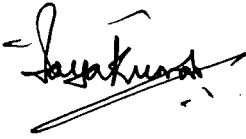


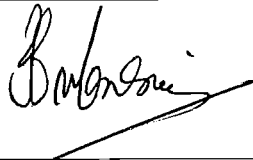


**Form A**  
(Pursuant to Clause 31(a) of the Listing Agreement)  
**Format of covering letter of the annual report to be filed with the stock exchanges**

|    |                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                  |
|----|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Name of the Company                           | Prime Securities Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                  |
| 2. | Annual financial statement for the year ended | September 30, 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                  |
| 3. | Type of Audit observation                     | <b>Emphasis of Matter in the Consolidated Statutory Auditor's Report</b>                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Reference to the Notes in the Accounts and the Management Response</b>                                                                                                                                                                                                                                        |
|    |                                               | 1. Attention is invited to Note 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>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> |
|    |                                               | 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>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<br>Point No. 2 - Appearing for the first time<br>Point No. 3 - Appearing for the first time |                                                                                                                                                                                                   |
| 5. | To be signed by          | Mr. N. Jayakumar<br>(Managing Director)                                                                                                |                                                                                                                 |
|    |                          | Mr. Nikhil Shah<br>(Chief Financial Officer)                                                                                           |                                                                                                                 |
|    |                          | Mr. Milind Gandhi<br>M/s. Gandhi & Associates<br>Chartered Accountants<br>(Auditor of the Company)                                     |                                                                                                                |
|    |                          | Mr. Pradip Dubhashi<br>(Audit Committee Chairman)                                                                                      |                                                                                                               |