EXPENSES		5,076.72	2,605.82
V PROFIT / (LOSS) BEFORE TAX (III - IV)		(8,640.53)	(2,548.40)
VI Tax Expense			
- Current Tax		25.95	156.15
- Deferred Tax		3.76	(6.78)
- Short / (Excess) Provision of Tax		-	60.19
VII PROFIT / (LOSS) AFTER TAX (V - VI)		(8,670.24)	(2,757.97)
Minority Interest in Income		-	(0.45)
Share of Loss in Associate Company		-	(6.13)
VIII PROFIT / (LOSS) FOR THE YEAR (VI - VII)		(8,670.24)	(2,764.54)
Earning per Equity Share (Face Value per Share Rs. 5/-)			
- Basic		(32.75)	(10.42)
- Diluted		(32.75)	(10.42)
Notes on Accounts	1 to 46		

As per our Report attached

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

N. Jayakumar
Managing Director

Milind Gandhi
Partner
Membership No. 043194

Mumbai, November 29, 2013

For and on behalf of the Board

Pradip Dubhashi Chairman

Anil Dharker Director

S. R. Sharma Director

Mumbai, November 29, 2013

PRIME SECURITIES LIMITED

NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SHARE CAPITAL	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
AUTHORISED		
3,00,00,000 Equity Shares of Rs. 5/- each	1,500.00	1,500.00
2,00,000 13% Cumulative Redeemable Preference Shares of Rs. 100/- each	200.00	200.00
18,00,000 Unclassified Shares of Rs. 100/- each	1,800.00	1,800.00
Total	3,500.00	3,500.00
ISSUED		
2,72,22,725 (Previous Year 2,72,22,725) Equity Shares of Rs. 5/- each	1,361.14	1,361.14
Total	1,361.14	1,361.14
SUBSCRIBED & FULLY PAID		
2,64,73,525 (Previous Year 2,64,73,525) Equity Shares of Rs. 5/- each	1,323.68	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	4.17	4.17
Total	1,327.85	1,327.85

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

Particulars	Year ended 30-Sep-13 No. of Shares	Year ended 31-Mar-12 No. of Shares
Opening Balance	26,473,525	26,473,525
Add: Shares Issued on exercise of Employee Stock Options	-	-
Closing Balance	26,473,525	26,473,525

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

Name of Shareholder	Year ended September 30, 2013		Year ended March 31, 2012	
	%	No. of Shares	%	No. of Shares
N. Jayakumar (along with persons acting in concert)	20.39	5,398,256	20.29	5,372,149
Religare Finvest Limited	-	-	7.47	2,018,566
Videocon Industries Limited	6.70	1,774,153	7.00	1,853,158
New Vernon Private Equity Limited	6.80	1,800,000	6.80	1,800,000

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

The Company's stock based compensation plan for employees comprises of three schemes viz. the ESOS 2007 Scheme, ESOS 2008 and the ESOS 2009 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries. The Company has reserved issuance of 27,81,950 (Previous year 28,11,950) Equity Shares of Rs. 5/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS) approved by Members. During the year, the Company has granted NIL (Previous year 1,300,000) Options to the eligible employees.

ESOS 2007 Scheme

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

ESOS 2008 Scheme

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

ESOS 2009 Scheme

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

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

Particulars (Exercise Price)	ESOS 2007 (Rs. 38/-)		ESOS 2008 (Rs. 15/-)		ESOS 2009 (Rs. 38/-)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Options outstanding, beginning of the Year	822,000	822,000	839,950	839,950	1,150,000	1,150,000
Add: Granted during the Year	-	-	-	-	-	-
Less: Exercised during the Year	-	-	-	-	-	-
Less: Lapsed during the Year	10,000	10,000	-	-	20,000	20,000
Options outstanding, end of the Year	812,000	812,000	839,950	839,950	1,130,000	1,130,000

NOTE 2 - RESERVES AND SURPLUS	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Capital Reserve		
As per last Balance Sheet	165.00	165.00
	165.00	165.00
Capital Redemption Reserve		
As per last Balance Sheet	217.27	217.27
	217.27	217.27
Securities Premium Reserve		
As per last Balance Sheet	5,312.64	5,312.64
Add: Receipts on exercise of Employee Stock Options	-	-
	5,312.64	5,312.64
General Reserve		
As per last Balance Sheet	2,400.00	2,400.00
	2,400.00	2,400.00
Foreign Currency Translation Reserve		
Foreign Currency Translation Reserve	-	6.10
	-	6.10
Surplus		
Balance at the beginning of the Year	(691.13)	2,058.70
Add: Net Profit / (Loss) for the Year	(8,670.24)	(2,764.54)
	(9,361.37)	(705.84)
Total	(1,266.46)	7,395.17
NOTE 3 - LONG-TERM PROVISIONS	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Term Loans		
Secured		
- From Banks	14.46	13.64
- From Others	-	11.26
Total	14.46	24.90
NOTE 4 - LONG-TERM PROVISIONS	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Provision for Employee Benefits		
- Leave Encashment	145.54	162.74
Total	145.54	162.74

NOTE 5 - SHORT-TERM BORROWINGS	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Loan Repayable on Demand		
Secured	-	3,345.86
[Against pledge of specified investments owned by the Company (Refer note 9 & 11)]		
- From Banks	2,054.99	-
- From Other Parties	5,748.26	4,631.08
Unsecured		
- From Banks	-	170.56
- From Other Parties	2,355.00	2,610.13
Total	10,158.25	10,757.63
NOTE 6 - TRADE PAYABLES	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Trade Payables	10,887.69	17.90
[As per the information available with the Company, there are no dues outstanding as on 30th September 2013 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006]		
Total	10,887.69	17.90
NOTE 7 - OTHER CURRENT LIABILITIES	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Current Maturities of Long Term Debt		
Secured		
- From Banks	7.40	4.18
- From Others	-	4.70
Interest Accrued and Due on Borrowings	361.91	432.01
Unpaid Dividends	53.71	54.11
Other Payables		
Statutory Dues	58.42	94.94
Payable on purchase of Investments	421.90	-
Liability towards share obligations [Refer Note 30]	108.91	-
Salary Payable	5.87	-
Outstanding Expenses	593.91	41.29
Advances / Margins from Clients	2,814.08	3,382.72
Other Liabilities	2,462.81	208.57
Total	6,888.93	4,222.51
NOTE 8 - SHORT-TERM PROVISIONS	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Unrealised gain on Derivatives Transactions	-	11.99
Provision for Employee Benefits		
- Leave Encashment.	16.05	18.69
Total	16.05	30.68

NOTE 10 - NON-CURRENT INVESTMENTS (NON-TRADE)	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
INVESTMENT IN EQUITY INSTRUMENTS		
Quoted	7,471.10	10,134.22
Unquoted (Others)	-	874.04
Total	7,471.10	11,008.27
NOTE 11 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Capital Advances	327.50	327.50
Security Deposits	295.19	453.06
Other Loans and Advances		
Advance Income Tax (Net of Provisions)	316.85	145.04
Loans to Employees	76.48	76.08
Prepaid Expenses	1.77	6.43
Total	1,017.79	1,008.11
NOTE 12 - OTHER NON-CURRENT ASSETS	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Deposit with Banks	-	375.00
Total	-	375.00
NOTE 13 - CURRENT INVESTMENTS	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
INVESTMENT IN EQUITY INSTRUMENTS		
Quoted	19.70	1,094.28
Total	19.70	1,094.28
NOTE 14 - TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Outstanding for a period exceeding six months	3,454.84	871.64
Others		
Total	9,471.01	2,293.79
NOTE 15 - CASH AND BANK BALANCES	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Cash and Cash Equivalents		
Balances with Banks	198.05	256.11
[Includes earmarked balances for payment of Unclaimed Dividend of Rs. 54.10 Lacs (Previous Year Rs. 54.23 Lacs)]		
Cash on Hand	25.95	7.36
Other Bank Balances		
- In Deposit Accounts	250.00	1,910.00
[Include deposits of Rs. 345 Lacs (Previous Year Rs. 15 Lacs) with maturity of more than 12 months]		
Total	474.00	2,173.47

NOTE 9 - FIXED ASSETS

Description	Gross Block at Cost				Depreciation				Net Block	
	As On 1-Apr-12	Additions	Deletions & Adjustments	As on 30-Sep-13	As on 1-Apr-12	For the period Provided	Adjustments	As on 30-Sep-13	As on 30-Sep-13	As on 31-Mar-12
Tangible Assets										
Building	437.79	-	-	437.79	107.23	10.71	-	117.94	319.85	330.56
Furniture & Fixture	51.69	4.59	-	56.28	5.48	5.13	-	10.61	45.68	46.21
Vehicles	207.92	48.11	82.71	173.32	75.16	31.63	24.19	82.60	90.72	132.76
Office Equipments	48.68	2.70	-	51.38	4.12	3.57	-	7.68	43.69	44.56
Computers	25.88	6.90	0.38	32.40	9.56	7.11	0.11	16.57	15.84	16.32
Intangible Assets										
Computer Software	75.07	8.91	-	83.98	51.12	10.53	-	61.66	22.32	23.94
Total	847.03	71.21	83.08	835.16	252.67	68.69	24.30	297.06	538.10	594.36
Previous Year	811.43	153.86	118.26	847.03	274.25	49.37	70.95	252.67	594.36	

Note: Net block of the Building include a residential flat of Rs. 276.31 Lacs in a co-operative society, acquired from a debtor in satisfaction of a claim. In view of the restraining orders, the society has kept in abeyance the admission of membership of the Company. In the earlier year, pursuant to the order of the Hon'ble High Court, the possession of the flat was handed over to the Official Assignee. An appeal was filed by the Company against the said order whereby the said order was set aside. Pursuant to the fresh chamber summons filed by the Company for removing attachment, the Official Assignee has been directed not to sell or dispose-off the flat. The Company has been legally advised that the said developments will not have a bearing on the Company's title to the flat and consequently there is no impairment in the value of the asset and the Company is not likely to have any further claim or liability against the said flat.

PRIME SECURITIES LIMITED

NOTE 16 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Loans and Advances to Related Parties		
To associates as Intercorporate Deposit	109.30	50.32
To Associate Concern as Advance	6.26	-
Others		
Advance Salary	6.34	2.54
Intercorporate Deposits	-	694.35
Prepaid Expenses	90.47	115.74
Service Tax Credit	10.74	1.95
Deposit	607.65	1,612.48
Advance Recoverable in Cash or Kind	34.17	20.45
Advance Gratuity Premium	15.90	14.30
Other Short Term Advances	4,378.17	-
Total	5,259.00	2,512.13
NOTE 17 - OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)	As at 30-Sep-13 (Rs. in Lacs)	As at 31-Mar-12 (Rs. in Lacs)
Receivable on Sale of Investments	-	1,119.53
Dues from Stock Exchange	347.00	845.38
Income Receivable	111.36	34.04
Total	458.36	1,998.95
NOTE 18 - REVENUE FROM OPERATIONS	Period ended 30-Sep-13 (Rupees)	Year ended 31-Mar-12 (Rupees)
Merchant Banking and Advisory Fees	407.45	1,352.43
Income from Broking Operations	1,149.20	742.65
Income from Wealth Management Services	224.18	42.32
Gain / (Loss) in Derivatives and Other Transactions (Net)	(4,996.27)	30.23
Total	(3,215.44)	2,167.63
NOTE 19 - OTHER INCOME	Period ended 30-Sep-13 (Rupees)	Year ended 31-Mar-12 (Rupees)
Interest Income	1,873.74	187.85
Dividend Income	58.42	82.42
Net Gain / (Loss) on Sale of Investments	(2,407.53)	(2,381.51)
Balances Written back	20.08	-
Other Non-Operating Income		
Provisions no longer required, Written back	0.08	0.05
Debts Written-off Now Recovered	-	-
Miscellaneous Income	106.83	0.98
Total	(348.37)	(2,110.21)
NOTE 20 - EMPLOYEE BENEFIT EXPENSES	Period ended 30-Sep-13 (Rupees)	Year ended 31-Mar-12 (Rupees)
Salaries	635.19	530.64
Contribution to Provident and Other Funds	28.89	18.42
Staff Welfare Expenses	28.52	16.25
Total	692.61	565.31
NOTE 21 - FINANCE COSTS	Period ended 30-Sep-13 (Rupees)	Year ended 31-Mar-12 (Rupees)
Interest Expense	1,235.51	1,374.33
Bank Charges	47.32	25.93
Total	1,282.83	1,400.26

NOTE 22 - OTHER EXPENSES	Period ended 30-Sep-13 (Rupees)	Year ended 31-Mar-12 (Rupees)
Power and Fuel	21.54	8.41
Rent	30.23	76.19
Repairs to Building	3.36	2.46
Repairs to Machinery	14.66	8.88
Insurance Premium	13.19	10.56
Entertainment Expenses	17.97	10.03
Rates & Taxes	0.64	5.70
Travelling & Conveyance	103.76	74.64
Legal & Professional Charges	649.47	114.60
Telephone, Postage & Courier Charges	17.99	14.09
Printing & Stationery	4.39	3.72
Membership & Subscription	43.60	20.10
Director's Sitting Fees	6.80	5.82
SEBI Renewal Fees	-	2.40
Auditor's Remuneration		
- For Audit Fees	12.30	9.15
- For Taxation	4.25	1.65
- For Other Services	0.20	0.60
Loss on Foreign Currency Transaction	-	5.91
Balances Written-off	-	12.22
Donations	5.50	12.43
Loss on Asset Sold/Discarded	25.23	41.62
Diminution in Value of Investments	97.06	40.43
Miscellaneous Expenses	193.96	64.87
Transaction Fees	658.05	25.52
Filing Fees	0.10	0.08
Bad Debts written off	69.40	-
Provision for Doubtful Debts & Advances	1,036.46	-
Prior Period Items	-	17.44
Registration Charges	2.50	1.37
Total	3,032.60	590.89

NOTES ON ACCOUNTS FOR THE PERIOD ENDED SEPTEMBER 30, 2013

23. Significant Accounting Policies

a) Accounting Convention

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

The financial statements of the domestic subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company i.e. period ended September 30, 2013.

b) Principles of Consolidation

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

- The financial statements of the Parent Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified under the Companies (Accounting Standards) Rules, 2006.
- The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies.
- The excess of cost to the Parent Company of its investment in the Subsidiary Companies over the Parent Company's portion of equity (net assets) of the Subsidiary Companies on the date on which investment in Subsidiaries is made is recognised as goodwill, which is amortised over a period of five years.
- Minority Interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company. Minority Interest's share of net

assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

- v) The investment in associate is accounted under the equity method and its share of pre-acquisition loss is reflected as goodwill in accordance with Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006. The goodwill is written-off in the year of acquisition.
- vi) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Profit and Loss account to the extent such change is attributable to the associates' Profit and Loss account and through its reserves for the balance, based on available information.

c) Companies included in Consolidation

Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at September 30, 2013
Prime Broking Company (India) Limited	India	100.00%
Prime Research & Advisory Limited	India	100.00%
Prime Commodities Broking (India) Limited	India	100.00%
Primesec Investments Limited	India	100.00%

Prime Asset Management has ceased to be subsidiary of Prime Broking Company (India) Limited as on May 16, 2013 consequent upon allotment of shares to the other party by the Company.

Associate Company considered in the consolidated financial statements is:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at September 30, 2013
Primary Cuisine Private Limited	India	24%

d) Other Significant Accounting Policies

i) Fixed Assets

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

ii) Depreciation

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

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

iii) Investments

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

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

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

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

iv) Revenue Recognition

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

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

Dividend is accounted when the right to receive is established.

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

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

v) Employee Benefits

- Defined Contribution Plan

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

- Defined Benefit Plan:

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

- Other Benefits:

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

vi) Taxation

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

- Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

- Deferred tax assets are recognised only if there is a reasonable certainty of their realization.

vii) Foreign Currency Transactions

- Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the profit and loss account.

- Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognized in the profit and loss account and the related assets and liabilities are accordingly restated in the balance sheet.

viii) Earnings Per Share

In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

ix) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

x) Operating Leases

Leases of Assets under which all the risk and benefits of the ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss account.

PRIME SECURITIES LIMITED

x) Derivative Transactions

Gains are recognized only on settlement/expiry of derivative instruments.

All open positions are marked to market and unrealized losses are provided for. Unrealized gains, if any, on marked to market are not recognized.

Debit/Credit balance on open interest as on the balance sheet dates are shown as current assets/liabilities, as the case may be.

xii) Provisions and contingencies

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

xiii) Miscellaneous Expenditure

Preliminary Expenses are amortised over a period of five years.

24. Contingent Liabilities

(Rs. In Lacs)

Particulars	Year ended	Year ended
	Sept 30, 2013	March 31, 2012
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	283.09	33.33
Guarantees given by banks	2,251.09	2,300.00
Claim made against the Company not acknowledged as debt (Interest liability on the above cannot be ascertained)	954.10	573.43
Repurchase of receivables, assigned during the year by the Company, in case of non-recovery of the deposit amount by the assignee within stipulated time as per the terms of the agreement	2.75	2.75
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advance)	-	1,360.00

25. One of the constituent company of the Group has an ongoing dispute with the National Stock Exchange of India Limited (NSE) and National Securities Clearing Corporation Limited (NSCCL). It had entered into certain transactions in the Futures & Options segments of the NSE, on behalf of its clients and entities of the Group. Various collateral were provided to the exchange for these transactions. The value of the collateral given was well in excess of the contract value in the F&O segment. The constituent company of the Group has filed a suit in the Hon'ble High Court at Bombay for damages against NSE and NSCCL. The value of these claims exceeds the contract values. Further as a fall out of the above, NSE and NSCCL has declared the constituent company of the Group as a defaulter which has been challenged in the Securities Appellate Tribunal. The Bombay Stock Exchange has triggered the cross default clause and declared the constituent company of the Group a defaulter. Having been declared a defaulter, the Group has been unable to carry on broking activity.

Further the Group has substantial liabilities which are current in nature which is not fully represented by current assets. The analysis of the Group's assets and liabilities casts a significant doubt about the Group's ability to meet its obligations as and when they fall due and therefore its ability to continue as a going concern. Based on evaluation of the current situation and plans formulated to dispose-off investments, recommence broking activity and to create new revenue streams, the management holds the view that the Group will be able to discharge its liabilities in the normal course of business. Accordingly, the financial statements have been prepared on the basis that the Group is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

26. The Company has an investment of Rs. 36.12 Lacs in equity shares of Primary Cuisine Private Limited ('PCPL'), an associate company, and has also given an unsecured loan of Rs. 109.30 Lacs.

Based on unaudited accounts for the year ended 31st March 2013 PCPL has a negative net worth of Rs. 110.65 Lacs. However, having regard to the expected capital infusion and improved business conditions, the financial statements of PCPL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities.

Considering that the Company's investment in PCPL is of strategic and long term nature no provision is considered necessary by the management for diminution in the value of the Company's financial exposure in PCPL.

27. During the year, the Company had entered into a loan agreement with two parties for funding the purchase of shares by them. As agreed with the said parties and pursuant to the explicit authority in terms of the loan agreement, the shares so purchased on behalf of the said parties were given for further pledging with the stock exchange as collateral in the derivatives segment. The funding for the shares so purchased was raised by way of selling long dated call and put options. In view of the various breaches and defaults committed by the said parties in fulfilling the terms and conditions of the loan agreement, the Company has terminated the loan agreement and the Company is in the process of filing appropriate legal proceedings against the said parties for recovery of dues.
28. The documentation like confirmation of balances, terms of repayment and charge of interest in respect of the following unsecured loans received by the Company (refer Note 5) have not been obtained:

Name of the Party	Loan Amount (Rs.)
Aaryahi Properties Private Limited	140,000,000
Glorious Shipping Private Limited	25,000,000
Videocon Industries Limited	42,500,000
Total	207,500,000

The Company has not accounted for interest on such loans on the basis that they are interest-free. Further they have been categorized as short-term borrowings on the basis of the management's representation in that regard.

29. The Company has not accounted for interest of Rs. 643.36 Lacs charged by lenders who have advanced secured loan, as the management is of the opinion that the same would not be payable pursuant to a proposed restructuring/settlement of the loan.
30. The Company had advanced Rs. 327.50 Lacs to a party and secured a right to acquire an office premises in Mumbai within a specified period. The Company could not complete the acquisition within the specified period and the right has lapsed. The management is in discussion with the party for refund of the said advance and is hopeful of recovery and accordingly, no provision is considered necessary.
31. During the year Company has pledged shares belonging to third parties to obtain credit facilities. As at the end of the period shares belonging to third parties of the following companies were pledged for which confirmations from such parties has not been received:

Name of the Company	No. of shares
Gemini Communication Limited	210,000
Lumax Industries Limited	37,500
Hindustan Tin Works Limited	100,001

32. Certain shares belonging to third parties and pledged by the Company were sold by the lender on account of shortfall in margins. The Company being obliged to return the shares has returned part of the shares during the period. The financial liability for shares remaining to be returned has been accounted for.
33. There has been a decline of Rs. 3,324.97 Lacs as on September 30, 2013 in the carrying value of Non-current Investments. No provision for diminution in the value of such investments has been considered necessary since, in the opinion of the management, such diminution is only temporary in nature considering depressed market conditions prevailing at the year-end.
34. The Company maintains many demat accounts. The transactions of inflow of shares in the demat accounts were on account of purchase of shares, transfer from other demat accounts, received from third parties (for further pledge) and received on release from pledge. As and when shares were sold, either by release from pledge or directly by the lender, irrespective of the demat account from which the shares were delivered, the Company has first accounted for sale to the extent of shares owned by it and the remaining shares were treated as sold on behalf of other parties. Due to this treatment the shares effectively got pooled-in and became fungible and as a result the Company has maintained share balances only on an overall basis and not on the basis of each demat account.
35. Out of the total debtors due and outstanding (refer Note 14), debts amounting to Rs. 588.40 Lacs (Previous Year Rs. 180.20 Lacs) pertain to parties which are due and outstanding for over a year. Despite the Company's several initiatives to recover the debts the process of recovery is slow, the management is certain about its recovery and therefore have considered the same as good and recoverable. During the year Company has pledged shares belonging to third parties to obtain credit facilities. Confirmations from such parties are yet to be received.
36. In the opinion of the management, sundry debtors and loans and advances being subject to confirmation, have a value at least equal to the amount shown in the balance sheet and the provisions made thereof are sufficient and adequate.

37. In January, 2008 Company had advanced a deposit of Rs. 6,100.00 Lacs to secure an option, exercisable within a specified period, to acquire development rights in respect of an immovable property in Mumbai. In December 2009, the Company had rescinded its right to exercise the option and had renegotiated with the concerned parties for recovery of the deposit. During the year, out of the balance deposit of Rs. 1,612.48 lacs, the Company has received an amount of Rs. 1,005 Lacs on assignment. The balance deposit amounting to Rs. 607.48 is due within the agreed time frame.

38. Retirement Benefits

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

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

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

(Rs. in Lacs)

	Year ended Sept 30, 2013	Year ended March 31, 2012
Change in Projected Benefits Obligation (PBO)		
PBO at beginning of the year	147.31	137.23
Service cost	19.36	13.08
Interest cost	18.48	11.32
Actuarial (gain)/loss	(18.02)	(14.32)
Benefits paid	(29.40)	-
PBO at the end of the period	137.73	147.31
Change in Plan Assets		
Plan assets at the beginning of the year at fair value	186.07	152.35
Expected return on plan assets	22.90	12.19
Employer Contribution	8.31	18.74
Actuarial gain/ (loss)	(5.87)	2.79
Benefits paid	(29.40)	-
Fair value of plan assets at the end of the year	182.01	186.07
Reconciliation of PBO and the fair value of the plan assets		
Fair value of plan assets at the end of the year	182.01	186.07
Present value of the defined benefit obligations at the end of the year	137.73	147.31
Funded Status of the Plan	44.28	38.76
Gratuity costs for the year		
Service cost	19.36	13.08
Interest cost	18.48	11.32
Expected return on plan assets	(22.90)	(12.19)
Actuarial (gain)/loss	(12.15)	(17.12)
Net Gratuity	2.79	(4.91)
Assumption		
Discount Factor	8.75%	8.75%
Estimated rate of return on plan assets	8.80	8.00%

(B) During the year, a provision of Rs. 29.95 Lacs (Previous year Rs. 6.99 Lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is Rs. 161.58 Lacs (Previous Year Rs. 181.43 Lacs). The actuarial liability is computed assuming the discount factor of 8.75%.

39. Earnings per Share

Particulars	Year ended Sept 30, 2013	Year ended March 31, 2012
Basic		
Opening Number of Shares	26,473,525	26,473,525
Closing Number of Shares	26,473,525	26,473,525
Weighted Average Number of Shares for Basic EPS	26,473,525	26,473,525
Profit / (Loss) after Tax (Rs. in Lacs)	(8,670.24)	(2,764.54)
Basic EPS (Rs.)	(32.75)	(10.42)
Diluted		
Dilutive Component of Stock Options / Warrants Outstanding	-	7,789
Weighted Average Number of Shares for Diluted EPS	26,473,525	26,481,314
Diluted EPS (Rs.)	(32.75)	(10.42)

The Guidance Note on Accounting of Employee Share Based Compensation issued by Institute of Chartered Accountant of India applies to employee share based payment plans, the grant date of which falls on or after April 1, 2005 and allows accounting for employee share based payment plans based on either the Intrinsic value method or the fair value method. The Company follows the intrinsic value method. Under the fair value method, the net loss for the year ended Sept 30, 2013 would have been higher by Rs. 0.54 lacs and the Basic EPS and Diluted EPS would have been Rs. (32.75) and Rs. (32.75) respectively.

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

Particulars	Year ended Sept 30, 2013
Dividend Yield (%)	-
Expected Volatility (%)	22.46
Risk Free Interest Rate (%)	8.80
Expected Term (Number of Years)	3

40. Deferred Tax

The break-up of deferred tax asset as on September 30, 2013 is as follows: (Rs. in lacs)

Particulars	Year ended Sept 30, 2013	Year ended March 31, 2012
Asset		
Provision for Expenses	13.17	17.56
Total Asset (A)	13.17	17.56
Liability		
Timing difference in depreciation	9.41	5.40
Total Liability (B)	9.41	5.40
Net Deferred Tax Asset (A-B)	8.40	12.16

41. Related Party Disclosures

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

Relationships

- i) Directors & Key Management Personnel (of Parent and Subsidiary Companies)
 - Mr. N. Jayakumar
 - Mr. R. Ramachandran (Till 21st June, 2013)
 - Mr. Vinay Motwani
 - Mr. Ajay Shah
- ii) Relative of Director / Key Management Personnel
 - Ms. Madhu Jayakumar
 - Ms. Srishti Jayakumar
 - Mr. Vipul Shah
- iii) Associate Company
 - Judith Investments Private Limited
 - Primary Cuisine Private Limited
 - Gateway Enterprise Limited

PRIME SECURITIES LIMITED

- 2) The following transactions were carried out with the related parties in the ordinary course of business: (Rs. in lacs)

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	Sept 30, 2013	March 31, 2012
1.	Interest free Inter corporate deposit received from Gateway Entertainment Limited - Sums Received - Sums Repaid	30.00 -	- -	30.00 (Credit)	- -
2.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.	3.00	3.00	3.00 (Credit)	2.70 (Credit)
3.	Remuneration paid to key managerial personnel	204.49	248.75	-	-
4.	Advance / (Recovery) salary paid to a Director	4.39	(1.00)	46.39 (Debit)	42.00 (Debit)
5.	Deposit given to Mrs. Madhu Jayakumar for Residential accommodation - Sums Repaid	100.00	-	-	100.00 (Debit)
6.	Brokerage Income - from Directors - from Relative of Directors - from Associate Company	0.24 - 8.41	1.24 1.69 3.86	- - -	- - -
7.	Advance written-off of Gateway Entertainment Limited	-	0.77	-	-
8.	Sale of vehicle to a relative of director	9.00	-	-	-
9.	Loan given to / received back from Primary Cuisine Private Limited - Loan given - Loan received back	66.73 7.75	27.02 9.00	109.30 (Debit)	50.32 (Debit)
10.	Interest on loan to Primary Cuisine Private Limited	-	4.47	-	-

42. Transactions in Foreign Currency (Rs. in Lacs)

Particulars	Year ended Sept 30, 2013	Year ended March 31, 2012
Income in foreign currency		
Merchant Banking & Advisory Fees	-	225.70
Expenditure in foreign currency		
Travelling Expenses	3.33	0.49

43. Operating Lease for asset taken on lease (Rs. in Lacs)

Particulars	Year ended Sept 30, 2013	Year ended March 31, 2012
i) Total of future minimum lease payments.		
a) Not later than one year	-	13.68
b) Later than one year and not later than five years	-	14.60
c) Later than five years	-	-
ii) Lease payments recognised in the Profit and Loss account	29.87	76.19

As per our Report attached
For and on behalf of
GANDHI & ASSOCIATES
Chartered Accountants
Registration No. 102965W

N. Jayakumar
Managing Director

Milind Gandhi
Partner
Membership No. 043194

Ajay Shah
Company Secretary

Mumbai, November 29, 2013

44. Segmental Reporting

Business Segments (Rs. in lacs)

Particulars	Merchant Banking		Broking		Total	
	30-09-13	31-03-12	30-09-13	31-03-12	30-09-13	31-03-12
Segment Revenue	407.45	1,352.43	1,373.38	784.97	1,780.83	2,137.40
Add: Unallocated Revenue					(5,344.64)	(2,079.98)
Total Revenue					(3,563.81)	57.42
Segment Result before Interest and Tax	(1,116.44)	765.36	(731.85)	208.48	(1,848.29)	973.84
Add: Unallocated Income/ (Expenses) (net of income/ expense)					(5,509.41)	(2,121.98)
Profit before Interest and Tax					(7,357.70)	(1,148.14)
Interest and Finance Charges					(1,282.83)	(1400.26)
Provision for Tax					(29.71)	(149.37)
Prior Period Adjustments					-	(60.19)
Net Profit					(8,670.24)	(2,757.96)
Segment Assets	1,130.41	2,967.20	15,028.61	7,574.65	16,159.02	10,541.85
Add: Unallocated Assets					12,013.28	13,400.31
Total Assets					28,172.30	23,942.16
Segment Liabilities	6,553.86	644.58	16,408.80	4,214.51	22,962.66	4,859.09
Add: Unallocated Assets					5,148.24	10,357.28
Total Liabilities					28,110.90	15,216.37
Capital Expenditure	23.00	114.73	48.22	39.13	71.22	153.86
Depreciation & Amortisation	35.74	22.15	32.95	27.22	68.69	49.37

Notes:

- 1) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS – 17) taking into account the organization structure as well as the differential risks and returns of these segments.
 - 2) The Company has disclosed business segment as the primary segment.
 - 3) Since the Company provides services in same economic environment, there are no geographic segments.
45. The Company has obtained approval from the Registrar of Companies, Maharashtra (Mumbai) vide order under section 210(4) of the Companies Act 1956 for extension of financial year by a period of six months to end on September 30, 2013. Therefore, the financial statements for the current period are for eighteen months. Hence previous year figures are not comparable with the current period.

For and on behalf of the Board

Pradip Dubhashi Chairman

Anil Dharker Director

S. R. Sharma Director

Mumbai, November 29, 2013



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON SEPTEMBER 30, 2013

	INFLOWS/(OUTFLOWS)	
	Year ended 30-Sep-13 (Rs. in lacs)	Year ended 31-Mar-12 (Rs. in lacs)
A Cash flow from Operating Activities		
Net Profit Before tax	(8,640.53)	(2,548.40)
Adjustment for:		
Depreciation	68.69	49.37
Interest & Finance Charges	1,282.83	1,400.26
Diminution in Value of Investments (Net)	97.06	40.43
Loss on Write-off of Investments	-	-
Loss on sale of asset	25.23	41.62
(Gain) / Loss on sale of Investments (Net)	2,407.53	2,387.63
Dividend Received	(58.42)	(82.42)
Interest Received	(1,873.74)	(187.85)
Balance Written-off (Net)	-	12.22
Balances Written back	(20.08)	-
Provision no longer required written back	(0.08)	(0.05)
Bad Debts written off / back (Net)	69.40	-
Provision for Doubtful Debts	347.11	-
Provision for Doubtful Advances	689.35	-
	3,034.86	3,661.21
Operating Profit before Working Capital changes	(5,605.67)	1,112.81
Adjustments for Changes in the Working Capital		
Debtors	(10,156.85)	(654.95)
Current Assets	928.56	2,256.06
Loans & Advances	(2,584.66)	205.03
Current Liabilities & Provisions	13,574.46	1,430.00
	1,761.51	3,236.19
Cash generated from Operations	(3,844.16)	4,349.00
Direct Taxes Paid (net)	(197.73)	(249.07)
Net Cash from Operating Activities (A)	(4,041.89)	4,099.92
B Cashflow from Investment Activities		
Purchase of Investments	(32,004.32)	(34,172.94)
Purchase of Fixed Assets	(71.21)	(153.86)
Sale of Investments	34,117.29	30,655.12
Sale of Fixed Assets	33.56	5.70
Dividend Received	58.42	82.42
Interest Received	1,796.42	179.75
Net Cash from Investment activities (B)	3,930.16	(3,403.82)
C Cashflow from Financing activities		
Interest & Finance Charges	(1,352.93)	(1,387.63)
Fresh Issue of Capital	-	-
Funds Borrowed/(Repaid) (net)	(609.82)	834.14
Net Cash from Finance Activities (C)	(1,962.75)	(553.49)
Net Cashflow (A + B + C)	(2,074.47)	142.62
Changes in the Cash & Bank Balance	(2,074.47)	142.62
Cash and Cash Equivalents at the beginning of the year	2,548.47	2,405.85
Cash and Cash Equivalents at the end of the year	474.00	2,548.47

As per our Report attached
For and on behalf of
GANDHI & ASSOCIATES
Chartered Accountants
Registration No. 102965W

N. Jayakumar
Managing Director

Milind Gandhi
Partner
Membership No. 043194

Ajay Shah
Company Secretary

Mumbai, November 29, 2013

For and on behalf of the Board

Pradip Dubhashi Chairman

Anil Dharker Director

S. R. Sharma Director

Mumbai, November 29, 2013

PRIME SECURITIES LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956 RELATING TO THE SUBSIDIARY COMPANIES

A. Name of Subsidiary	Prime Broking Company (India) Limited	Prime Commodities Broking (India) Limited	Prime Research & Advisory Limited	Primesec Investments Limited
B. Financial year ended	September 30, 2013	September 30, 2013	September 30, 2013	September 30, 2013
C. Holding Company's Interest				
I. No. of Equity Shares	53,41,000	5,00,000	3,50,000	1,436,000
Face value per Share	Rs. 10	Rs. 10	Rs. 10	Rs. 10
II. Percentage of Holding	100%	100%	100%	100%
D. The net aggregate amount of Subsidiary's Profits/(Losses) so far as it concerns the Members of Holding Company not dealt with in the Holding Company's Accounts				
a) For the current financial Year (Rs. in lacs)	(371.97)	0.03	(371.97)	(4,479.09)
b) For the previous financial years since it became a Subsidiary (Rs. in lacs)	1,538.50	1.54	0.65	(3,048.91)
E. The net aggregate amount of Profits / (Losses) of the Subsidiary which has been dealt with in the Holding Company's Accounts				
a) For the current Financial year	Nil	Nil	Nil	Nil
b) For the previous financial years since it became a Subsidiary	Nil	Nil	Nil	Nil

SUBSIDIARY COMPANIES' PARTICULARS

Particulars of Subsidiary Companies in terms of general circular no. 2/2011 dated February 8, 2011 of Ministry of Corporate Affairs, Government of India, issued u/s 212 (8) of the Companies Act, 1956 are as follows:

(Rs in lacs)

Name of the Subsidiary Company	Prime Broking Company (India) Limited	Primesec Investments Limited	Prime Commodities Broking (India) Limited	Prime Research & Advisory Limited
(a) Equity Share Capital	534.10	163.60	50.00	35.00
(b) Reserves & Surplus (Net of Debit Balance of Profit & Loss Account)	1,759.33	(6893.61)	1.57	(371.01)
(c) Total Assets (Fixed Assets + Current Assets + Misc. Expenditure + Deferred Tax Asset)	18,702.13	8,367.98	301.24	111.85
(d) Total Liabilities (Debts + Current Liabilities & Provisions)	16,408.70	6,097.98	249.67	447.86
(e) Details of Investments Equity Shares / Equity Share Warrants (excluding Investments in the Subsidiary Companies)	4.84	3,596.49	-	-
(f) Total Revenues	2,056.70	(3,975.90)	0.53	(341.83)
(g) Profit / (Loss) Before Tax	(342.28)	(4,479.09)	0.05	(371.66)
(h) Provision for Tax	29.70	-	0.01	-
(i) Profit / (Loss) After Tax	(371.97)	(4,479.09)	0.03	(371.66)
(j) Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-



PRIME SECURITIES LIMITED

Registered Office : 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021

PRIME



ATTENDANCE SLIP

I hereby record my presence at the Thirty First Annual General Meeting of the Members of Prime Securities Limited will be held on Monday, March 24, 2014 at 10.00 a.m.

Folio No _____

DP ID / Client ID _____

Full Name of the Shareholder _____ Signature _____
(in block letters)

Full Name of the Proxy _____ Signature _____

PRIME SECURITIES LIMITED

Registered Office : 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021

PRIME



PROXY

I _____
of _____ in the district of _____
Member(s) of Prime Securities Limited hereby appoint _____
of _____ in the district of _____ or
failing him _____ of _____ in the district
of _____ as my / our Proxy to attend
and vote for me/us and my/our behalf at the Thirtieth Annual General Meeting of the Members of Prime Securities Limited will be held on Monday, March 24, 2014 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp Film Centre, Mumbai 400034 on and at any adjournment thereof.

Signed this _____ day of _____ 2014.

Folio No _____

DP ID / Client ID _____

No. of Shares held _____

Affix
Re 1/-
Revenue
Stamp

Note : The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting



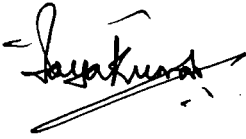


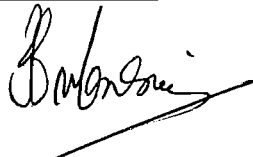
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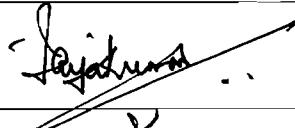
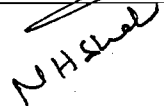
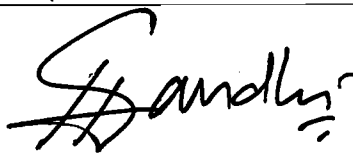
Form A
(Pursuant to Clause 31(a) of the Listing Agreement)
Format of covering letter of the annual report to be filed with the stock exchanges

1.	Name of the Company	Prime Securities Limited	
2.	Annual financial statement for the year ended	September 30, 2013	
3.	Type of Audit observation	Emphasis of Matter in the Consolidated Statutory Auditor's Report	Reference to the Notes in the Accounts and the Management Response
		<p>1. Attention is invited to Note 25 regarding preparation of financial statements of the Group on going concern basis notwithstanding erosion in the Group's networth and cessation of broking activity pursuant to action by the exchanges. The appropriateness of the said basis is inter-alia dependent on the Group's ability to renegotiate liabilities, recommence broking activity and generate cash flows to meet its financial obligations as and when they fall due.</p>	<p>The facts have been elaborated in detail in the Annual Report under Note 25 on page 44.</p> <p>The management is hopeful that the Group will be able to discharge its liabilities in the normal course of business and hence no adjustments are required to the carrying value of assets and liabilities.</p>
		<p>2. As referred to in Note 33 there is a diminution of Rs. 3,324.97 Lacs in value of non-current investments. The diminution is not provided on the basis that the same is temporary in nature.</p>	<p>The facts have been elaborated in detail in the Annual Report under Note 33 on page 44.</p> <p>Management considers diminution temporary in nature considering the depressed conditions prevailing in the market.</p>

		3. Attention is invited to Note 34 in respect of transactions in demat accounts.	<p>The facts have been elaborated in detail in the Annual Report under Note 34 on page 44.</p> <p>In the opinion of the management the process followed is in line with the market practices.</p>
4.	Frequency of observation	Point No. 1 - Appearing for the first time Point No. 2 - Appearing for the first time Point No. 3 - Appearing for the first time	
5.	To be signed by	Mr. N. Jayakumar (Managing Director)	
		Mr. Nikhil Shah (Chief Financial Officer)	
		Mr. Milind Gandhi M/s. Gandhi & Associates Chartered Accountants (Auditor of the Company)	
		Mr. Pradip Dubhashi (Audit Committee Chairman)	

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

1.	Name of the Company	Prime Securities Limited	
2.	Annual financial statement for the year ended	September 30, 2013	
3.	Type of Audit observation	Qualified Opinion	
4.	Frequency of qualification	Point No. 1 - Appearing for the first time Point No. 2 - Appearing for the first time Point No. 3 - Appearing for the first time	
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	Basis for Qualified Opinion in the Consolidated Statutory Auditor's Report	Management Response
		1. Reference is invited to Note 28 according to which inter- corporate deposits of Rs. 2,075.00 Lacs is outstanding which are categorized under Short-term Borrowings, as represented by the management. We have not been able to validate this assertion in absence of confirmation of balances, terms of repayments and charge of interest. Accordingly, we are unable to ascertain the impact on the financial statements of the categorization of the deposits and non-provision of interest thereon.	The facts have been elaborated in detail in the Annual Report under Note 28 on page 44. The management is in the process of renegotiating terms of these unsecured advances and the same is not expected to have any material impact on the financial statements.
		2. As referred in Note 29 the Group has not provided for interest of Rs. 643.36 Lacs on certain secured loans as in opinion of the management	The facts have been elaborated in detail in the Annual Report under Note 29 on page 44. The management is in the process

		<p>the same is under renegotiations with the lenders. Had the Group made such provision the loss for the period and the amount of secured loans would have been higher by that amount.</p>	<p>of renegotiating terms with the lender and the management is of the opinion that the same may not be payable pursuant to a proposed restructuring / settlement of the loan and accordingly, the same is not expected to have any material impact on the financial statements.</p>
		<p>3. Reference is invited to Note 30 according to which the management is hopeful of recovery of a capital advance of Rs. 327.50 Lacs in respect of which we are unable to ascertain the impact, if any, that may arise in case if the same, or part thereof, is subsequently determined to be doubtful of recovery.</p>	<p>The facts have been elaborated in detail in the Annual Report under Note 23 on page 44.</p> <p>The management is of the opinion that no provision for doubtful recovery is required as it is in discussion with the concerned party for refund of the said advance in the normal course of the business and accordingly, the same is not expected to have any material impact on the financial statements.</p>
6.	Additional comments from the board / audit committee chair	Nil	
7.	To be signed by	Mr. N. Jayakumar (Managing Director)	
		Mr. Nikhil Shah (Chief Financial Officer)	
		Mr. Milind Gandhi M/s. Gandhi & Associates Chartered Accountants (Auditor of the Company)	
		Mr. Pradip Dubhashi (Audit Committee Chairman)	