



***PRIME SECURITIES LIMITED***

**ANNUAL REPORT**

**31-MAR-2016**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

### REGISTERED OFFICE

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

### STATUTORY AUDITORS

M/s. Gandhi & Associate  
Chartered Accountants

### BANKERS

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

### CORPORATE IDENTITY NUMBER

CIN: L67120MH1982PLC026724

### 33RD ANNUAL GENERAL MEETING

Monday, September 19, 2016 @ 10.00 a.m. at  
Victoria Memorial School for the Blind  
Tardeo Road, Opp. Film Centre, Near Bharat  
Petroleum Petrol Pump, Mumbai 400034

### KEY MANAGERIAL PERSONNEL

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

### REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400078  
Tel: +91-22-25946970, Fax: +91-22-25946969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### INTERNAL AUDITORS

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

### ISIN / LISTING OF EQUITY SHARES

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

### CONTENTS

01 - Notice  
09 - Director's Report  
23 - Management Discussion & Analysis Report  
25 - Corporate Governance Report  
34 - Auditor's Report  
38 - Balance Sheet  
39 - Profit & Loss Account  
40 - Cash Flow Statement  
41 - Notes on Accounts  
54 - Consolidated Financial Statements  
66 - Particulars of Subsidiaries

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the 33<sup>rd</sup> Annual General Meeting of the Members of Prime Securities Limited will be held on Monday, September 19, 2016 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp. Film Centre, Near Hindustan Petroleum Petrol Pump, Mumbai 400034 to transact the following business:

**ORDINARY BUSINESS**

**1. Adoption of Audited Financial Statements**

To receive, consider and adopt:

- a) The Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2016 together with the Reports of the Board of Directors and Auditors thereon;
- b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2016 together with the Reports of the Auditors thereon;

**2. Appointment of Director**

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

**3. Appointment of Statutory Auditors**

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

**"RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. Gandhi & Associates, Chartered Accountants (ICAI Firm Registration No. 102965W), be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of service tax and out-of-pocket expenses.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

**SPECIAL BUSINESS**

**4. Re-appointment of Mr. N. Jayakumar as Managing Director**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provision(s), read with Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, the consent of the Company, be and is hereby accorded to the appointment of Mr. N. Jayakumar (DIN: 00046048) as Managing Director of the Company for a period of Five (5) Years effective from February 11, 2016, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the notice with liberty and power to the Board of Directors (hereinafter referred to as the "Board" which expression shall also include the Nomination and Remuneration Committee of the Board), in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

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

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

**RESOLVED FURTHER THAT** pursuant to the provisions of the Articles of Association of the Company, the Managing Director of the Company shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and are is hereby authorized to take such steps and to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit and also, to make such alterations and modifications, as may be required within the limits of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time.

**5. Alteration of Articles of Association**

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

**"RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the necessary registration approvals, consents, permissions and sanctions required, if any, of the jurisdictional Registrar of Companies and any other appropriate authority and subject to such other terms, conditions, amendments or modifications, as may be required or suggested by any such appropriate authorities, which the Board of Directors is authorized to accept as it may deem fit, a new set of Articles of Association, placed before the members, be and is hereby adopted and substituted in place of the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to perform and execute all such acts, deeds, matters and things, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto."

**6. Place of Keeping Records at the place other than Registered Office**

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

**"RESOLVED THAT** in supersession of the special resolution passed at the 27<sup>th</sup> Annual General Meeting of the Company held on September 29, 2009 and pursuant to provisions of Section 94 and any other applicable provisions, if any, of the Companies Act, 2013 and rule 5(2) of Companies (Management and Administration) Rule, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby granted to keep and maintain the registers required to be maintained under Section 88 of the Companies Act, 2013 and the copies of the annual returns filed under Section 92 of the Companies Act, 2013 at the offices of M/s. Link Intime India Private Limited, Registrars and Share Transfer Agents, at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, instead of at the Registered Office of the Company.

**RESOLVED FURTHER THAT** the Registers, Indices, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection by the Members and/or any persons entitled thereto under the Act, be kept open for such inspection, at the place where they are kept, to the extent, in the manner and on payment of the fees, if any, specified in the Companies Act, 2013 between the business hours on any working day (excluding Saturday) and except when the registers and books are closed under the provisions of the Companies Act, 2013 or the Articles of Association of the Company."

**7. Payment of Commission to Non-Executive Directors**

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

**"RESOLVED THAT** pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, for each of the five financial years of the Company commencing from April 1, 2016, be paid to and distributed by way of commission amongst the Directors (other than the managing or whole-time directors) of the Company or some or any of them, in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Board of Directors.

**RESOLVED FURTHER THAT** the commission shall be in addition to the fees payable to a Director for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.

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

**8. Service of documents to Member through a particular mode**

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

**"RESOLVED THAT** pursuant to section 20 and any other applicable provisions, if any, of the Companies Act, 2013 and the relevant rules made thereunder (including any statutory modification(s) or re-enactment thereof), the consent of the

Company be and is hereby accorded to the board of directors of the Company to serve documents to the member of the Company through a particular mode, upon receipt of the request from the said member for the same.

**RESOLVED FURTHER THAT** the board of directors of the Company be and is hereby authorised to determine the fees to be paid by the member for delivery of the documents through a particular mode requested by the member.

**RESOLVED FURTHER THAT** the fees for the delivery of the document through a particular mode shall be paid by the member in advance to the Company, before dispatch of such document.

**RESOLVED FURTHER THAT** the board of directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution."

**NOTES:**

1. An explanatory statement, pursuant to section 102 of the Companies Act, 2013, relating to the special business to be transacted at the annual general meeting forms part of this notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than 50 members and holding in the aggregate not more than 10% of the total share capital of the Company. Members holding more than 10% of the total share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other member. Proxies in order to be effective, should be deposited at the registered office of the Company, duly completed and signed, not less than 48 hours before the time of commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable. A Proxy Form forms part of this annual report.
3. Corporate Members intending to send their authorised representatives to attend the meeting pursuant to section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant board resolution authorising their representative to attend and vote in their behalf at the meeting along with the specimen signatures of the authorised representatives.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. In terms of section 152 of the Companies Act, 2013, Mr. N. Jayakumar (DIN: 00046048) retire by rotation at the meeting and being eligible, offer himself for reappointment. The board of directors of the Company recommends his re-appointment. The details of directors proposed to be re-appointed as required in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meeting, issued by the Institute of Company Secretaries of India, is furnished as annexure to this notice.
6. The register of members and share transfer books of the Company will remain closed from Wednesday, September 14, 2016 to Monday, September 19, 2016 (both days inclusive).
7. Relevant documents referred to in the accompanying notice and the explanatory statement are open for inspection by the members at the registered office of the Company on all working days (except Saturdays, Sundays and public holidays) between 11.00 a.m. and 1.00 p.m. upto the date of the meeting.
8. Members / proxies should bring the enclosed attendance slip duly filled in, for attending the meeting, along with the annual report. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.
9. Members holding shares in physical form are requested to consider converting their holding in dematerialised form. The members are requested to contact the Registrar and Share Transfer Agent of the Company for assistance in this regard.
10. For all matters relating to the change in address, ECS mandates, bank details, nomination, power of attorney, etc., the members are requested to approach the Registrar and Shares Transfer Agent of the Company in case of shares held in physical form and to their respective Depository Participants in case of shares held in electronic form.
11. Members holding shares in physical form may obtain the Nomination Form from the Registrar and Share Transfer Agent of the Company and members holding shares in the electronic form may obtain the Nomination Form from their respective Depository Participants.
12. Pursuant to the provisions of Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies are permitted to serve annual report and other communication through electronic mode to those members who have registered their email address with either the Company or the Depository Participants. Members, who have not registered their email address so far, are requested to do so immediately, so that they can receive the annual report and other communications from the Company electronically, by registering their email address with the Registrar

and Share Transfer Agent of the Company in case shares are held in physical form and with their respective Depository Participants in case shares are held in electronic form. Members, who have registered their email address, are entitled to receive such communications in physical form upon request.

13. The Company has designated an exclusive e-mail id (prime@primesec.com) for redressal of investor complaints / grievances. In case you have any queries / complaints or grievances, then please write to us at email id (prime@primesec.com).
14. Members desirous of asking any questions at the annual general meeting, are requested to send in their questions so as to reach the Company at least 7 days before the annual general meeting so that the same can be suitably replied.
15. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the year ended 1994 has been transferred to the general revenue account of the Central Government. The members who have not yet encashed their dividend warrants for the said period are requested to forward their claim in Form No. II prescribed under the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, 1978 to Office of the Registrar of Companies, Central Government Office Building, A Wing, Second Floor, Next to Reserve Bank of India, CBD Belapur, Navi Mumbai 400614.

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

16. The annual report of the Company circulated to the members of the Company, is also available on the website of the Company ([www.primesec.com](http://www.primesec.com)) and on the website of the stock exchanges.
17. As an austerity measure, copies of the annual report will not be distributed at the annual general meeting. Members are requested to bring their copy of annual report to the meeting.
18. Route map showing directions to reach to the venue of the 33<sup>rd</sup> annual general meeting is given at the end of this annual report.

**19. Voting Options**

- a) Pursuant to the provisions of section 108 of Companies, Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 and regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company is pleased to provide to its members the facility to exercise their right to vote on resolutions proposed to be considered at the annual general meeting by electronic means through "remote e-voting" (i.e. the members may cast their vote using an electronic voting system from a place other than the venue of the annual general meeting). The Company has availed the services of National Securities Depository Limited ("NSDL") for providing e-voting facility to the members.
- b) The facility for voting, either through e-voting system or through ballot form / polling paper shall also be made available at the venue of the annual general meeting. The members attending the annual general meeting, who have not already cast their vote through remote e-voting, shall be able to exercise their voting rights at the venue of the annual general meeting. The members, who have already cast their vote through remote e-voting, may attend the annual general meeting but shall not be entitled to cast their vote again at the venue of the annual general meeting.
- c) The process and manner for remote e-voting is as under:
  - A) In case a member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company / Depository Participants(s)]:
    - (i) Open e-mail and open PDF file viz; "Prime Securities Limited e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for e-voting. Please note that this password is an initial password.
    - (ii) Launch internet browser by typing URL: <https://www.evoting.nsdl.com>
    - (iii) Click on Shareholder – Login
    - (iv) If you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password / PIN for casting your vote.
    - (v) If you are logging in for the first time, please enter your user ID and password provided in the PDF file attached with the email as initial password. Click Login.



- (vi) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vii) Home page of remote e-voting opens. Click on remote e-voting > Active voting Cycles.
  - (viii) Select "EVEN (104686)" of "Prime Securities Limited". Now you are ready for remote e-voting as cast vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer through e-mail to saurabhshah361@gmail.com with a copy marked to evoting@nsdl.co.in.
- B) In case a member receives physical copy of the notice of annual general meeting and attendance slip [for members whose e-mail IDs are not registered with the Company / Depository Participants(s) or requesting physical copy]:
- (i) Initial password is provided as the bottom of the attendance slip for the annual general meeting:  

"EVEN (104686)"	USER ID	PASSWORD / PIN
-----------------	---------	----------------
  - (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast your vote.
- d) Other Instructions:
- 1) In case of any queries, you may refer the frequently asked questions (FAQs) for members and e-voting user manual for members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  - 2) You can also update your mobile number and email id in the user profile details of the folio, which may be used for sending future communications.
  - 3) The remote e-voting period will commence at 9.00 a.m. on Friday, September 16, 2016 and will end at 5.00 p.m. on Sunday, September 18, 2016. During this period, members of the Company, holding shares either in physical form or in electronic form, as on the cut-off date, i.e. Monday, September 12, 2016, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - 4) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, i.e. Monday, September 12, 2016.
  - 5) A person whose names appear in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Monday, September 12, 2016, shall only be entitled to vote on the resolutions set forth in this notice either by way of remote e-voting or through e-voting system / ballot form / polling paper at the venue of the annual general meeting.
  - 6) Any person who acquires shares of the Company and becomes members of the Company after dispatch of this notice and holding shares as on the cut-off date, i.e. Monday, September 12, 2016, may obtain the login ID and password by sending an email to [prime@primesec.com](mailto:prime@primesec.com) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) by mentioning their folio no. / DP ID & Client ID. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you don't remember your password, you can reset your password by using "forget user details / password" option available on [evoting@nsdl.co.in](http://evoting@nsdl.co.in)
  - 7) Mr. Pramod S. Shah of M/s. Pramod S. Shah & Associates, Practising Company Secretaries (Membership No. FCS 3804), has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
  - 8) At the annual general meeting, at the end of the discussion of the resolutions on which voting is to be held, the Chairman shall with the assistance of the scrutiniser order voting for all those members who are present but have not cast their vote electronically using the remote e-voting facility.
  - 9) The Scrutinizer shall, immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the annual general meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall not later than 48 hours of conclusion of the annual general meeting, submit a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.
  - 10) The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.

- 11) The results declared along with the report of the scrutiniser shall be placed on the website of the Company (www.primesec.com) and on the website of NSDL (www.evoting.nsdl.com) immediately after the result declared by Chairman or a person authorized by him in writing and the same shall be communicated to the stock exchanges where shares of the Company are listed.

**By Order of the Board of Directors**

**Registered Office:**

1109/1110, Maker Chamber V,  
Nariman Point, Mumbai 400021  
CIN: L67120MH1982PLC026724  
May 17, 2016

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

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

The following explanatory statement sets out all the material facts relating to the special business mentioned at item nos. 2 and 4 to 8 of the accompanying notice.

**Item No. 2**

This explanatory statement for item no. 2 is provided though strictly not required as per Section 102 of the Companies Act, 2013.

The board of directors of the Company, at its meeting held on January 14, 2016, had re-appointed Mr. N. Jayakumar as Managing Director of the Company for a further period of five year w.e.f. February 11, 2016. The resolution at item no. 4 seeks approval of the member to the same.

The resolution for re-appointment as mentioned in item no. 2 of this notice is being commended for shareholders' approval for complying with the provisions of Section 152 of the Companies Act, 2013 and shall not be construed as a break in his current tenure, which is upto February 11, 2021.

**Item No. 4**

The Board of Directors of the Company ("the Board"), at its meeting held on January 14, 2016, had re-appointed Mr. N. Jayakumar as Managing Director of the Company for a further period of five year w.e.f. February 11, 2016 in accordance with Article 119 of the Articles of Association of the Company. Mr. N. Jayakumar is associated with the Company since 1992 and he was designated as a President of the Company since 2002. He is a qualified professional with expertise in Corporate Finance and Investment Management and has vast experience in advising in areas of financial restructuring, evaluation of business plans / joint venture proposals / acquisitions, fund raising and strategic alliances. He is with the Company for more than 24 years handling corporate relationships. Before joining the Company, he had 7 years experience in Citibank, N.A. as Vice President, Head - Merchant Banking Group & Corporate Finance, India. The Company has received a Notice in writing from a Member of the Company under Section 161 of the Companies Act, 2013 ("the Act") along with the requisite deposit amount, notifying its intention to propose Mr. N. Jayakumar as a candidate for the office of Director of the Company.

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

**Term**

Period of Appointment – Five years effective February 11, 2016

**Salary**

- a) Basic Salary upto a maximum of Rs. Nil per month, with authority to the Board or a Committee thereof to fix the salary within the said maximum amount.

**Perquisites**

- b) Furnished Company's owned / hired / leased accommodation.
- c) Use of the Company's car with a driver or alternatively the Company will maintain at its expense a car belonging to the Managing Director and will also reimburse the salary of the driver as per the rules of the Company.
- d) Reimbursement of medical expenses actually incurred by Mr. N. Jayakumar and his family;
- e) Reimbursement of Company car running and maintenance expenses reasonably incurred by Mr. N. Jayakumar exclusively in the business of the Company;
- f) Benefit of a personal accident insurance policy effected by the Company;
- g) Company's Contribution to Provident Fund as per the rules;
- h) Benefit of a Company Group Mediclaim Policy;
- i) Gratuity as per the Gratuity Scheme of the Company;
- j) Reimbursement of travelling and entertainment expenses reasonably incurred by him exclusively in the business of the Company;
- k) Leave on full remuneration as per the rules of the Company for the time being in force but not exceeding one month's privilege leave for every 12 months service;



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

**Performance Bonus**

Performance Bonus as may be decided by the Board of Directors based on the net profits of the Company in a particular year subject to the overall ceiling limit laid down under Section 196, 197, 203 of the Companies Act, 2013.

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

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

The Memorandum of Understanding entered into between the Company and Mr. N. Jayakumar is available for inspection to the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays.

Except Mr. N. Jayakumar, none of the directors or any key managerial personnel of the Company or relatives of any of them are, in any way, concerned or interested in this resolution.

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

**Item No. 5**

The Articles of Association of the Company currently in force were originally adopted when the Company was incorporated under the Companies Act, 1956.

The Articles of Association were amended from time to time in accordance with the provisions of the amendment made in the Companies Act, 1956 from time to time. With the introduction of the Companies Act, 2013, it is proposed to amend the existing Articles of Association to make it consistent with the provisions of Companies Act, 2013 including the Rules framed thereunder.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the registered office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. to 1.00 p.m. upto the date of the annual general meeting and during the annual general meeting. The proposed draft Articles of Association is available on the Company's website at [www.primesec.com](http://www.primesec.com) for perusal by the shareholders.

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

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

**Item No. 6**

Pursuant to a Special Resolution passed at the 27<sup>th</sup> Annual General Meeting of the Company held on September 29, 2009, the members had approved keeping of the registers of members, indices of members, copies of all annual returns prepared by the Company under Section 159 and 160 of the Companies Act, 1956 ("the Act") together with copies of certificates and documents required to be annexed thereto with M/s. Sharepro Services (India) Private Limited, the Registrars and Share Transfer Agents, at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka Andheri (East), Mumbai 400072. During the year, in view of directions issued by the Securities and Exchange Board of India vide its order dated March 22, 2016, the Company has appointed M/s. Link Intime India Private Limited, as new Registrar and Share Transfer Agent in place of Sharepro Services (India) Private Limited. It is therefore proposed, in terms of the provisions of Section 94 of the Companies Act, 2013, to keep the registers, required to be maintained under Section 88 of the Companies Act, 2013 and the copies of the annual returns filed under Section 92 of the Companies Act, 2013, at the office of Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, instead of at the Registered Office of the Company.

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

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

**Item No. 7**

The members of the Company at their 28<sup>th</sup> Annual General Meeting held on September 30, 2010 had approved by way of a Special Resolution the payment of remuneration by way of commission to the non-executive directors of the Company, of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act 1956, for a period of five financial years commencing April 1, 2010. It is proposed to extend the remuneration for further period of five financial years of the Company commencing from April 1, 2016, provided that the remuneration in the form of commission shall not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 2013.

This commission will be distributed amongst all or some of the Directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Companies Act, 2013. This remuneration shall be in addition to fee payable to the Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, a fresh approval of the Members is sought by way of a special resolution under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of commission to the Directors of the Company, other than managing or whole-time directors, for a period of five financial years commencing from April 1, 2016, as set out in this resolution.

Directors other than the managing director of the Company are deemed to be concerned or interested in this resolution to the extent of the remuneration that may be received by them.

**Item No. 8**

Provisions of section 20 of the Companies Act, 2013 and the rules made thereunder states that a document may be served on a member of the Company by sending it to the member by post or by registered post or by speed post or by courier or by delivering at his office or address, or by such electronic or other mode as may be prescribed. The provision to section 20 of the Companies Act, 2013 states that a member may request for delivery of any document through a particular mode, for which the member shall pay such fees as may be determined by the Company in the annual general meeting.

The Company has received request from a member for sending documents through a particular mode in terms of the provision to section 20 of the Companies Act, 2013. Accordingly, the Company is seeking at this annual general meeting, the approval of members to the fees to be charged to the member for delivery of document through a particular mode.

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

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

**By Order of the Board of Directors**

**Registered Office:**

1109/1110, Maker Chamber V,  
Nariman Point, Mumbai 400021  
CIN: L67120MH1982PLC026724  
May 17, 2016

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

**Annexure to the Notice**  
**Details of Director seeking re-appointment at the annual general meeting**

(Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

<b>Name of Director</b>	Mr. N. Jayakumar
<b>DIN</b>	00046048
<b>Date of Birth</b>	December 31, 1960
<b>Date of First Appointment on the Board</b>	February 12, 2011
<b>Expertise in Specific Functional Area</b>	Mr. N. Jayakumar is associated with the Company since 1992 and he was designated as a President of the Company since 2002. He is a qualified professional with expertise in Corporate Finance and Investment Management and has vast experience in advising in areas of financial restructuring, evaluation of business plans / joint venture proposals / acquisitions, fund raising and strategic alliances. He is with the Company for more than 24 years handling corporate relationships. Before joining the Company, he had 7 years experience in Citibank, N. A. as Vice President, Head - Merchant Banking Group & Corporate Finance, India
<b>Qualifications</b>	B. Tech. (Mechanical Engineering), I.I.T. Delhi (1978-1983), PGDM (MBA), IIM Ahmedabad (1983-1985)
<b>Directorship held in other Companies</b>	Prime Broking Company (India) Limited Primesec Investments Limited Prime Research & Advisory Limited Prime Commodities Broking (India) Limited Primary Cuisine Private Limited Judith Investments Private Limited Gateway Entertainment Limited
<b>Membership / Chairmanship of Committees of the Board of other Companies in which he is a Director</b>	Chairman of Audit Committee of Prime Broking Company (India) Limited

**DIRECTORS' REPORT**

**Dear Members,**

Your Directors are pleased to present their 33rd Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ended March 31, 2016.

**FINANCIAL HIGHLIGHTS (STANDALONE)**

(Rs. in lacs)

	<b>Year ended March 31, 2016 (12 months)</b>	<b>Period ended March 31, 2015 (18 months)</b>
Total Revenues	<b>1,983.97</b>	(295.86)
Total Expenses	<b>463.86</b>	445.67
<b>Profit / (Loss) before Extraordinary Items &amp; Tax</b>	<b>1,520.11</b>	(741.53)
Extraordinary Items	<b>(52.61)</b>	250.00
<b>Profit / (Loss) before Tax</b>	<b>1,467.50</b>	(491.53)
Tax Expenses	<b>63.30</b>	Nil
<b>Profit / (Loss) after Tax</b>	<b>1,404.20</b>	(491.53)
Profit / (Loss) brought forward from previous year	<b>(4,197.12)</b>	(3,705.59)
<b>Balance carried to Balance Sheet</b>	<b>(2,792.92)</b>	(4,197.12)

**BUSINESS REVIEW & PROSPECTS**

The period under review has been an exciting one. A key development was on oil prices, which saw a steep fall helping to ease inflationary pressures and the fiscal deficit and gave room for the RBI to reduce rates, a very welcome if much delayed step. The RBI and the Government drove banks to deal with the problem of NPAs, which helped create a number of new business opportunities for your company. Global economic activity remains subdued, but fortunately, given excellent economic performance here, global investor interest in Indian Capital Markets remains buoyant.

We have had unprecedented drought conditions in this past year and that has been a drag on the economy. Despite these headwinds, growth remains robust, driven by an increased focus on infrastructure and a determined push by the Government to remove hurdles. Power and road sectors have seen robust activity and that has slowly percolated down into the rest of the economy. We saw the end of Quantitative Easing by the Federal Reserve but the ECB and the Bank of Japan have picked up some of the slack. Unfortunately, global growth remains tepid. We see this as a silver lining with commodity prices remaining subdued and underpinning domestic economic growth.

Your Company was able to take advantage of the economic conditions and was mandated by a number of leading corporates to assist them in restructuring of debt and equity. There has been some turnaround in corporate plans and as a consequence, your company sees significant rise in deal flow in the recent quarters with a number of transactions closing in the period under review. We expect to see robust deal flow in the months ahead.

The business of Prime Broking Company (India) Limited remains suspended, as a consequence of the actions by the stock exchanges. Prime Broking Company (India) Limited has appealed against the order of Hon'ble Securities Appellate Tribunal in the Hon'ble Supreme Court, which has been admitted by the Hon'ble Supreme Court and is pending hearing.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the management discussion and analysis report giving a detailed account of the state of affairs of the Company forms part of the Annual Report.

**DIVIDEND AND RESERVES**

The Board of Directors has not recommended any dividend on equity shares for the year under review. During the year, no amount from profit was transferred to general reserve.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year, Mr. N. Jayakumar was re-appointed as Managing Director of the Company for a further period of 5 years w.e.f. February 11, 2016. The re-appointment of Mr. N. Jayakumar as Managing Director is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

In accordance with the provisions of section 152 of the Companies Act, 2013 and the articles of association of the Company, Mr. N. Jayakumar, Managing Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Company has received declaration from all the independent directors of the Company confirming that they meet the criteria of independence as prescribed under section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure) Regulations, 2015.

Appropriate resolution for appointment / re-appointment is being placed before you for your approval at the ensuing Annual General Meeting. The information on the particulars of director seeking appointment / re-appointment, as required under SEBI (Listing Obligations and Disclosure) Regulations, 2015, is given in the notice of the Annual General Meeting, forming part of this Annual Report.

Mr. N. Jayakumar, Managing Director, Mr. Nikhil Shah, Head – Accounts & Finance and Mr. Ajay Shah, Company Secretary are the key managerial personnel and there is no change in the same in the year.

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

During the year under review, four Board and Audit Committee meetings were conducted on May 27, 2015, August 14, 2015, October 20, 2015 and January 14, 2016. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **BOARD EVALUATION**

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

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

The Company has adopted a policy on remuneration of directors, key managerial personnel and other employees, which also lays down the criteria for selection and appointment of board members and board diversity. The details of this policy are explained in the corporate governance report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Sections 134(3)(c) of the Companies Act, 2013, with respect to the Directors' Responsibilities Statement, your Directors confirm that:

1. in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
2. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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;
5. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **CONSOLIDATED FINANCIAL STATEMENT**

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

During the period, the consolidated revenues were Rs. 2,328.20 lacs as compared to Rs. (498.29) lacs in the previous period, which comprises merchant banking and advisory fees of Rs. 1,040.56 lacs, gain / (loss) on sale of investments, derivatives and other transactions of Rs. 84.65 lacs, provisions written-back of Rs. 1,137.51 lacs and income from dividend, interest & other income of Rs. 65.48 lacs. The consolidated net profit / (loss) after tax & extraordinary items for the period under review was Rs. 1,419.58 lacs as compared to Rs. (1,521.41) lacs in the previous period.

## **SUBSIDIARY COMPANIES / JOINT VENTURES**

Pursuant to section 129(3) of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the audited financial statement of the subsidiaries / associate companies for the year ended March 31, 2016 is given in form AOC-1 as an annexure to the consolidated financial statements of the Company forming part of this annual report.

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

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

### Prime Broking Company (India) Limited

Prime Broking Company (India) Limited ("PBCIL"), a wholly owned subsidiary of your Company, was, as we have communicated in the past, at the receiving end of a series of moves by the National Stock Exchange of India Limited ("NSE") in the previous year, where changes in collateral rules were implemented on an arbitrary, retrospective basis by the NSE (to begin with) and subsequently, the unwillingness to sell collateral held by them resulted in a sharp decline in the value of the collateral pledged by PBCIL (on behalf of its clients) to the NSE – the latter declared PBCIL a defaulter and expelled PBCIL as a member of the exchange, an action followed by the Bombay Stock Exchange Limited ("BSE") in terms of the cross default clause of SEBI.

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

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

In view of the above eventualities, during the year, PBCIL has not been able to carry on any activities. Since the matter is sub-judice, it suffices to say that the company is taking all possible steps to arrive at a solution, while looking at other options to compensate for the loss in revenues.

During the year, total revenues of PBCIL were Rs. 41.69 lacs as compared to Rs. (8.48) lacs in the previous year, which comprises of Provisions no longer required, Written back of Rs. 41.68 lacs and income from securities, dividend & other income of Rs. 0.01 lacs. The net profit / (loss) after tax & extraordinary items for the period under review was Rs. (14.92) lacs as compared to Rs. (591.38) lacs in the previous period.

### Primesec Investments Limited

Primesec Investments Limited ("PIL") was incorporated in November 2007 to carry on investment activities. During the period under review, PIL earned revenues of Rs. 249.69 lacs as compared to Rs. (250.71) lacs in the previous period. This includes gain / (loss) on sale of investments and interest & dividend income. During the period, PIL incurred net profit / (loss) after tax of Rs. (20.45) lacs as compared to Rs. (489.66) lacs in the previous period.

### Prime Research & Advisory Limited

Prime Research & Advisory Limited ("PRAL") has during the period under review earned revenues of Rs. Nil as compared to Rs. Nil lacs in the previous period. PRAL did not undertake any activities during 2015-16. During the period, PRAL incurred net profit / (loss) after tax of Rs. (1.24) lacs as compared to Rs. (3.31) lacs in the previous period.

### Prime Commodities Broking (India) Limited

Prime Commodities Broking (India) Limited ("PCBIL") was incorporated in 2006 to carry on broking and other related activities in the commodities markets. During the period under review, PCBIL earned revenues of Rs. 28.71 lacs as compared to Rs. 41.65 lacs in the previous period. During the period, PCBIL earned a net profit / (loss) after tax of Rs. 3.39 lacs as compared to Rs. 3.84 lacs in the previous period.

The Company has not entered into any Joint Ventures.

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

Pursuant to regulation 34(3) of the SEBI (Listing Obligations and Disclosures) Regulations, 2015, a report on corporate governance and a certificate from the statutory auditors, confirming compliance by the Company of the conditions of corporate governance forms part of the annual report.



Pursuant to the provisions of regulation 17(5)(a) of the SEBI (Listing Obligations and Disclosures) Regulations, 2015, your Company has also laid down a code of conduct for its board members and senior management personnel. All the directors and the senior management personnel have affirmed compliance with the said code of conduct. A declaration by the managing director regarding compliance by board members and senior management personnel with the code of conduct for the period ended March 31, 2016 forms part of the annual report.

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

The details forming part of the extract of the annual return in form MGT-9 as per provisions of section 92 of the Companies Act, 2013 and rules made thereunder is annexed as Annexure "1" to this report.

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

In accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures) Regulations, 2015, the Company has formulated a policy on related party transactions and a copy of the same is available on the website of the Company ([www.primesec.com](http://www.primesec.com)). The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions with related parties and also deals with material related party transactions.

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

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

#### **DEPOSITS**

Your Company has not accepted any fixed deposits under Chapter V of Companies Act, 2013, during this financial year and as such, no amount on account of principal or interest on deposits from public was outstanding as on March 31, 2016. The Company has no deposit which is not in compliance with the provisions of Chapter V of the Companies Act, 2013 and as the Companies (Acceptance of Deposit) Rules, 2014.

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

Particulars of loans, guarantees and investments made by the Company pursuant to the provisions of section 186 of the Companies Act, 2013 are given in the notes to the financial accounts forming part of the annual report.

#### **VIGIL MECHANISM**

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

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

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

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

#### **SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has appointed M/s. Pramod Shah & Associates, Company Secretaries (C.P. No. 3804), to undertake secretarial audit for the year ended March 31, 2016. The secretarial report given is given as Annexure "2" to this report.

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

Except as disclosed elsewhere in this report, no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.



## **EMPLOYEES**

Disclosures with respect to the remuneration of directors and employees as required under section 197(12) of Companies Act, 2013 and rule 5(1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given as Annexure "3" to this report.

The Company had 6 employees as on March 31, 2016. None of employees were (i) in receipt of remuneration in excess of rupees sixty lacs (for employees employed throughout the year) or rupees five lacs per month (for employees employed for part of the year) and (ii) holding (by himself or along with their spouse and dependent children) more than 2% of the equity shares of the Company and drawing remuneration in excess of the remuneration drawn by the managing director or whole-time director or manager. Accordingly, the statement of employee remuneration as required under provisions of section 197(12) of the Companies Act, 2013 and rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company.

None of the employee listed in the said annexure is a relative of any director of the Company.

## **EMPLOYEE STOCK OPTION SCHEMES**

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

The disclosures in accordance with the provisions of the Section 62(1)(b) of Companies Act, 2013 read with the Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 (as amended from time to time), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out as Annexure "4" to this report. The shares arising out of exercise of employee stock options are allotted in the name of the respective employees and accordingly, the provisions relating to disclosure of voting rights not exercised directly by the employees are not applicable.

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

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

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

## **LISTING & LISTING FEES**

The equity shares of the Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited and the listing fees for the year 2016-17 have been duly paid.

## **GENERAL DISCLOSURES**

Your directors state that during the year under review:

1. The business responsibility reporting as required pursuant to the provisions of regulation 34(2) of the SEBI (Listing Obligations and Disclosures) Regulations, 2015 is not applicable to your Company.
2. No equity shares with differential rights, as to dividend, voting or otherwise, were issued
3. No equity shares (including sweat equity shares) were issued to employees of the Company under any scheme.
4. The Company has not resorted to any buy-back of its shares during the year under review.
5. Managing Director of the Company has not received any remuneration or commission from any of its subsidiaries.
6. No significant or material orders were passed by the regulators or courts or tribunals, which impact the going concern status and Company's operations in future.

## **ACKNOWLEDGEMENTS**

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

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

Mumbai  
May 17, 2016

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**ANNEXURE 1 TO DIRECTORS' REPORT**

**FORM NO. MGT - 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on March 31, 2016**

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

**I REGISTRATION AND OTHER DETAILS**

- i) CIN: L67120MH1982PLC026724
- ii) Registration Date: 20-Mar-1982
- iii) Name of the Company: Prime Securities Limited
- iv) Category / Sub-Category of the Company: Company Limited by Shares
- v) Address of the Registered office and contact details: 1109/1110, Maker Chambers V,  
Nariman Point, Mumbai 400021  
Tel: +91-22-61842525  
Fax: +91-22-24970777
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Link Intime Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400078  
Tel: +91-22-25946970  
Fax: +91-22-25946969

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Merchant Banking	5203	100%

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Sections
1	Prime Broking Company (India) Limited, 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U67120MH1994PLC076046	Subsidiary Company	100%	Section 2 (87)
2	Primesec Investments Limited 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U65990MH2007PLC175947	Subsidiary Company	100%	Section 2 (87)
3	Prime Commodities Broking (India) Limited, 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U67120MH2006PLC161313	Subsidiary Company	100%	Section 2 (87)
4	Prime Research & Adviosry Limited, 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U65990MH1993PLC071007	Subsidiary Company	100%	Section 2 (87)
5	Primary Cuisine Private Limited 1109/1110, Maker Chambers V, Nariman Point, Mumbai 400021	U55101MH2009PTC197818	Associate Company	24%	Section 2 (6)

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

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-Apr-2015)				No. of Shares held at the end of the year (As on 31-Mar-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	100	10,300	10,400	0.04	100	10,300	10,400	0.04	-
b) Banks / FI	100	4,000	4,100	0.02	-	-	-	-	(0.02)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	480,000	10,300	490,300	1.85	100	2,700	2,800	0.01	(1.84)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investors	-	-	-	-	-	10,300	10,300	0.04	0.04
<b>Sub-total (B) (1)</b>	480,200	24,600	504,800	1.91	200	23,300	23,500	0.09	(1.82)
<b>(2) Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	7,464,390	180,200	7,644,590	28.88	5,236,978	180,200	5,417,178	20.46	(8.41)
ii) Overseas	1,800,000	28,600	1,828,600	6.91	189,706	28,600	218,306	0.82	(6.08)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	7,817,840	1,182,264	9,000,104	34.00	8,671,252	1,155,164	9,826,416	37.12	3.12
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	6,745,431	-	6,745,431	25.48	10,236,425	-	10,236,425	38.67	13.19
c) Others (Specify) NBFCs	-	-	-	-	300	1,300	1,600	0.01	0.01
Foreign Nationals	750,000	-	750,000	2.83	750,000	-	750,000	2.83	-
Trusts	-	-	-	-	100	-	100	0.00	0.00
<b>Sub-total (B) (2)</b>	24,577,661	1,391,064	25,968,725	98.09	25,084,761	1,365,264	26,450,025	99.91	1.82
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	25,057,861	1,415,664	26,473,525	100.00	25,084,961	1,388,564	26,473,525	100.00	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	25,057,861	1,415,664	26,473,525	100.00	25,084,961	1,388,564	26,473,525	100.00	-

**ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-Apr-2015)			Shareholding at the end of the year (As on 31-Mar-2016)			% Change during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
Nil								

**iii) Change in Promoters' Shareholding as on 31-Mar-2016 (please specify, if there is no change)**

	Shareholding at the beginning of the year (As on 01-Apr-2015)		Shareholding at the end of the year (As on 31-Mar-2016)	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year				
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Not Applicable			
At the end of the year				

**iv) Shareholding Pattern of top ten Shareholders as on 31-Mar-2016 (other than Directors, Promoters and Holders of GDRs and ADRs)**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01-Apr-2015)		Shareholding at the end of the year (As on 31-Mar-2016)	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1. Judith Investments Pvt. Ltd.	2,683,497	10.14	2,683,497	10.14
2. Videocon Industries Ltd.	1,762,565	6.66	1,762,565	6.66
3. Yes Capital Ventures Pvt. Ltd.	801,828	3.03	801,828	3.03
4. Koppara Sajeev Thomas	750,000	2.83	750,000	2.83
5. Prime Broking Company (I) Ltd.	562,654	2.13	562,654	2.13
6. Abhay Agarwal (25/12/2015 Purchase 1,270)	600,000	2.27	601,270	2.27
7. Global Worth Securities Ltd. (395,460 Purchase 25/12/2015)	-	-	395,460	1.49
8. Wisdom Global Enterprises Ltd.	250,000	0.94	250,000	0.94
9. Sharad Amrutlal Jhaveri	234,898	0.89	234,898	0.89
10. Magic Share Traders Ltd.	210,000	0.79	210,000	0.79

**v) Shareholding of Directors and Key Managerial Personnel as on 31-Mar-2016**

For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 01-Apr-2015)		Shareholding at the end of the year (As on 31-Mar-2016)	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1. N. Jayakumar	2,084,759	7.87	2,084,759	7.87

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5,490.30	3,216.68	-	8,706.98
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	5,490.30	3,216.68	-	8,706.98
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	2,701.96	1,576.74	-	4,278.70
<b>Net Change</b>	2,701.96	1,576.74	-	4,278.70
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,788.34	1,639.94	-	4,428.28
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	2,788.34	1,639.94	-	4,428.28

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

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
		Managing Director	
		N. Jayakumar	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	1.33 Nil Nil	1.33 Nil Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission - as % of profit - others, specify	Nil Nil	Nil Nil
5	Others, please specify	Nil	Nil
<b>Total (A)</b>		Nil	Nil
Ceiling as per the Act		5% of net profit	10% of net profit

**B. Remuneration to other Directors**

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Name of Director				Total Amount
		Pradip Dubhashi	Alpana Parida	Anil Dharker	S. R. Sharma	
1	<b>Independent Directors</b> • Fee for attending board / committee meetings • Commission • Others, please specify	2.00 - -	1.10 - -	1.70 - -	2.20 - -	7.00 - -
	<b>Total (1)</b>	2.00	1.10	1.70	2.20	7.00
2	<b>Other Non-Executive Directors</b> • Fee for attending board / committee meetings • Commission • Others, please specify	- - -	- - -	- - -	- - -	- - -
	<b>Total (2)</b>	-	-	-	-	-
<b>Total (B) = (1+2)</b>		2.00	1.10	1.70	2.20	7.00
<b>Total Managerial Remuneration</b>						
Overall Ceiling as per the Act		1% of net profit				1% of net profit

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

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
		-	Ajay Shah	Nikhil Shah	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	- - -	18.70 - -	9.84 - -	28.54 - -
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify	- - -	- - -	- - -	- - -
5	Others, please specify	-	-	-	-
<b>Total (A)</b>		-	18.70	9.84	28.54

**VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>Company</b>					
Penalty					
Punishment					
Compounding			No Penalties, Punishments or Compounding of Offences		
<b>Directors</b>					
Penalty					
Punishment					
Compounding			No Penalties, Punishments or Compounding of Offences		
<b>Other Officers in Default</b>					
Penalty					
Punishment					
Compounding			No Penalties, Punishments or Compounding of Offences		

**ANNEXURE 2 TO DIRECTORS' REPORT**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

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

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

Based on our verification of Prime Securities Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
  - (c) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulation, 1993 regarding the Companies Act and dealing with client;
- (vi) Other laws applicable specifically to the Company:
  - (a) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

We have also examined compliance with the applicable clauses of:

- 1. The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE Limited) and National Stock Exchange (National Stock Exchange of India Ltd.)
- 2. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1<sup>st</sup> December, 2015);
- 3. The Secretarial Standards issued by The Institute of Company Secretaries of India (SS-1 & SS-2).

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

**We further report that**

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

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

During the period of Audit, all the decisions in the Board meetings were carried out unanimously.



We have relied on the representation made by the Company and its Officers for systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company as listed in Annexure II.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. (As mentioned above and listed in Annexure II)

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

**For Pramod S. Shah & Associates**  
Practicing Company Secretaries

**Pramod Shah**  
Partner  
FCS No.: 334  
C P No.: 3804

Mumbai, May 17, 2016

**Annexure I to Secretarial Audit Report**

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

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Pramod S. Shah & Associates**  
Practicing Company Secretaries

**Pramod Shah**  
Partner  
FCS No.: 334  
C P No.: 3804

Mumbai, May 17, 2016

**Annexure II to Secretarial Audit Report**

1. Employees' Provident Fund and Miscellaneous Provisions Act, 1952;
2. Professional Tax Act, 1975 and Rules;
3. Payment of Gratuity Act, 1972;
4. Contract Labour (R&A) Act, 1970;
5. Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
6. Employees State Insurance Act, 1948;
7. Equal Remuneration Act, 1976;
8. Minimum Wages Act, 1948;
9. Payment of Bonus Act, 1965;
10. Shop and Establishment Act, 1948;
11. Income Tax Act, 1961;
12. Finance Act, as amended from time to time.

**ANNEXURE 3 TO DIRECTORS' REPORT**

**DISCLOSURE IN DIRECTORS' REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014**

Sr. No.	Requirements	Disclosure	
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	<b>Name of the Director</b>	<b>Ratio</b>
		N. Jayakumar, Managing Director	0.10 X
		Pradip Dubhashi, Chairman	N.A.
		Alpana Parida, Independent Director	N.A.
		Anil Dharker, Independent Director	N.A.
		S. R. Sharma, Independent Director	N.A.
		1. The median remuneration of employees of the Company was Rs. 13.85 lac. 2. N. Jayakumar is not drawing any remuneration from the Company. 3. Independent Directors are not paid any remuneration except Sitting Fees, which has not been considered as remuneration. 4. Figures have been rounded off wherever necessary.	
2.	The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year.	N. Jayakumar, Managing Director	N.A.
		Pradip Dubhashi, Chairman	N.A.
		Alpana Parida, Independent Director	N.A.
		Anil Dharker, Independent Director	N.A.
		S. R. Sharma, Independent Director	N.A.
		Nikhil Shah, Chief Financial Officer	10.42%
		Ajay Shah, Company Secretary	12.38%
3.	The percentage increase in the median remuneration of employees in the financial year.	During FY 2016, the percentage increase in the median remuneration of employees as compared to previous year was approximately 12.15%.	
		There were 6 employees as on March 31, 2016.	
4.	The number of permanent employees on the rolls of company.	There were 6 employees as on March 31, 2016.	
5.	The explanation on the relationship between average increase in remuneration and company performance.	Factors considered while recommending increase in fixed compensation are 1) Financial performance of the Company; 2) Comparison with peer companies; 3) Industry Benchmarking; 4) Contribution made by the employee; 5) Regulatory guidelines for Managerial Personnel. The Company had revenue growth of 392.32% over the previous year. The profit calculated under Section 198 of the Companies Act, 2013 has grown from Rs. 415.89 lac to Rs. 1,702.55 lac, an increase of 75.57% against which the average increase in remuneration is 12.18% (approx.).	
6.	Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company.	The remuneration paid to all KMPs aggregate to approx. 1.01% of the Gross Revenue. The Gross revenue was Rs. 1,983.97 lacs (previous year Rs. (295.86) lacs).	

Sr. No.	Requirements	Disclosure			
7.	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies.	The Market capitalization of the Company has decreased from Rs. 1,069.53 lacs as on March 31, 2015 to Rs. 979.52 lacs as on March 31, 2016. Over the same period, the price to earnings ratio moved from Nil to 0.70 The share price as at March 31, 2016 has decreased by 96.58% since the last public offer.			
8.	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in remuneration is 12.74% for Employees other than Managerial Personnel and 11.76% for Managerial Personnel.			
9.	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company.	Particulars	Remuneration for FY 2016 (Rs. In lacs)	% of Gross Revenue for FY 2016	% of Profit for FY 2016
		N. Jayakumar	Nil	Nil	Nil
		Pradip Dubhashi	Nil	Nil	Nil
		Alpana Parida	Nil	Nil	Nil
		Anil Dharker	Nil	Nil	Nil
		S. R. Sharma	Nil	Nil	Nil
		Nikhil Shah	9.84	0.50%	0.70%
		Ajay Shah	18.70	0.94%	1.33%
10.	The key parameters for any variable component of remuneration availed by the directors.	During FY 2016, none of the directors received variable component of remuneration.			
11.	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	This is not applicable to the Company.			
12.	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, it is confirmed.			

**General Note:**

1. Calculation of Market Capitalization, price to earnings and other details are based on stock price on National Stock Exchange of India Limited on relevant dates.
2. Profit of the Company is calculated as per Section 198 of the Companies Act, 2013.
3. Managerial Personnel includes Managing Director.

**ANNEXURE 4 TO DIRECTORS' REPORT**

**Disclosure pursuant to the provisions of Securities and Exchange Board of India  
(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999**

Particulars		ESOS 2007	ESOS 2008	ESOS 2009
a)	Options granted	999,000	1,197,750	1,485,000
b)	Pricing formula	Rs 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs 15/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)	Rs 38/- per share (Fair value determined based on the closing market price on the date prior to the date of grant of options)
c)	Options vested	999,000	1,197,750	1,485,000
d)	Options exercised	Nil	148,100	Nil
e)	The total number of shares arising as a result of exercise of option	Nil	148,100	Nil
f)	Options lapsed	919,000	961,250	1,165,000
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	80,000	88,400	320,000
j)	Employee wise details of options granted			
	i)	Senior managerial personnel	Total 80,000 options granted to 1 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)	Total 93,300 options granted to 1 senior managerial personnel (employees one level below the Board of Directors including employees of subsidiaries) (Only summary given due to sensitive nature of information)
	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
	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
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. 5.30 per share of face value of Rs. 5/- each	Rs. 5.30 per share of face value of Rs. 5/- each
l)	i)	Method of calculation of employee compensation cost	Intrinsic value method	Intrinsic value method
	ii)	Difference between the employee compensation cost so computed at (i) above and cost that shall have been recognized if it had used the fair value of the options	Nil	Nil
	iii)	The impact of this difference on profits and on EPS of the Company	The net profit would have been higher by Rs. 34.38 lacs and basic & diluted EPS would have been lower by Nil	The net profit would have been higher by Rs. 34.38 lacs and basic & diluted EPS would have been lower by Nil
m)	Weighted average exercise price and weighted average fair value		Weighted average exercise price – Rs. 38/- Weighted average fair value – Rs. 38/-	Weighted average exercise price – Rs. 38/- Weighted average fair value – Rs. 38/-
n)	Fair value of options based on Black Scholes methodology - assumptions			
	Risk free rate		8.00%	8.00%
	Expected life of options		3 years	3 years
	Expected volatility		(7.02)%	(7.02)%
	Expected dividends		-	-
	Closing market price of share on date of option grant		Rs. 196.40	Rs. 38.75

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **A. Industry Structure & Developments**

The period under review (April 2015 to March 2016) has been a turbulent, but eventful period, with the government and the RBI pushing ahead with intensity to clean up banks and attract investors back to the Capital Markets. Fortunately, the economy got a boost and sustained tail-winds from lower prices of petroleum products. This helped keep the current account deficit within manageable limits. With the government keeping its promise on limiting the fiscal deficit, inflation moderated and allowed the RBI to reduce interest rates. This has helped growth rates recover and there is increasing evidence of Government policy gaining traction.

Global monetary policy, especially of the US Fed, the European Central Bank (ECB) and the Bank of Japan (BOJ) have been under intense scrutiny. While the Fed tapered its QE program, the ECB instituted a similar program as has the BOJ. These actions taken together have stabilized money flows and while there have been brief hiccups, capital flows into India have continued unabated. A significant feature has been the shift in composition of flows with FDI investments increasing substantially. Developed economies remain under stress. With sharpened focus on infrastructure and stabilizing prices of commodities, health of industrial India is steadily improving.

Domestically, as an increasing number of investment banks and brokerages shut shop, the opportunity space for the corporate finance business has been growing. While the bullion and commodity markets have seen some rebound, the Real Estate markets remain under considerable stress, with continuing sluggishness in volumes and prices. The rotation of retail interest into equity markets continues and has underpinned the revival of our deal flow. The stress in the banking system continues to be at elevated levels as does its negative impact on the economy. There is a renewed focus not just by the banks but the Government, RBI as well, on finding a resolution to the NPA problem. Recalcitrant borrowers find themselves under extreme pressure to repay outstanding loans. The Government in the recent budget for FY 2017, has made provisions for recapitalizing banks and this coupled with other measures should help the banking sector return to its role of funding growth.

Tremendous progress has been made by the government on unlocking stuck, incomplete Infrastructure projects. Recent data points to robust growth in Infrastructure investments. The power sector has made rapid strides with power generation shortfalls having been reduced dramatically. All of this points to a robust level of industrial growth in the coming year.

We had forecast an increasing level of activity in the restructuring of corporate balance sheets. We have been able to participate in a number of these situations and this forms a good portion of our deal flow. Mid-cap names, our forte, continue to attract investment appetite.

### **B. Opportunities & Threats**

We continue to add new mandates and see opportunities in advising firms with stressed assets. We have been seeing increasing activity in the debt markets and several opportunities for innovative solutions. In the context of a robust equity market, the corporate advisory services segment will see an increased deal flow, adding to the robust pipeline in place. New services, like advising on the handling of stressed assets, debt raising and restructuring, sell down of distressed portfolios, should continue to see growth in the coming years.

The revival in select, high quality mid-cap names will be a source of increasing deal flow, for fund-raising and M&A activity, as this segment has been our focus since inception.

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

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

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

**D. Outlook**

The company has concluded a number of transactions in corporate advisory, restructuring, as well as in the areas of Private Equity and Corporate Finance, and we look forward to taking on a number of transactions in the pipeline to completion. As select mid- caps continue to perform well and the focus of the international investor moves towards this segment, our deal flow should increase.

As banks look to improve recoveries on their NPAs and sell down their stressed assets and companies look to restructure their balance sheets, investment advisors, like ourselves, 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 we had shared with you, the Company had decided to shut down its trading in the secondary markets. The existing portfolio would be exited at various opportune times, by attempting to optimize on the gains in the portfolio. The company will therefore, going forward, only focus on a business model that does not put any capital at risk.

Our new mantra is “Return on Time, Effort, Intellectual Property and Network”, with Capital being the aspirational output.

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. 1,983.97 lacs for the financial year under review as against previous year Rs. (295.86) lacs. The profit / (loss) after tax was at Rs. 1,404.20 lacs as against profit / (loss) after tax of Rs. (491.53) lacs.

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

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. Prime Broking has appealed the decision of the Honorable SAT to dismiss our appeal against the actions of the NSE in the Supreme Court, which has admitted our appeal. 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**

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

**CAUTIONARY STATEMENT**

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



**REPORT ON CORPORATE GOVERNANCE**

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

**MANDATORY REQUIREMENTS**

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

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

**2. Board of Directors**

**(a) Composition and Category**

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

As of the year ended March 31, 2016, the Board of Directors had Five Directors, comprising of Four Non-Executive & Independent Directors and One Executive Director. The Chairman of the Board is a Non-Executive and Independent Director.

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

During the year under review, 4 Board Meetings were held. The attendance of each of the Directors at the said Board Meetings is given below:

Name of Director	Category of Directorship	No of Meetings attended	% of total Meetings attended during the year
Ms. Aplana Parida	Independent, Non-Executive	3	75%
Mr. Anil Dharker	Independent, Non-Executive	3	75%
Mr. N. Jayakumar	Managing Director	4	100%
Mr. Pradip Dubhashi	Independent, Non-Executive	4	100%
Mr. S. R. Sharma	Independent, Non-Executive	4	100%

All Directors of the Company, who were on the Board as on the date of the last Annual General Meeting held on September 21, 2015, attended the Annual General Meeting.

**(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, in compliance of the requirement of the provision of Regulation 26(1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015. All the Directors have furnished the necessary disclosure regarding their Directorship and Committee Membership.

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

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

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

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

During the year under review, 4 Board Meetings were held on May 27, 2015, August 14, 2015, October 20, 2015 and January 14, 2016.

**(e) Relationships between Directors inter-se:**

None of the Director is related to each other.

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

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

**(g) Familiarisation Programme for Directors:**

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

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

### **3. Audit Committee**

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

#### **(a) Terms of Reference**

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

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

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

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

1. Mr. Pradip Dubhashi - Chairman, Independent & Non-Executive Director
2. Ms. AlpanaParida - Member Independent & Non-Executive Director
3. Mr. Anil Dharker- Member, Independent & Non-Executive Director
4. 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 4 times on May 27, 2015, August 14, 2015, October 20, 2015 and January 14, 2016. 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
Ms. AlpanaParida	Member	3	75%
Mr. Anil Dharker	Member	3	75%
Mr. Pradip Dubhashi	Chairman	4	100%
Mr. S. R. Sharma	Member	4	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 21, 2015.

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

#### 4. Nomination and Remuneration Committee

##### (a) Terms of Reference

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

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

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

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

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

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

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

During the year under review, the members met once on January 14, 2016. 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	Chairman	1	100%
Mr. Pradip Dubhashi	Member	1	100%
Mr. S. R. Sharma	Member	1	100%

##### (d) Remuneration Policy

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

The remuneration policy of the Company is displayed on the website of the Company ([www.primesec.com](http://www.primesec.com))

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

Name of Director	Fixed Salary	Commission	Sitting Fees	Total
Ms. Alpana Parida	Nil	Nil	110,000	110,000
Mr. Anil Dharker	Nil	Nil	170,000	170,000
Mr. N. Jayakumar *	133,000	Nil	Nil	133,000
Mr. Pradip Dubhashi	Nil	Nil	200,000	200,000
Mr. S. R. Sharma	Nil	Nil	220,000	220,000

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

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

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

##### (f) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, the Board has carried out the annual evaluation of its own performance, its committees and Independent Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the Managing Director was carried out by the Independent Directors.

## 5. Stakeholders Relationship Committee

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

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

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

### Composition

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

1. Mr. S. R. Sharma - Chairman, Independent & Non-Executive Director
2. Ms. AlpanaParida- Member Independent & Non-Executive Director
3. Mr. Anil Dharker - 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	12	12
Dividend Related	1	1
Change of Address	5	5
Demat / Remat	2	2
Deletion Cases	6	6
Mandate	1	1
Transmission	1	1
Miscellaneous	4	4
<b>Total</b>	<b>32</b>	<b>32</b>

## 6. Corporate Social Responsibilities Committee

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

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

The Company Secretary acts as the Secretary to the Committee.

## 7. Risk Management Committee

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

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

The Company Secretary acts as the Secretary to the Committee.

## 8. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors on the Board of Directors of Company met once on January 14, 2016 inter alia for the following:

1. Review the performance of the non-independent director and the board of directors as a whole;
2. Review the performance of the chairperson of the Company, taking into account the views of the executive directors and non-executive directors;
3. Assess the quality, quantity and timeliness of flow of information between the management of the Company and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

## 9. General Body Meetings

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

Financial year	Date	Location of the meeting	Time
2013-2015 #	September 21, 2015	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2012-2013 *	March 24, 2014	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.
2011-2012	September 25, 2012	Victoria Memorial School for the Blind, Mumbai	10.00 a.m.

\* Pursuant to the approval of the Registrar of Companies, the financial year ended March 31, 2013 was extended by a period of six months upto September 30, 2013 (consisting of 18 months from April 1, 2012 to September 30, 2013) and accordingly, the approval of the Registrar of Companies was obtained to extend the date for holding annual general meeting upto March 24, 2014.

# Pursuant to the approval of the Registrar of Companies, the financial year ended September 30, 2014 was extended by a period of six months upto March 31, 2015 (consisting of 18 months from October 1, 2013 to March 31, 2015) and accordingly, the approval of the Registrar of Companies was obtained to extend the date for holding annual general meeting upto September 23, 2015.

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

Special resolutions were passed by the shareholders at the 31<sup>st</sup> annual general meeting of the Company for (i) Borrowing Limits of the Company and (ii) Increase in limits of Investments in other Bodies Corporate by the Company.

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

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

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

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

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

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

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

## 10. Disclosures

### 1. Materially significant related party transactions:

There are no materially significant related party transactions entered into during the year by the Company with its directors or management, their subsidiaries or relatives that may have a potential conflict with the interests of the Company at large. All related party transactions are at arm's length and in the ordinary course of business. Transactions with the related parties are disclosed in notes to the audited financial statements in the annual report. The Company has formulated a policy of dealing with related party transactions, which is available on the website of the Company ([www.primesec.com](http://www.primesec.com)).

### 2. Material Subsidiary:

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

### 3. Penalties, strictures for non-compliance:

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

### 4. Whistle blower policy:

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

### 5. Compliance with mandatory and non-mandatory requirements:

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

## 11. Code of Conduct

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



## 12. Means of Communication

1. The board of directors of the Company approves and takes on record the quarterly, half-yearly and yearly financial results in accordance with the provisions of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.
2. The quarterly, half-yearly and yearly financial results of the Company, as approved by the board of directors of the Company, are communicated to all the stock exchanges, where the shares of the Company are listed and published in the mumbai edition of free press journal &navsakti within the stipulated time. The same are not sent individually to each shareholder.
3. The Company's financial results and other official news release are displayed on the Company's website (www.primesec.com).
4. At present, no formal presentations are made to analysts.

## 13. General Shareholder information

- \* AGM: date, time and venue : Monday, September 19, 2016 at 10.00 a.m. at Victoria Memorial School for the Blind, Tardeo Road, Opp. Film Centre, Mumbai 400034
- \* Financial calendar : Financial Year → April 1, 2016 to March 31, 2017
  - i) First quarter ended June 30, 2016 → on or before August 14, 2016
  - ii) Second quarter & half-year ended September 30, 2016 → on or before November 14, 2016
  - iii) Third quarter & nine months ended December 31, 2016 → on or before February 14, 2017
  - iv) Fourth Quarter and year ended March 31, 2017 → during April 2017 to May 2017.
- \* Date of book closure : Wednesday, September 14, 2016 to Monday, September 19, 2016 (both days inclusive)
- \* Dividend payment date : N.A.
- \* Listing on stock exchanges : The Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India (NSE). The Company has paid the listing fees for the year 2015-2016
- \* Stock code – Physical : BSE: 500337 / NSE: PRIMESECU
- \* Demat ISIN number for NSDL and CDSL : INE032B01021
- \* Market price data: high, low during each month in last financial year : As per Annexure "I"
- \* Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index, etc. : As per Annexure "II"
- \* Registrar and Transfer Agent : Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, Tel: +91-22-25946970, Fax: +91-22-25946969, Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- \* Share Transfer System : The Company Secretary or the Managing Director of the Company are authorised to approve the transfer of share and the same are generally registered / confirmed within 15 days of receipt, provided the documents are clear in all aspects. The said transfers are then noted at the subsequent stakeholder's relationship committee meeting.
- \* Distribution of shareholding : As per Annexure "III"
- \* Shareholding pattern : As per Annexure "IV"
- \* Dematerialisation of shares and liquidity : 94.75% of the total shareholding has been dematerialised as on March 31, 2016
- \* Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact of equity : None
- \* Plant location : Not Applicable
- \* Address for correspondence : Shareholders correspondence should be addressed to the Registrar and Share Transfer Agents of the Company, M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, Tel: +91-22-25946970, Fax: +91-22-25946969. The Company has designated an exclusive e-mail id: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in), for redressal of investor complaints / grievances. Shareholders holding shares in the electronic form should address all their correspondence to their respective depository participants.



**NON-MANDATORY REQUIREMENTS****1. The Board**

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

**2. Shareholders rights**

As the Company's half yearly results are published in the newspapers in terms of the provisions of Regulation 47 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, the Company is not sending the half-yearly results to individual shareholder.

**3. Audit qualification**

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

**4. Separate post of chairman and CEO**

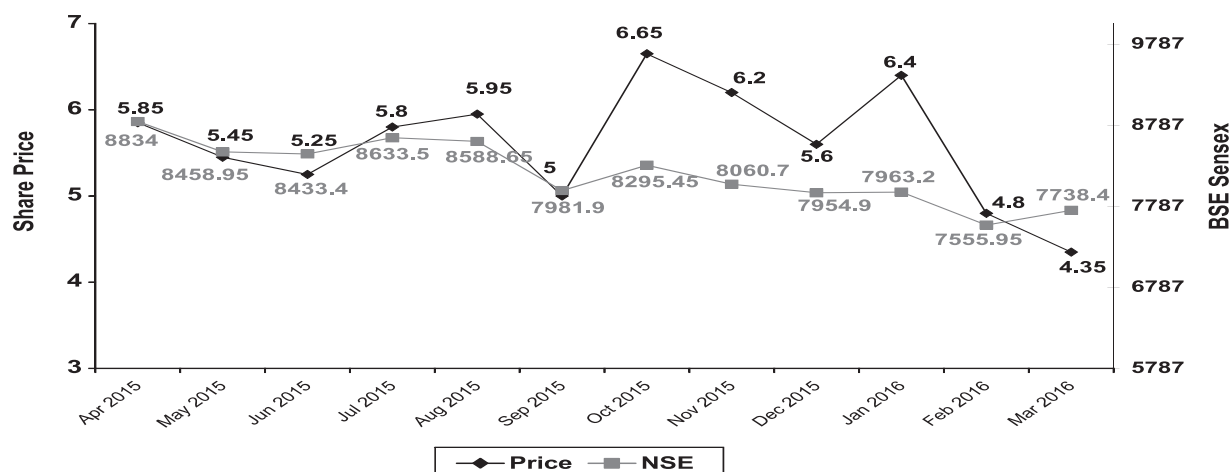
The posts of chairman and Managing Director are separate.

**5. Reporting of internal auditor**

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

**Annexure I to Report on Corporate Governance****Market Price Data: High / Low from April 2015 to March 2016**

Month	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Nos.)	High (Rs)	Low (Rs)	Volume (Nos.)
April 2015	5.72	4.35	105,528	5.85	4.35	77,645
May 2015	5.25	4.50	93,215	5.45	4.45	80,499
June 2015	4.92	4.13	53,548	5.25	4.10	68,792
July 2015	5.46	4.22	97,235	5.80	4.00	108,479
August 2015	5.94	4.20	113,096	5.95	4.40	95,565
September 2015	4.99	4.07	92,823	5.00	4.20	41,047
October 2015	6.40	4.35	227,751	6.65	4.40	520,451
November 2015	5.88	4.44	191,051	6.20	4.50	196,975
December 2015	5.65	4.16	705,680	5.60	4.20	1,207,793
January 2016	6.66	4.85	798,831	6.40	5.00	737,397
February 2016	4.95	3.87	124,396	4.80	3.90	196,203
March 2016	4.40	3.50	181,875	4.35	3.45	201,981

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

**Annexure III to Report on Corporate Governance**  
**Distribution of Shareholding (As on March 31, 2016)**

Number of Equity Shares held	Number of Shareholders	Percentage of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 1000	22,446	92.45	4,032,572	15.23
1001 – 2000	715	2.94	1,124,758	4.25
2001 – 3000	323	1.33	834,063	3.15
3001 – 4000	153	0.63	551,654	2.08
4001 – 5000	171	0.70	802,586	3.03
5001 – 6000	72	0.30	402,482	1.52
6001 – 7000	52	0.21	337,392	1.27
7001 – 8000	49	0.20	371,192	1.40
8001 – 9000	27	0.11	232,069	0.88
9001 – 10000	44	0.18	431,308	1.63
Above 10000	231	0.95	17,353,449	65.56
<b>Total</b>	<b>24,283</b>	<b>100.00</b>	<b>26,473,525</b>	<b>100.00</b>

**Annexure IV to Report on Corporate Governance**  
**Shareholding Pattern of the Company (As on March 31, 2016)**

Category	Number of Shares	% of Share Capital
<b>A Shareholding of Promoter and Promoter Group</b>		
1) Indian	Nil	Nil
2) Foreign	Nil	Nil
<b>Sub-Total</b>	Nil	Nil
<b>B Public Shareholding</b>		
1) Institutions		
a) Mutual Funds & UTI	10,400	0.04
b) Financial Institutions / Banks	2,800	0.01
c) Foreign Institutional Investors	10,300	0.04
d) Any Other (Foreign Companies)	218,306	0.82
<b>Sub-Total</b>	241,806	0.91
2) Non-Institutions		
a) Bodies Corporate	5,417,178	20.46
b) i) Individual Shareholders holding nominal share capital upto Rs.2 lac	11,527,237	43.55
ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lac	9,287,304	35.08
<b>Sub-Total</b>	26,231,719	99.09
<b>Grand Total</b>	26,473,525	100.00

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

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and all Senior Management Personnel in terms of the provisions of the Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code of Conduct is posted on the Company's website.

I confirm that, pursuant to the provisions of the Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2016.

For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Board of Directors as on March 31, 2016.

Mumbai  
May 17, 2016

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

**CEO / CFO CERTIFICATION**

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

This is to certify that:

- (a) We have reviewed the audited financial statements and the cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2016, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) we have indicated to the auditors and the audit committee that:
  - (i) there are no significant changes in internal controls during the year ended March 31, 2016;
  - (ii) there are no significant changes in accounting policies during the year ended March 31, 2016; and
  - (iii) we have not become aware of any instances of significant fraud, having the involvement of the management or an employee, having a significant role in the Company's internal control system over financial reporting.

Mumbai  
May 17, 2016

**N. Jayakumar**  
Managing Director

**Nikhil Shah**  
Head – Accounts & Finance

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members of Prime Securities Limited

We have examined the compliance of conditions of corporate governance by Prime Securities Limited for the year ended on March 31, 2016 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the listing agreement of the said Company with 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 corporate governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *except that since 25<sup>th</sup> January 2011, no independent director of the Company was a director on the board of directors of an unlisted material subsidiary, incorporated in India, as required by regulation 24(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

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

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

**Milind Gandhi**  
Partner  
Membership No. 043194

Mumbai, May 17, 2016

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of **PRIME SECURITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016 the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Basis for Qualified Opinion**

1. *As referred in Note 23.10(a), the Company has written-back a loan of Rs. 875.00 Lacs as in the opinion of the management the same was no longer payable. Accordingly, the profit for the year is higher by the said amount and the unsecured loans are lower by the said amount.*
2. *Reference is invited to Note 23.10(b) according to which unsecured loan of Rs. 525.00 Lacs is categorized as interest-free Short-term Borrowing. We have not been able to validate this assertion in absence of confirmation of balance and terms of repayment/interest. Accordingly, we are unable to ascertain the impact on the financial statements of the categorization of the loan and non-provision of interest thereon.*
3. *As referred in Note 23.7 the Company has not provided for interest of Rs. 1,016.10 Lacs on certain secured loans as in the opinion of the management the same is under renegotiations with the lenders. Had the Company made such provision the loss for the period would have been higher by the said amount and the secured loans would have been higher by Rs. 2,720.92 Lacs (including non-provision of interest in earlier year).*

**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 point nos. 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 of the state of affairs of the Company as at March 31, 2016 and its profit and its cash flows for the year ended on that date.

**Emphasis of Matter:**

Our opinion is not modified in respect of the following:

1. The accompanying financial statements are prepared on a going concern basis, notwithstanding the circumstances referred in Note 23.3 which cast doubts 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 revenue streams and disposing-off investments 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 23.4 the Company's subsidiary Primesec Investments Limited's networth has been eroded but having regard to the circumstances specified in the said Note, Primesec Investments Limited has prepared its accounts on a going concern basis. Relying on the above, the Company has not considered making any adjustments to its financial exposure in the subsidiary.
3. As referred to in Note 23.8 the financial outcome of a complaint filed by a lender is not ascertainable.
4. As referred to in Note 23.9 the loan of Rs. 2,318.39 Lacs is assigned to a subsidiary company subject to consent of the lender.
5. As referred to in Note 23.12 there is a diminution of Rs. 1,194.64 Lacs in value of non-current investments (other than in subsidiary companies). The Company has not provided for such diminution on the basis that the same is temporary in nature.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, *except for the effects of the matters described in point nos. 1 to 3 of the Basis for Qualified Opinion paragraph*, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 23.2 to the financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Mumbai,  
Date: May 17, 2016

**ANNEXURE - A TO THE AUDITORS' REPORT**

**The annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2016 we report that:**

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

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

8. Based on our audit procedures and according to the information and explanations given by the management, the Company has not defaulted in repayment of its loans and borrowings to any financial institution and banks. The Company does not have any loan or borrowing from Government or debenture holders.
9. The Company did not raise any amount by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly Clause 3(ix) of the Order is not applicable.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. The Company has not paid or provided for any managerial remuneration and therefore, Clause 3(xi) of the Order is not applicable.
12. In our opinion and according to the information and explanation given to us, the Company is not a nidhi company and therefore, Clause 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and therefore, Clause 3(xiv) of the Order is not applicable.
15. On the basis of our examination and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and therefore, Clause 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934 and therefore Clause 3(xvi) of the Order is not applicable.

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

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

Mumbai,  
Date: May 17, 2016



**ANNEXURE - B TO THE AUDITORS' REPORT**

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

We have audited the internal financial controls over financial reporting of **PRIME SECURITIES LIMITED** ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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

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

Mumbai,  
Date: May 17, 2016

**BALANCE SHEET AS AT MARCH 31, 2016**

	Note No.	As at 31-Mar-16 (Rs. in Lacs)	As at 31-Mar-15 (Rs. in Lacs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1,327.85	1,327.85
Reserves and Surplus	2	5,301.99	3,897.79
		<b>6,629.84</b>	5,225.64
<b>Non-current Liabilities</b>			
Long-term Borrowings	3	400.00	1,713.34
Long-term Provisions	4	155.54	138.73
		<b>555.54</b>	1,852.07
<b>Current Liabilities</b>			
Short-term Borrowings	5	4,024.95	6,956.48
Trade Payables	6	114.89	101.84
Other Current Liabilities	7	78.65	93.56
Short-term Provisions	8	19.53	13.54
		<b>4,238.02</b>	7,165.42
<b>Total</b>		<b>11,423.40</b>	14,243.13
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	9		
- Tangible Assets		285.69	416.60
- Intangible Assets		0.18	0.47
Non-current Investments	10	4,713.23	5,024.61
Long Term Loans and Advances	11	189.66	567.37
Other Non-current Assets	12	-	7,500.00
		<b>5,188.76</b>	13,509.05
<b>Current Assets</b>			
Current Investments	13	17.80	17.80
Trade Receivables	14	-	-
Cash and Bank Balances	15	61.04	23.36
Short-term Loans and Advances	16	6,152.22	689.35
Other Current Assets	17	3.58	3.58
		<b>6,234.64</b>	734.08
<b>Total</b>		<b>11,423.40</b>	14,243.13
<b>Notes on Accounts</b>	23		

As per our Report attached

For and on behalf of the Board

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

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Anil Dharker**  
Director

**Alpana Parida**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 17, 2016

Mumbai, May 17, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

	<b>Note No.</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>I REVENUE FROM OPERATIONS</b>	18	<b>1,040.56</b>	211.36
<b>II OTHER INCOME</b>	19	<b>943.41</b>	(507.22)
<b>III TOTAL REVENUE (I + II)</b>		<b>1,983.97</b>	(295.86)
<b>IV EXPENSES</b>			
Employee Benefit Expenses	20	<b>117.80</b>	128.03
Finance Costs	21	<b>0.60</b>	22.95
Depreciation and Amortisation Expense	9	<b>62.72</b>	35.32
Other Expenses	22	<b>282.74</b>	259.37
<b>TOTAL EXPENSES</b>		<b>463.86</b>	445.67
<b>V PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX (III - IV)</b>		<b>1,520.11</b>	(741.53)
<b>VI EXTRAORDINARY ITEMS</b>	22A	<b>(52.61)</b>	250.00
<b>VII PROFIT / (LOSS) BEFORE TAX (V - VI)</b>		<b>1,467.50</b>	(491.53)
<b>VIII TAX EXPENSE</b>			
Current Tax		<b>63.30</b>	-
<b>IX PROFIT / (LOSS) FOR THE YEAR (VII - VIII)</b>		<b>1,404.20</b>	(491.53)
<b>Earning per Equity Share (Face Value per Share Rs. 5/-)</b>			
Basic		<b>5.30</b>	(1.86)
Diluted		<b>5.30</b>	(1.86)
<b>Notes on Accounts</b>	23		

As per our Report attached

For and on behalf of the Board

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

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Anil Dharker**  
Director

**Alpana Parida**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 17, 2016

Mumbai, May 17, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-16 (Rs. in lacs)	Period ended 31-Mar-15 (Rs. in lacs)
<b>A Cashflow from Operating Activities</b>		
Net Profit / (Loss) before tax	1,467.50	(491.53)
Adjustments for :		
Dividend Received	(14.14)	(3.32)
Interest Received	(42.20)	(13.75)
Depreciation	62.72	35.32
Interest & Finance Charges	0.60	22.95
Diminution in Value of Investments (Net)	-	-
Fixed Assets written off	70.07	-
Loss / (Gain) on Sale of Investments (Net)	164.98	907.42
Amount Written-back	(1,372.64)	(250.00)
Provisions no longer required, Written back	(1,047.24)	(376.78)
Balances written off	1,425.25	-
Provision for Doubtful Debts	-	5.78
Provision for Doubtful Advances	1.02	52.57
	(751.58)	380.19
Operating Profit / (Loss) before Working Capital changes	715.92	(111.34)
Adjustments for Changes in the Working Capital		
Debtors	-	-
Current Assets	7,500.00	(3.58)
Loans & Advances	(5,508.30)	(329.37)
Current Liabilities & Provisions	20.94	(156.70)
	2,012.64	(489.65)
<b>Cash generated from Operations</b>	2,728.56	(600.99)
Direct Taxes (Paid) / Refund (net)	(19.21)	(29.66)
<b>Net Cash from Operating Activities (A)</b>	2,709.35	(630.65)
<b>B Cashflow from Investment Activities</b>		
Purchase of Investments	-	(2,181.19)
Purchase of Fixed Assets	(1.58)	(1.57)
Sale of Investments	146.40	900.24
Sale of Fixed Assets	-	-
Share Application Money	-	1,500.00
Dividend Received	14.14	3.32
Interest Received	42.20	13.75
<b>Net Cash from Investment Activities (B)</b>	201.16	234.55
<b>C Cashflow from Financing Activities</b>		
Interest & Finance Charges	(0.60)	(22.95)
Funds Borrowed / (Repaid)(net)	(2,872.23)	374.69
<b>Net Cash from Financing Activities (C)</b>	(2,872.83)	351.74
<b>Net Cashflow (A + B + C)</b>	37.68	(44.36)
<b>Changes in the Cash &amp; Bank Balances</b>	37.68	(44.36)
Cash and Cash Equivalents at the beginning of the year	23.36	67.72
Cash and Cash Equivalents at the end of the year	61.04	23.36

As per our Report attached

For and on behalf of the Board

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

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Anil Dharker**  
Director

**Alpana Parida**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 17, 2016

Mumbai, May 17, 2016

**NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED MARCH 31, 2016**

<b>NOTE 1 - SHARE CAPITAL</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>AUTHORISED</b>		
3,00,00,000 Equity Shares of Rs. 5/- each	<b>1,500.00</b>	1,500.00
2,00,000 13% Cumulative Redeemable Preference Shares of Rs. 100/- each	<b>200.00</b>	200.00
18,00,000 Unclassified Shares of Rs. 100/- each	<b>1,800.00</b>	1,800.00
<b>Total</b>	<b>3,500.00</b>	3,500.00
<b>ISSUED</b>		
2,72,22,725 (Previous Year 2,72,22,725) Equity Shares of Rs. 5/- each	<b>1,361.14</b>	1,361.14
<b>Total</b>	<b>1,361.14</b>	1,361.14
<b>SUBSCRIBED &amp; FULLY PAID</b>		
2,64,73,525 (Previous Year 2,64,73,525) Equity Shares of Rs. 5/- each	<b>1,323.68</b>	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	<b>4.17</b>	4.17
<b>Total</b>	<b>1,327.85</b>	1,327.85

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

<b>Particulars</b>	<b>Year ended 31-Mar-16 No. of Shares</b>	<b>Period ended 31-Mar-15 No. of Shares</b>
Opening Balance	<b>26,473,525</b>	26,473,525
Add: Shares Issued during the period	-	-
Closing Balance	<b>26,473,525</b>	26,473,525

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

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

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

The Company's stock based compensation plan for employees comprises of three schemes viz. the ESOS 2007 Scheme, ESOS 2008 and the ESOS 2009 Scheme. The schemes have been instituted for all eligible employees of the Company and its subsidiaries. The Company has reserved issuance of 488,400 (Previous year 842,200) Equity Shares of Rs. 5/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS) approved by Members. During the year, the Company has granted NIL (Previous year NIL) Options to the eligible employees.

**ESOS 2007 Scheme**

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

**ESOS 2008 Scheme**

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

**ESOS 2009 Scheme**

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

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

<b>Particulars (Exercise Price)</b>	<b>ESOS 2007 (Rs. 38/-)</b>		<b>ESOS 2008 (Rs. 15/-)</b>		<b>ESOS 2009 (Rs. 38/-)</b>	
	<b>Current Period</b>	<b>Previous Period</b>	<b>Current Period</b>	<b>Previous Period</b>	<b>Current Period</b>	<b>Previous Period</b>
Options outstanding, beginning of the Year	<b>226,300</b>	458,400	<b>220,500</b>	515,200	<b>395,400</b>	775,400
Add: Granted during the Year	-	-	-	-	-	-
Less: Exercised during the Year	-	-	-	-	-	-
Less: Lapsed during the Year	<b>146,300</b>	232,100	<b>132,100</b>	294,700	<b>75,400</b>	380,000
Options outstanding, end of the Year	<b>80,000</b>	226,300	<b>88,400</b>	220,500	<b>320,000</b>	395,400

<b>NOTE 2 - RESERVES AND SURPLUS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>Capital Reserve</b> As per last Balance Sheet	<b>165.00</b>	165.00
	<b>165.00</b>	165.00
<b>Capital Redemption Reserve</b> As per last Balance Sheet.	<b>217.27</b>	217.27
	<b>217.27</b>	217.27
<b>Securities Premium Reserve</b> As per last Balance Sheet	<b>5,312.64</b>	5,312.64
	<b>5,312.64</b>	5,312.64
<b>General Reserve</b> As per last Balance Sheet	<b>2,400.00</b>	2,400.00
	<b>2,400.00</b>	2,400.00
<b>Surplus</b> Balance at the beginning of the Year	<b>(4,197.12)</b>	(3,705.59)
Add: Net Profit / (Loss) for the Year	<b>1,404.20</b>	(491.53)
	<b>(2,792.92)</b>	(4,197.12)
<b>Total</b>	<b>5,301.99</b>	3,897.79

<b>NOTE 3 - LONG-TERM BORROWINGS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>Term Loans</b> Secured - From Bank <i>[Secured against hypothecation of own asset]</i>	-	3.34
<b>Other Loan and Advances</b> Secured - From Bank (refer note 23.5) <i>[Against pledge of shares owned by other parties (refer note 23.5)]</i>	<b>400.00</b>	600.00
- From Others <i>[Against pledge of specified investments owned by the Company (refer note 10 &amp; 23.8) and other parties]</i>	-	1,110.00
<b>Total</b>	<b>400.00</b>	1,713.34

**Terms of Repayment of Long Term Borrowings**

<b>Particulars</b>	<b>1-2 Years</b>		<b>2-3 Years</b>		<b>3-4 Years</b>	
	<b>Current Year</b>	<b>Previous Period</b>	<b>Current Year</b>	<b>Previous Period</b>	<b>Current Year</b>	<b>Previous Period</b>
Term Loan From Banks	<b>3.34</b>	6.42	-	3.42	-	-
Loans and Advances from Bank	<b>200.00</b>	400.00	<b>400.00</b>	400.00	-	-
Loans and Advances from other than Banks	-	1,110.00	-	-	-	-

<b>NOTE 4 - LONG-TERM PROVISIONS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Provision for Employee Benefits - Leave Encashment	<b>155.54</b>	138.73
<b>Total</b>	<b>155.54</b>	138.73

<b>NOTE 5 - SHORT-TERM BORROWINGS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>From Banks</b> Secured (refer note 23.5) <i>[Against pledge of shares owned by other parties (refer note 23.6)]</i>	<b>200.00</b>	200.00
Unsecured (refer note 23.7)	<b>400.00</b>	1,097.64
<b>Loan and Advances other than Banks</b> Secured <i>[Against pledge of specified investments owned by the Company (refer note 10 &amp; 23.8) and other parties]</i>	<b>2,185.00</b>	3,539.80
Unsecured [Refer Note 23.9]	<b>555.00</b>	1,430.00
<b>Loan and Advances from Related Parties</b> From Associate Company	<b>335.00</b>	335.00
From Director	<b>349.95</b>	354.04
<b>Total</b>	<b>4,024.95</b>	6,956.48



<b>NOTE 6 - TRADE PAYABLES</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Trade Payables	<b>114.89</b>	101.84
[As per the information available with the Company, there are no dues outstanding as on 31st March 2016 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006]		
<b>Total</b>	<b>114.89</b>	101.84

<b>NOTE 7 - OTHER CURRENT LIABILITIES</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Current Maturities of Long Term Debt		
Secured		
- From Banks	<b>3.34</b>	3.09
Unpaid Dividends	-	6.36
Income Received in Advance	<b>2.40</b>	2.40
Other Payables		
Statutory Dues	<b>38.26</b>	36.66
Temporary Overdrawn Bank Account	-	34.07
Outstanding Expenses	<b>34.65</b>	10.98
<b>Total</b>	<b>78.65</b>	93.56

<b>NOTE 8 - SHORT-TERM PROVISIONS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Provision for Employee Benefits		
- Leave Encashment.	<b>14.94</b>	13.54
- Gratuity	<b>4.58</b>	-
<b>Total</b>	<b>19.53</b>	13.54

<b>NOTE 9 - FIXED ASSETS</b>										
DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As On 1-Apr-15	Additions	Deletions & Adjustments	As on 31-Mar-16	As on 1-Apr-15	For the period		As on 31-Mar-16	As on 31-Mar-16	As on 31-Mar-15
						Provided	Adjustments			
<b>Tangible Assets</b>										
Building	437.79	-	44.99	<b>392.80</b>	128.64	7.22	3.13	<b>132.72</b>	<b>260.08</b>	309.16
Furniture & Fixture	41.11	-	21.33	<b>19.79</b>	9.64	4.64	6.65	<b>7.63</b>	<b>12.16</b>	31.47
Vehicles	126.89	-	-	<b>126.89</b>	82.12	33.69	-	<b>115.81</b>	<b>11.08</b>	44.77
Office Equipments	36.46	0.82	32.64	<b>4.63</b>	6.34	15.80	19.11	<b>3.03</b>	<b>1.60</b>	30.12
Computers	2.23	0.77	-	<b>2.99</b>	1.14	1.08	-	<b>2.22</b>	<b>0.77</b>	1.08
<b>Intangible Assets</b>										
Computer Software	1.29	-	-	<b>1.29</b>	0.82	0.29	-	<b>1.11</b>	<b>0.18</b>	0.47
<b>Total</b>	<b>645.77</b>	<b>1.58</b>	<b>98.96</b>	<b>548.39</b>	<b>228.70</b>	<b>62.72</b>	<b>28.89</b>	<b>262.52</b>	<b>285.87</b>	<b>417.07</b>
<b>Previous Year</b>	644.20	1.57	-	645.77	193.39	35.32	-	228.71	417.07	

**Note:**

Net block of the Building include a residential flat of Rs. 260.28 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 31-Mar-16	Quantity (Nos.)  Period ended 31-Mar-15	Year ended (Rs. in Lacs) 31-Mar-16	Period ended (Rs. in Lacs) 31-Mar-15
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	1,752.72
Total A				848.00	848.00
B) In Other Companies					
I) Quoted, Fully Paid-up					
& ABG Shipyard Limited	Rs. 10	219,300	299,000	856.78	1,168.16
& Dr Datsons Lab Limited	Rs. 10	6,500	6,500	1.96	1.96
\$ El forge Limited	Rs. 10	1,437,277	1,437,277	94.31	94.31
Greycells Entertainment Limited	Rs. 10	79,000	79,000	89.65	89.65
# IOL Netcom Limited	Rs. 10	923,910	923,910	343.08	343.08
Total B (I)				1,385.78	1,697.16
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	67,295	67,295	69.37	69.37
Gateway Entertainment Limited	Rs. 10	28,500	28,500	-	-
* Roop Automotives Limited	Rs. 10	401,674	401,674	1,807.53	1,807.53
Sarju International Limited	Rs. 10	535,000	535,000	240.75	240.75
^ Trinity Fuels Limited	Rs. 10	320,000	320,000	-	-
Tunip Agro Limited	Rs. 10	873,687	873,687	602.55	602.55
				3,602.56	3,602.56
Less : Provision for Diminution in the value of Investments				1,123.11	1,123.11
Total B (II)				2,479.45	2,479.45
Total B [B (I)+B (II)]				3,865.23	4,176.61
Total Non-Current Investments (A+B)				4,713.23	5,024.61
Aggregate amount of Quoted Investments (A)				1,385.78	1,697.16
Market Value of Quoted Investments				191.31	757.69
Aggregate Amount of Unquoted Investments (B)				3,327.45	3,327.45

**NOTES:**

- \* Shares under lien/pledge towards borrowings by the Company.
- & Shares pledged towards short term borrowings by Company's subsidiary.
- \$ 13,47,287 Shares are held in the demat account of Company's subsidiary.
- # 498,910 shares are under lien/pledge towards short-term borrowings by the Company and balance 425,000 shares under pledge for which loan has been repaid.
- ^ Cost written-off on account of permanent diminution.

<b>NOTE 11 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Capital Advances	-	327.50
Security Deposits	19.93	26.05
Other Loans and Advances		
Advance Income Tax (Net of Provisions)	169.73	213.82
<b>Total</b>	<b>189.66</b>	<b>567.37</b>

<b>NOTE 12 - OTHER NON-CURRENT ASSETS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Share Application Monies to Subsidiary - Pending Allotment	-	7,500.00
<b>Total</b>	<b>-</b>	<b>7,500.00</b>

<b>NOTE 13 - CURRENT INVESTMENTS (NON-TRADE)</b>	<b>Face Value</b>	<b>Quantity (Nos.) Year ended 31-Mar-16</b>	<b>Quantity (Nos.) Period ended 31-Mar-15</b>	<b>Year ended (Rs. in Lacs) 31-Mar-16</b>	<b>Period ended (Rs. in Lacs) 31-Mar-15</b>
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>A) Quoted, Fully Paid up</b>					
\$ Hitech Plast Limited	Rs. 10	9,000	9,000	3.12	3.12
International Hometex Limited	Rs. 10	400,000	400,000	-	-
Solid Stone Company Limited	Rs. 10	41,939	41,939	14.68	14.68
<b>Total Current Investments</b>				<b>17.80</b>	<b>17.80</b>
<b>Aggregate amount of Quoted Investments</b>				<b>17.80</b>	<b>19.70</b>
<b>Market Value of Quoted Investments</b>				<b>29.64</b>	<b>31.12</b>

**NOTES:**

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

<b>NOTE 14 - TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Outstanding for a period exceeding six months	-	352.89
Less : Provision for Doubtful Debts	-	(352.89)
<b>Total</b>	<b>-</b>	<b>-</b>

<b>NOTE 15 - CASH AND BANK BALANCES</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>Cash and Cash Equivalents</b>		
Balances with Banks	52.90	8.06
[Includes earmarked balances for payment of Unclaimed Dividend of Rs. Nil (Previous Year Rs. 6.36 Lacs)]		
Cash on Hand	8.14	15.31
<b>Total</b>	<b>61.04</b>	<b>23.36</b>

<b>NOTE 16 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Loans and Advances to Related Parties		
Subsidiary Companies	<b>6,192.49</b>	678.69
Less : Provision for doubtful Advances	<b>(48.59)</b>	(47.57)
	<b>6,143.91</b>	631.13
Others		
Intercompany Deposits	-	655.00
Less : Provision for doubtful Advances	-	(655.00)
	-	-
Prepaid Expenses.	<b>5.69</b>	58.02
Advance Recoverable in Cash or Kind	<b>2.63</b>	39.55
Less : Provision for doubtful Advances	-	(39.35)
	<b>2.63</b>	0.20
<b>Total</b>	<b>6,152.22</b>	689.35
<b>NOTE 17 - OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Receivable on Sale of Investments	<b>3.58</b>	3.58
<b>Total</b>	<b>3.58</b>	3.58
<b>NOTE 18 - REVENUE FROM OPERATIONS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Merchant Banking and Advisory Fees	<b>1,040.56</b>	232.50
Net Gain / (Loss) in Derivatives and Other Transactions	-	(21.14)
<b>Total</b>	<b>1,040.56</b>	211.36
<b>NOTE 19 - OTHER INCOME</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Interest Income	<b>42.20</b>	13.75
Dividend Income	<b>14.14</b>	3.32
Net Gain / (Loss) on Sale of Investments	<b>(164.98)</b>	(907.42)
Rent	<b>4.80</b>	2.00
Other Non-Operating Income		
Provisions no longer required, Written back	<b>1,047.24</b>	376.78
Miscellaneous Income	-	4.35
<b>Total</b>	<b>943.41</b>	(507.22)
<b>NOTE 20 - EMPLOYEE BENEFIT EXPENSES</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Salaries	<b>109.16</b>	120.51
Contribution to Provident and Other Funds	<b>2.48</b>	2.83
Staff Welfare Expenses	<b>6.16</b>	4.69
<b>Total</b>	<b>117.80</b>	128.03

<b>NOTE 21 - FINANCE COSTS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Interest Expense	0.60	1.45
Other Borrowing Costs	-	21.50
<b>Total</b>	<b>0.60</b>	<b>22.95</b>

<b>NOTE 22 - OTHER EXPENSES</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Electricity Expenses	3.66	7.30
Rent	39.54	37.14
Repairs & Maintenance	2.29	8.79
Insurance Premium	1.22	1.78
Rates & Taxes	0.98	0.54
Travelling & Conveyance	31.61	28.47
Consultancy & Professional Charges	75.03	48.90
Director's Sitting Fees	7.00	11.20
Auditor's Remuneration		
- For Audit Fees	5.00	5.50
- For Taxation	-	-
- For Other Services	-	-
Loss on Asset Sold/Discarded	70.07	-
Donations	1.00	-
Provision for Doubtful Debts & Advances	1.02	58.35
Miscellaneous Expenses	44.31	51.41
<b>Total</b>	<b>282.74</b>	<b>259.37</b>

<b>NOTE 22A - EXTRAORDINARY ITEMS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Amounts Written Back	1,372.64	250.00
Balances Written off	(1,425.25)	-
<b>Total</b>	<b>(52.61)</b>	<b>250.00</b>

**23. NOTES FORMING PARTS OF ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2016**

**23.1 Significant Accounting Policies**

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

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under section 133 of the Companies Act 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing counting standard requires a change in the accounting policy hitherto in use.

**b) Fixed Assets**

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

**c) Depreciation**

Depreciation on tangible assets is provided on straight-line method over the useful life of the assets as prescribed in Schedule II to the Companies Act 2013. Depreciation on Intangible assets are amortised over their respective individual estimated useful lives on straight-line basis, commencing from the date the asset is available to the Company for its use.

**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.

**23.2 Contingent Liabilities**

(Rs. in Lacs)

Particulars	Year ended March 31, 2016	Period ended March 31, 2015
Demands raised by Income Tax departments against which the Company has preferred appeals	13.18	13.18
Corporate guarantee given for financial facilities for a subsidiary (Amount outstanding at the close of the year)	15.00	81.77
Claim made against the Company not acknowledged as debt (Interest liability on the same cannot be ascertained)	2,593.34	1,704.82

23.3 The analysis of the Company's assets and liabilities casts 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 backed by established revenue streams and advanced negotiations plans formulated to dispose-off investments, the management holds the view that the Company will be able to discharge its liabilities in the normal course of business. Accordingly, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

23.4 The Company has a financial exposure of Rs. 6,519.20 lacs in its wholly-owned subsidiary viz. Primesec Investments Limited ('PIL') - investment in equity shares of Rs. 798.00 lacs and loans & advances of Rs. 5,721.20 lacs. PIL has a negative net worth of Rs. 7,240.12 lacs. However, having regard to efforts undertaken by the Board of PIL, among other things to negotiate re-statement of loans and realize value of its investments, the financial statements of PIL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities. Considering that the Company's investment in PIL is of strategic and long term nature and having regard to the efforts undertaken by the Board of PIL, no provision is considered necessary by the management for diminution in the value of the Company's financial exposure in PIL.

23.5 Under a one-time settlement scheme, a bank has re-stated the loan amount and waived past and future interest provided the Company adheres to the repayment schedule. In case of any default, the Company would be liable to pay interest and the bank would pursue the matter in DRT. The Company has given effect to the one-time settlement in the books of account by re-stating the liability as accepted under the scheme and, until the end of the financial year, has adhered to the terms and conditions of the scheme.

- 23.6 The Company had given a corporate guarantee to a bank for financial facilities enjoyed by one of its subsidiary. The said guarantee was invoked by the bank claiming a sum of Rs. 1,168.74 lacs. Being a guarantor, the Company has assumed the liability from its subsidiary company and passed necessary entries in the books of account. During the year, the bank, under the one-time settlement scheme, re-stated the loan at Rs. 600.00 lacs and waived past and future interest provided the Company adheres to the repayment schedule. In case of any default, the Company would be liable to pay original loan amount with interest. The Company has given effect to the one-time settlement in the books of account by re-stating the liability as accepted under the scheme and until the end of the financial year has adhered to the terms and conditions of the scheme.
- 23.7 The Company has not accounted for interest expense of Rs. 1,016.10 lacs (Rs. 1,324.15 lacs) on secured loans (from other than banks) since in the opinion of the management the same would not be payable pursuant to a proposed restructuring/settlement of loans. The aggregate interest (including interest for earlier periods) not provided as on March 31, 2016 is Rs. 2,720.92 lacs (Rs. 1,704.82 lacs).
- 23.8 The Company has received a summons from Metropolitan Magistrate in pursuance to a criminal complaint filed by a lender against the Company and one of its directors in view of dishonor of a cheque issued by the Company. The matter is sub-judice and in the meantime, the Company's management is in negotiations with the lender to amicably settle the matter.
- 23.9 The Company has on 31<sup>st</sup> March 2016 assigned a liability of Rs. 2,318.39 lacs to its wholly owned subsidiary by adjusting the advance given to the said subsidiary subject to the lender's consent for such assignment.
- 23.10 (a) The Company had taken a loan of Rs. 1,400.00 lacs from a party. Based on the negotiations with the party, the Company's management is of the opinion that the loan will be re-stated at Rs. 525.00 lacs and accordingly, during the year, the Company has written-back Rs. 875.00 lacs by crediting the statement of profit & loss. However, confirmation of re-statement of loan is awaited from the party. The profit for the year would have been lower by Rs. 875.00 lacs had the Company not accounted the write-back of loan in absence of confirmation of the party for re-statement of loan.
- (b) The Company has not obtained documentations relating to interest and terms of repayment of the balance outstanding loan of Rs. 525.00 lacs. The Company has not accounted for interest on the said loan on the basis that it is interest-free. Further it has been categorized as short-term borrowings on the basis of the management's representation in that regard.
- 23.11 In the earlier years, the Company had made provision of doubtful debts and loans & advances of Rs. 1,047.24 lacs. As in opinion of the management, the debt and advances were not recoverable, the Company has, during the year, written-off Rs. 1,047.24 lacs by debiting the statement of profit & loss and simultaneously reversed the provision for doubtful debts and advances by crediting the statement of profit & loss. The treatment in accounts has no impact on the profit for the year.
- 23.12 There has been a decline of Rs. 1,194.64 Lacs as on March 31, 2016 in the carrying value of Non-current Investments. No provision for diminution in the value of such investments has been considered necessary since, in the opinion of the management, such diminution is only temporary in nature.
- 23.13 One of the Company's subsidiary had given shares as a security for a loan taken by the Company. Later, the Company purchased the said shares from its subsidiary company. As the shares are under pledge with the lender, they have not yet been transferred in the Company's name.
- 23.14 The Company's main business is to provide corporate advisory services. All other activities are incidental to the main business. As such, there are no separate reportable segments, as per Accounting Standard on 'Segment Reporting' (AS 17) issued by the Institute of Chartered Accountants of India.
- 23.15 **Retirement Benefits**
- (Disclosure as required by AS 15 (Revised), "Accounting for Retirement Benefits" issued by Institute of Chartered Accountants of India)
- Contribution to gratuity for India based employees are accrued on the basis of actuarial valuation and are also accordingly funded. The balance of Projects Benefit Obligation (PBO) on gratuity over the funded amount is accrued as liability.

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

Particulars	Year ended March 31, 2016	Period ended March 31, 2015
<b>Change in Projected Benefits Obligation (PBO)</b>		
PBO at beginning of the year	13.27	112.01
Service cost	1.31	8.04
Interest cost	1.06	15.54
Actuarial (gain)/loss	9.96	(0.49)
Benefits paid	-	(121.83)
PBO at the end of the period	25.60	13.27
<b>Change in Plan Assets</b>		
Plan assets at the beginning of the year at fair value	19.37	140.39
Expected return on plan assets	1.55	18.53
Employer Contribution	-	-
Actuarial gain/ (loss)	0.09	(17.72)
Benefits paid	-	(121.83)
Fair value of plan assets at the end of the year	21.01	19.37
<b>Reconciliation of PBO and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	21.01	19.37
Present value of the defined benefit obligations at the end of the year	25.60	13.27
Funded Status of the Plan	(4.59)	6.10
<b>Gratuity costs for the year</b>		
Service cost	1.31	8.04
Interest cost	1.06	15.54
Expected return on plan assets	(1.55)	(18.53)
Actuarial (gain)/loss	9.87	17.23
Net Gratuity	10.69	22.28
<b>Assumption</b>		
Discount Factor	7.96%	8.00%
Estimated rate of return on plan assets	7.96%	8.00%

- (B) During the year, a provision of Rs. 18.42 lacs (Previous year Rs. 34.45 lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is Rs. 170.49 lacs (Previous Year Rs. 152.27 lacs). The actuarial liability is computed assuming the discount factor of 7.96%.

#### 23.16 Earnings per Share

Particulars	Year ended March 31, 2016	Period ended March 31, 2015
<b>Basic</b>		
Opening Number of Shares	26,473,525	26,473,525
Closing Number of Shares	26,473,525	26,473,525
Weighted Average Number of Shares for Basic EPS	26,473,525	26,473,525
Profit / (Loss) after Tax (Rs. in Lacs)	1,404.20	(491.53)
Basic EPS (Rs.)	5.30	(1.86)
<b>Diluted</b>		
Dilutive Component of Stock Options / Warrants Outstanding	-	-
Weighted Average Number of Shares for Diluted EPS	26,473,525	26,473,525
Diluted EPS (Rs.)	5.30	(1.86)

The Guidance Note on Accounting of Employee Share Based Compensation issued by Institute of Chartered Accountant of India applies to employee share based payment plans, the grant date of which falls on or after April 1, 2005 and allows accounting for employee share based payment plans based on either the Intrinsic value method or the fair value method. The Company follows the intrinsic value method. Under the fair value method,

the net loss for the period ended March 31, 2016 would have been higher by Rs. 34.38 Lacs and the Basic EPS and Diluted EPS would have been Rs. 5.30 and Rs. 5.30 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 March 31, 2016
Dividend Yield (%)	-
Expected Volatility (%)	(7.02)
Risk Free Interest Rate (%)	8.00
Expected Term (Number of Years)	3

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

Particulars	Year ended March 31, 2016	Period ended March 31, 2015
i) Total of future minimum lease payments		
a) Not later than one year	35.70	39.30
b) Later than one year and not later than five years	6.12	43.14
ii) Lease payments recognised in the Profit and Loss account	39.30	36.78

**23.18 Related Party Disclosures**

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

**Relationships**

**i) Subsidiary Companies**

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

**ii) Associate Company**

- Gateway Entertainment Limited

**iii) Key Management Personnel**

- Mr. N. Jayakumar
- Mr. Ajay Shah

**iv) Relative of Key Management Personnel**

- Mrs. Madhu Jayakumar

2. The following transactions were carried out with the related parties in the ordinary course of business during the year 2015 -2016:

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Period	March 31, 2016	March 31, 2015
1.	Sums paid / received from Prime Broking Company (India) Limited on current account				
	- Sums Received	-	86.80	48.59	47.57
	- Sums Paid	1.02	2,149.32	(Debit)	(Debit)
2.	Interest received from Prime Commodities Broking (India) Limited	24.46	9.75	-	-
3.	Inter corporate deposit paid to Prime Commodities Broking (India) Limited				
	- Sums Paid	168.00	277.20	342.68	238.48
	- Refund received	63.80	47.50	(Debit)	(Debit)

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Period	March 31, 2016	March 31, 2015
4.	Interest free Inter corporate deposit paid to Prime Research & Advisory Limited				
	- Sums Received	0.25	13.47	80.02	73.47
	- Sums paid	6.80	96.60	(Debit)	(Debit)
5.	Interest free Inter corporate deposit given to Primesec Investment Limited				
	- Sums Paid	292.66	393.70	5,721.20	319.18
	- Sums Received	72.25	271.12	(Debit)	(Debit)
	- Share Application Money Transferred to Loan	7,500.00	-		
	- Loan of Religare Finvest Limited assigned	2,318.39	-		
6.	Share Application Money (Pending Allotment) to Primesec Investment Limited				
	- Advanced	-	-	-	7,500.00
	- Refund received	-	1,500.00		(Debit)
	- Transferred to Loan	7,500.00	-		
7.	Interest free Inter corporate deposit received from Gateway Entertainment Limited	-	-	30.00	30.00
				(Credit)	(Credit)
8.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.	-	-	5.70	5.70
				(Credit)	(Credit)
10.	Remuneration paid to Key Managerial Personnel	20.03	23.47	-	-
11.	Advance salary to Whole-time Director	-	-	-	44.39
					(Debit)
12.	Sale of Shares				
	- Primesec Investment Limited	-	33.35	-	-
18.	Purchase of Shares				
	- Primesec Investment Limited	-	1903.32	-	-
	- Prime Broking Company (India) Limited	-	137.59		

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

23.20 Previous period figures are regrouped / rearranged wherever necessary. The Previous period figures are not comparable with the current year as the financial statements of the previous period are for eighteen months.

As per our Report attached

For and on behalf of the Board

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

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Anil Dharker**  
Director

**Alpana Parida**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 17, 2016

Mumbai, May 17, 2016

**INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

**The Members of PRIME SECURITIES LIMITED**

**Report on Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Prime Securities Limited ("the Holding Company") and its subsidiaries and associate (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Basis for Qualified Opinion**

1. As referred in Note 22.7 the Group has not provided for interest of Rs. 1,583.73 Lacs charged by lenders and other parties as in the opinion of the management the same is under renegotiations with the parties. Had the Group made such provision the profit for the period would have been lower by the said amount and the loans would have been higher by Rs. 4,078.17 Lacs (including non-provision of interest in earlier period).
2. Reference is invited to Note 22.9(a) regarding loan of Rs. 875 Lacs which the Group has written back as in the opinion of the management the same was no longer payable. Accordingly, the profit for the period is higher, and the unsecured loans are lower, by the said amount.
3. Reference is invited to Note 22.9(b) regarding unsecured loan of Rs. 525 Lacs which is categorized as interest-free Short-term Borrowing. We have not been able to validate this assertion in absence of confirmation of balance and terms of repayment/interest. Accordingly, we are unable to ascertain the impact on the financial statements of the categorization of the loan and non-provision of interest thereon.
4. Reference is invited to Note 22.12 regarding outstanding debtors amounting to Rs. 12,306.03 Lacs which are due and outstanding over a year and in the opinion of the management, no provision for the same is considered necessary as the same are outstanding on account of dispute and ongoing litigation with the stock exchange.

**Basis for Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in point nos. 1 to 4 of the Basis for Qualified Opinion paragraph* the aforesaid 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, of the consolidated state of affairs of the Company, as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Emphasis of Matter:**

Our opinion is not modified in respect of the following:

1. The accompanying financial statements are prepared on a going concern basis, notwithstanding the circumstances referred in Note 22.3 which cast doubts about the Group's ability to meet its financial obligations as and when they fall due. The appropriateness of the said position is based on the management's evaluation of current situation backed by established revenue streams and plans formulated to dispose-off investments to meet its liabilities in normal course of business. Relying on the above, no adjustments have been made to the carrying value of the assets and liabilities in the accompanying financial statements.
2. As referred to in Note 22.11 there is a diminution of Rs. 1,748.41 Lacs in value of non-current investments (other than in subsidiary companies). The Company has not provided for such diminution on the basis that the same is temporary in nature.

**Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, *except for the effects of the matters described in point nos. 1 to 4 of the Basis for Qualified Opinion paragraph*, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director of that company in terms of section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 22.2 to the financial statements;
- ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Group.

**Other Matters**

1. We did not audit the financial statements of the subsidiaries, whose audited financial statements reflect total assets of Rs. 17,151.60 Lacs as at March 31, 2016 and total revenue of Rs. 320.15 Lacs and net cash flows amounting to Rs. 104.12 Lacs for the period then ended. These audited financial statements and other financial information for these subsidiaries has been audited by other auditors whose reports have been furnished to us, and our opinion on the accompanying consolidated financial statements is based solely on the reports of the other auditors.
2. We did not audit the financial statements of an associate, whose unaudited financial statements reflect the Group's share of loss of Rs. Nil Lacs for the period ended March 31, 2016. 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,  
Date: 17<sup>th</sup> May 2016

**ANNEXURE - A TO THE AUDITORS' REPORT**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Prime Securities Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

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

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

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

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

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

**Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

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

Mumbai,  
Date: 17<sup>th</sup> May 2016

**CONSOLIDATED BALANCE SHEET OF PRIME SECURITIES LIMITED AND ITS SUBSIDIARIES AS AT MARCH 31, 2016**

	Note No.	As at 31-Mar-16 (Rs Lacs)	As at 31-Mar-15 (Rs Lacs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1,327.85	1,327.85
Reserves and Surplus	2	(1,368.29) (40.44)	(2,787.87) (1,460.02)
<b>Non-current Liabilities</b>			
Long-term Borrowings	3	400.00	1,713.34
Deferred Tax Liabilities (Net)		3.84	3.84
Long-term Provisions	4	161.99 565.83	144.23 1,861.40
<b>Current Liabilities</b>			
Short-term Borrowings	5	8,492.06	9,260.88
Trade Payables	6	9,142.46	10,532.10
Other Current Liabilities	7	2,097.98	3,913.69
Short-term Provisions	8	20.26 19,752.76	14.17 23,720.83
<b>Total</b>		<b>20,278.15</b>	<b>24,122.21</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	9		
- Tangible Assets		303.65	449.16
- Intangible Assets		2.29	9.98
Non-current Investments	10	4,922.94	5,666.50
Deferred Tax Assets (Net)		-	-
Long Term Loans and Advances	11	554.26 5,783.14	982.91 7,108.55
<b>Current Assets</b>			
Current Investments	12	17.80	17.80
Trade Receivables	13	12,306.03	12,354.08
Cash and Bank Balances	14	467.22	325.42
Short-term Loans and Advances	15	1,305.93	3,918.32
Other Current Assets	16	398.03 14,495.01	398.03 17,013.66
<b>Total</b>		<b>20,278.15</b>	<b>24,122.21</b>
<b>Notes on Accounts</b>	22		

As per our Report attached

For and on behalf of the Board

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

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Anil Dharker**  
Director

**Alpana Parida**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 17, 2016

Mumbai, May 17, 2016

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS OF PRIME SECURITIES LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED MARCH 31, 2016**

	<b>Note No.</b>	<b>Year ended 31-Mar-16 (Rs Lacs)</b>	<b>Period ended 31-Mar-15 (Rs Lacs)</b>
<b>I REVENUE FROM OPERATIONS</b>	17	<b>1,040.56</b>	248.00
<b>II OTHER INCOME</b>	18	<b>1,287.64</b>	(746.29)
<b>III TOTAL REVENUE (I + II)</b>		<b>2,328.20</b>	(498.29)
<b>IV EXPENSES</b>			
Employee Benefit Expenses	19	<b>149.33</b>	250.44
Finance Costs	20	<b>0.78</b>	266.47
Depreciation and Amortisation Expense	9	<b>84.72</b>	51.64
Other Expenses	21	<b>295.96</b>	576.13
<b>TOTAL EXPENSES</b>		<b>530.79</b>	1,144.68
<b>V PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX (III - IV)</b>		<b>1,797.41</b>	(1,642.97)
<b>VI EXTRAORDINARY ITEMS</b>	21A	<b>(314.11)</b>	135.46
<b>VII PROFIT / (LOSS) BEFORE TAX (V - VI)</b>		<b>1,483.30</b>	(1,507.51)
<b>VIII TAX EXPENSE</b>			
Current Tax		<b>63.72</b>	1.66
Deferred Tax		-	12.24
<b>IX PROFIT / (LOSS) FOR THE PERIOD (VII - VIII)</b>		<b>1,419.58</b>	(1,521.41)
<b>Earning per Equity Share (Face Value per Share Rs. 5/-)</b>			
Basic		<b>5.36</b>	(5.75)
Diluted		<b>5.36</b>	(5.75)
<b>Notes on Accounts</b>	22		

As per our Report attached

For and on behalf of the Board

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

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Anil Dharker**  
Director

**Alpana Parida**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 17, 2016

Mumbai, May 17, 2016

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

	INFLOWS/(OUTFLOWS)	
	Year ended 31-Mar-16 (Rs. in lacs)	Period ended 31-Mar-15 (Rs. in lacs)
<b>A Cash flow from Operating Activities</b>		
Net Profit Before tax	1,483.30	(1,507.51)
Adjustment for:		
Depreciation	84.72	51.64
Interest & Finance Charges	0.78	266.47
Diminution in Value of Investments (Net)	-	-
Loss on sale of asset	70.07	17.30
(Gain) / Loss on sale of Investments (Net)	(84.65)	1,242.36
Dividend Received	(14.15)	(36.37)
Interest Received	(46.46)	(21.60)
Balance Written-off (Net)	1,686.75	706.45
Amounts Written back	(1,372.64)	-
Provision no longer required written back	(1,137.51)	(376.78)
Reversal of Diminution in Value of Investment	-	(50.64)
Bad Debts written off / back (Net)	-	-
Provision for Doubtful Debts	-	-
Provision for Doubtful Advances	1.02	58.35
	(812.07)	1,857.18
Operating Profit before Working Capital changes	671.23	349.67
Adjustments for Changes in the Working Capital		
Debtors	48.06	571.78
Current Assets	-	(51.04)
Loans & Advances	2,405.03	731.94
Current Liabilities & Provisions	(3,139.81)	(2,972.10)
	(686.72)	(1,719.42)
<b>Cash generated from Operations</b>	(15.49)	(1,369.75)
Direct Taxes Paid (net)	(19.65)	(21.70)
<b>Net Cash from Operating Activities (A)</b>	(35.14)	(1,391.45)
<b>B Cashflow from Investment Activities</b>		
Purchase of Investments	-	(3,225.67)
Purchase of Fixed Assets	(1.58)	(1.78)
Sale of Investments	828.20	3,840.44
Sale of Fixed Assets	-	11.79
Dividend Received	14.15	36.37
Interest Received	46.46	31.82
<b>Net Cash from Investment activities (B)</b>	887.23	692.97
<b>C Cashflow from Financing activities</b>		
Interest & Finance Charges	(0.78)	(251.60)
Funds Borrowed/(Repaid) (net)	(709.52)	801.50
<b>Net Cash from Finance Activities (C)</b>	(710.30)	549.90
<b>Net Cashflow (A + B + C)</b>	141.80	(148.58)
<b>Changes in the Cash &amp; Bank Balance</b>	141.80	(148.58)
Cash and Cash Equivalents at the beginning of the year	325.42	474.00
Cash and Cash Equivalents at the end of the year	467.22	325.42

As per our Report attached

For and on behalf of the Board

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

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Anil Dharker**  
Director

**Alpana Parida**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 17, 2016

Mumbai, May 17, 2016

**NOTES ON ACCOUNTS FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016**

<b>NOTE 1 - SHARE CAPITAL</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>AUTHORISED</b>		
3,00,00,000 Equity Shares of Rs. 5/- each	<b>1,500.00</b>	1,500.00
2,00,000 13% Cumulative Redeemable Preference Shares of Rs. 100/- each	<b>200.00</b>	200.00
18,00,000 Unclassified Shares of Rs. 100/- each	<b>1,800.00</b>	1,800.00
<b>Total</b>	<b>3,500.00</b>	3,500.00
<b>ISSUED</b>		
2,72,22,725 (Previous Year 2,72,22,725) Equity Shares of Rs. 5/- each	<b>1,361.14</b>	1,361.14
<b>Total</b>	<b>1,361.14</b>	1,361.14
<b>SUBSCRIBED &amp; FULLY PAID</b>		
2,64,73,525 (Previous Year 2,64,73,525) Equity Shares of Rs. 5/- each	<b>1,323.68</b>	1,323.68
Add : Share Forfeiture Account [7,48,600 Equity Shares forfeited]	<b>4.17</b>	4.17
<b>Total</b>	<b>1,327.85</b>	1,327.85

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

<b>Particulars</b>	<b>Year ended 31-Mar-16 No. of Shares</b>	<b>Period ended 31-Mar-15 No. of Shares</b>
Opening Balance	<b>26,473,525</b>	26,473,525
Add: Shares Issued during the period	-	-
Closing Balance	<b>26,473,525</b>	26,473,525

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

<b>Name of Shareholder</b>	<b>Current Period</b>	<b>Previous Period</b>
	<b>%</b>	<b>%</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
Judith Investments Private Limited	<b>10.14</b>	10.14
N. Jayakumar	<b>7.87</b>	7.87
New Vernon Private Equity Limited	-	6.80
Videocon Industries Limited	<b>6.66</b>	6.66

- 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 488,400 (Previous year 842,200) Equity Shares of Rs. 5/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS) approved by Members. During the year, the Company has granted NIL (Previous year NIL) Options to the eligible employees.

**ESOS 2007 Scheme**

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

**ESOS 2008 Scheme**

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

**ESOS 2009 Scheme**

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

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

<b>Particulars (Exercise Price)</b>	<b>ESOS 2007 (Rs. 38/-)</b>	<b>ESOS 2008 (Rs. 15/-)</b>	<b>ESOS 2009 (Rs. 38/-)</b>
	<b>Current Period</b>	<b>Previous Period</b>	<b>Current Period</b>
Options outstanding, beginning of the Year	<b>226,300</b>	458,400	<b>220,500</b>
Add: Granted during the Year	-	-	-
Less: Exercised during the Year	-	-	-
Less: Lapsed during the Year	<b>146,300</b>	232,100	<b>132,100</b>
Options outstanding, end of the Year	<b>80,000</b>	226,300	<b>88,400</b>

<b>NOTE 2 - RESERVES AND SURPLUS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>Capital Reserve</b>		
As per last Balance Sheet	<b>165.00</b>	165.00
	<b>165.00</b>	165.00
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	<b>217.27</b>	217.27
	<b>217.27</b>	217.27
<b>Securities Premium Reserve</b>		
As per last Balance Sheet	<b>5,312.64</b>	5,312.64
	<b>5,312.64</b>	5,312.64
<b>General Reserve</b>		
As per last Balance Sheet	<b>2,400.00</b>	2,400.00
	<b>2,400.00</b>	2,400.00
<b>Surplus</b>		
Balance at the beginning of the Year	<b>(10,882.78)</b>	(9,361.37)
Add: Net Profit / (Loss) for the Year	<b>1,419.58</b>	(1,521.41)
	<b>(9,463.20)</b>	(10,882.78)
<b>Total</b>	<b>(1,368.29)</b>	(2,787.87)

<b>NOTE 3 - LONG-TERM BORROWINGS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>Term Loans</b>		
Secured		
- From Bank	-	3.34
[Secured against hypothecation of own asset]		
<b>Other Loan and Advances</b>		
Secured		
- From Bank	<b>400.00</b>	600.00
[Against pledge of shares owned by other parties]		
- From Others	-	1,110.00
[Against pledge of specified investments owned by the Company (refer note 10 & 23.8) and other parties]		
<b>Total</b>	<b>400.00</b>	1,713.34

Terms of Repayment of Long Term Borrowings						
Particulars	1-2 Years		2-3 Years		3-4 Years	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Term Loan From Banks	3.33	6.42	-	3.42	-	-
Loans and Advances from Bank	200.00	400.00	400.00	400.00	-	-
Loans and Advances from other than Banks	-	1,110.00	-	-	-	-

NOTE 4 - LONG-TERM PROVISIONS	Year ended 31-Mar-16 (Rs. in Lacs)	Period ended 31-Mar-15 (Rs. in Lacs)
Provision for Employee Benefits		
- Leave Encashment	161.99	144.23
<b>Total</b>	<b>161.99</b>	<b>144.23</b>

NOTE 5 - SHORT-TERM BORROWINGS	Year ended 31-Mar-16 (Rs. in Lacs)	Period ended 31-Mar-15 (Rs. in Lacs)
<b>From Banks</b>		
Secured	200.00	2,041.83
<i>[Against pledge of shares owned by other parties]</i>		
Unsecured (refer note 22.6)	400.00	1,097.64
<b>Loan and Advances other than Banks</b>		
Secured [Against pledge of specified investments owned by the Company and other parties]	6,237.11	3,539.80
Unsecured [Refer Note 22.9]	555.00	1,430.00
<b>Loan and Advances from Related Parties</b>		
Unsecured		
From Associate Company	575.00	622.57
From Director	524.95	529.04
<b>Total</b>	<b>8,492.06</b>	<b>9,260.88</b>

NOTE 6 - TRADE PAYABLES	Year ended 31-Mar-16 (Rs. in Lacs)	Period ended 31-Mar-15 (Rs. in Lacs)
Trade Payables	9,142.46	10,532.10
[As per the information available with the Company, there are no dues outstanding as on 31st March 2016 to any micro, small and medium enterprise as defined under section 7 of Micro, Small & Medium Enterprises Development Act, 2006]		
<b>Total</b>	<b>9,142.46</b>	<b>10,532.10</b>
NOTE 7 - OTHER CURRENT LIABILITIES	Year ended 31-Mar-16 (Rs. in Lacs)	Period ended 31-Mar-15 (Rs. in Lacs)
Current Maturities of Long Term Debt		
Secured		
- From Banks	3.34	7.15
Unpaid Dividends	-	6.36
Income Received in Advance	2.40	2.40
Other Payables		
Statutory Dues	41.23	39.50
Payable on purchase of Investments	166.21	225.92
Temporary Overdrawn Bank Account	-	34.07
Outstanding Expenses	551.35	547.96
Advances / Margins from Clients	921.08	876.20
Other Liabilities	412.37	2,174.12
<b>Total</b>	<b>2,097.98</b>	<b>3,913.69</b>
NOTE 8 - SHORT-TERM PROVISIONS	Year ended 31-Mar-16 (Rs. in Lacs)	Period ended 31-Mar-15 (Rs. in Lacs)
Provision for Employee Benefits		
- Leave Encashment	15.68	14.17
- Gratuity	4.58	-
<b>Total</b>	<b>20.26</b>	<b>14.17</b>
NOTE 10 - NON-CURRENT INVESTMENTS (NON-TRADE)	Year ended 31-Mar-16 (Rs. in Lacs)	Period ended 31-Mar-15 (Rs. in Lacs)
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>		
Quoted	4,922.94	5,666.50
<b>Total</b>	<b>4,922.94</b>	<b>5,666.50</b>

NOTE 9 - FIXED ASSETS										
DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As On 1-Apr-15	Additions	Deletions & Adjustments	As on 31-Mar-16	As on 1-Apr-15	For the period		As on 31-Mar-16	As on 31-Mar-16	As on 31-Mar-15
						Provided	Adjustments			
<b>Tangible Assets</b>										
Building	437.79	-	44.99	392.80	128.64	7.22	3.13	132.72	260.08	309.16
Furniture & Fixture	45.27	-	21.33	23.94	10.73	5.23	6.64	9.32	14.62	34.54
Vehicles	159.72	-	-	159.72	95.35	38.92	-	134.27	25.45	64.37
Office Equipments	44.76	0.81	32.64	12.93	8.95	20.42	19.10	10.27	2.66	35.80
Computers	14.13	0.77	-	14.90	8.83	5.23	-	14.06	0.84	5.30
<b>Intangible Assets</b>										
Computer Software	63.49	-	-	63.49	53.51	7.69	-	61.20	2.29	9.98
<b>Total</b>	<b>765.16</b>	<b>1.58</b>	<b>98.96</b>	<b>667.78</b>	<b>306.01</b>	<b>84.72</b>	<b>28.89</b>	<b>361.83</b>	<b>305.94</b>	<b>459.15</b>
<b>Previous Year</b>	<b>835.16</b>	<b>1.78</b>	<b>71.78</b>	<b>765.16</b>	<b>297.06</b>	<b>51.64</b>	<b>42.69</b>	<b>306.01</b>	<b>459.15</b>	

**Note:**

Net block of the Building include a residential flat of Rs. 260.08 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.



<b>NOTE 11 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Capital Advances	-	327.50
Security Deposits	259.59	315.71
Other Loans and Advances		
Advance Income Tax (Net of Provisions)	292.82	336.89
Prepaid Expenses	1.85	2.82
<b>Total</b>	<b>554.26</b>	<b>982.91</b>
<b>NOTE 12 - CURRENT INVESTMENTS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>		
Quoted	17.80	17.80
<b>Total</b>	<b>17.80</b>	<b>17.80</b>
<b>NOTE 13 - TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Outstanding for a period exceeding six months	12,306.03	12,354.08
Others	-	-
<b>Total</b>	<b>12,306.03</b>	<b>12,354.08</b>
<b>NOTE 14 - CASH AND BANK BALANCES</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
<b>Cash and Cash Equivalents</b>		
Balances with Banks	62.08	19.41
[Includes earmarked balances for payment of Unclaimed Dividend of Rs. Nil (Previous Year Rs. 6.36 Lacs)]		
Cash on Hand	8.68	16.01
Other Bank Balances		
- In Deposit Accounts	396.46	290.00
[Include deposits of Rs. 320 Lacs (Previous Year Rs. 15 Lacs) with maturity of more than 12 months]		
<b>Total</b>	<b>467.22</b>	<b>325.42</b>
<b>NOTE 15 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Loans and Advances to Related Parties		
To an associate as Intercompany Deposit	162.84	113.84
Others		
Interest Receivable	5.38	4.77
Advance Salary	0.09	2.21
Intercompany Deposits	-	655.00
Less : Provision for doubtful Advances.	-	(655.00)
	-	-
Prepaid Expenses	5.69	58.02
Service Tax Credit	17.07	17.02
Deposit	-	-
Advance Recoverable in Cash or Kind	57.65	67.84
Less : Provision for doubtful Advances	-	(39.35)
	57.65	28.49
Other Short Term Advances	1,057.21	3,693.98
<b>Total</b>	<b>1,305.93</b>	<b>3,918.32</b>
<b>NOTE 16 - OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Receivable on Sale of Investments	3.58	3.58
Dues from Stock Exchange	394.45	394.45
<b>Total</b>	<b>398.03</b>	<b>398.03</b>

<b>NOTE 17 - REVENUE FROM OPERATIONS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Merchant Banking and Advisory Fees	1,040.56	269.14
Net Gain / (Loss) in Derivatives and Other Transactions	-	(21.14)
<b>Total</b>	<b>1,040.56</b>	<b>248.00</b>
<b>NOTE 18 - OTHER INCOME</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Interest Income	46.46	21.60
Dividend Income	14.15	36.37
Net Gain / (Loss) on Sale of Investments	84.65	(1,242.36)
Interest Received On Income Tax Refund	0.07	2.65
Rent	4.80	2.00
Other Non-Operating Income		
Provisions Written Back (refer note no. 23.10)	1,137.51	427.42
Miscellaneous Income	-	6.03
<b>Total</b>	<b>1,287.64</b>	<b>(746.29)</b>
<b>NOTE 19 - EMPLOYEE BENEFIT EXPENSES</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Salaries	137.29	233.57
Contribution to Provident and Other Funds	4.98	7.05
Staff Welfare Expenses	7.06	9.82
<b>Total</b>	<b>149.33</b>	<b>250.44</b>
<b>NOTE 20 - FINANCE COSTS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Interest Expense	0.78	239.87
Other Borrowing Costs	-	26.60
<b>Total</b>	<b>0.78</b>	<b>266.47</b>
<b>NOTE 21 - OTHER EXPENSES</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Power and Fuel	3.66	7.30
Rent	39.54	37.14
Repairs & Maintenance	2.81	16.42
Insurance Premium	1.64	4.60
Rates & Taxes	0.98	0.56
Travelling & Conveyance	31.61	38.27
Consultancy & Professional Charges	78.54	94.88
Filing Fees	6.25	0.99
Telephone, Postage & Courier Charges	0.95	4.82
Printing & Stationery	-	0.47
Membership & Subscription	-	3.54
Director's Sitting Fees	7.00	11.20
Bank Charges	-	0.00
Auditor's Remuneration		
- For Audit Fees	5.64	10.82
- For Taxation	-	-
- For Other Services	-	0.50
Transaction Fees	0.30	1.42
Donations	1.00	-
Court Fees Paid	-	0.31
Registration Charges	-	1.18
Loss on Asset Sold/Discarded	70.07	17.30
Loss in PMS Operations	-	204.08
Provision for Doubtful Debts & Advances	1.02	58.35
Miscellaneous Expenses	44.84	62.00
<b>Total</b>	<b>295.96</b>	<b>576.13</b>
<b>NOTE 21A - EXTRAORDINARY ITEMS</b>	<b>Year ended 31-Mar-16 (Rs. in Lacs)</b>	<b>Period ended 31-Mar-15 (Rs. in Lacs)</b>
Amounts Written Back	1,372.64	250.00
Sale of PMS Business (net)	-	591.92
Balances Written off	(1,686.75)	(706.45)
<b>Total</b>	<b>(314.11)</b>	<b>135.46</b>

**22. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016**

**22.1 Significant Accounting Policies**

**a) Accounting Convention**

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

The financial statements of the domestic subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company i.e. period ended March 31, 2016.

**b) Principles of Consolidation**

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

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

**c) Companies included in Consolidation**

Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at March 31, 2016
Prime Broking Company (India) Limited	India	100.00%
Prime Research & Advisory Limited	India	100.00%
Prime Commodities Broking (India) Limited	India	100.00%
Primesec Investments Limited	India	100.00%

Associate Company considered in the consolidated financial statements is:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest held by the Company as at March 31, 2016
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 tangible assets is provided on straight-line method over the useful life of the assets as prescribed in Schedule II to the Companies Act 2013. Depreciation on Intangible assets are amortised over their respective individual estimated useful lives on straight-line basis, commencing from the date the asset is available to the Company for its use.

**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.

**xi) Derivative Transactions**

Gains are recognized only on settlement/expiry of derivative instruments. All open positions are marked to market and unrealized losses are provided for. Unrealized gains, if any, on marked to market are not recognized.

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

**xii) Provisions and contingencies**

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

**xiii) Miscellaneous Expenditure**

Preliminary Expenses are amortised over a period of five years.

**22.2 Contingent Liabilities**

(Rs. in lacs)

Particulars	Year ended March 31, 2016	Period ended March 31, 2015
Demands raised by Income Tax and Sales Tax departments against which the Company has preferred appeals	276.29	210.31
Corporate guarantee given for financial facilities (Amount outstanding at the close of the year)	15.00	81.77
Claim made against the Company not acknowledged as debt (Interest liability on the above cannot be ascertained)	4,004.56	3,116.04

22.3 The analysis of the Group's assets and liabilities casts doubt about the ability of the Group (and each of its constituent) to meet its obligations as and when they fall due and therefore its ability to continue as a

going concern. Based on evaluation of the current situation backed by established revenue streams and advanced negotiations plans formulated to dispose-off investments, 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.

22.4 During the year, there was no broking activity carried on by the Group in view of the ongoing dispute with the National Stock Exchange of India Limited (NSE) / National Securities Clearing Corporation Limited (NSCCL). In the earlier year, the Group (through one of its constituent) had entered into certain transactions in the Futures & Options segments of the NSE, on behalf of its clients, against which various collateral were provided to the exchange towards margin for these transactions. The value of the collateral given was well in excess of the contract value in the F & O segment. However, the constituent company of the Group was declared a defaulter by NSE / NSCCL and also was expelled as a Member of NSE, which was challenged by it in the Securities Appellate Tribunal ("SAT"). During the year, the appeal was dismissed by SAT, against which an appeal has been preferred by the constituent company of the Group in the Hon'ble Supreme Court, which has been admitted by the Hon'ble Supreme Court. Further, it had also filed a suit for damages against NSE / NSCCL in the Hon'ble High Court. The value of these claims far exceeds the contract values. NSCCL has subsequently initiated the winding-up proceeding in the Hon'ble High Court which has been contested by the Company and Hon'ble High Court has ordered to maintain status quo. All the matters are pending for hearing. In view of the above and pending outcome of the Hon'ble Supreme Court / Hon'ble High Court hearings, the constituent company of the Group has not made any adjustments in the security deposits given to NSE / NSCCL. Further, during the year, pledges relating to shares with the NSE valued at Rs. 618.53 lacs were invoked by the exchange, but no communication was provided. The constituent company of the Group has adjusted in its books of accounts the dues payable to the NSE, to the extent of the value of the pledges invoked. Since the exact quantum of funds realised is unknown, any adjustment to this amount will be made subsequently.

22.5 The Group has an investment of Rs. 36.12 lacs in equity shares of Primary Cuisine Private Limited ('PCPL'), an associate company, and has also given an unsecured loan of Rs. 162.84 Lacs. The audited financial statements of PCPL for the year ended March 31, 2016 are not available. Based on the latest available unaudited financial statements i.e. for the year ended March 31, 2014, PCPL has a negative net worth of Rs. 155.20 lacs. However, having regard to the expected capital infusion and improved business conditions, the financial statements of PCPL have been prepared on the basis that it is a going-concern and that no adjustments are required to the carrying value of assets and liabilities. Considering that its investment in PCPL is of strategic and long term nature no provision is considered necessary by the management for diminution in the value of the Group's financial exposure in PCPL.

22.6 During the year, one of Group's lending bank, under the one-time settlement scheme, re-stated the loan at Rs. 600.00 lacs and waived past and future interest provided the Group adheres to the repayment schedule. In case of any default, the Group would be liable to pay original loan amount with interest. The Group has given effect to the one-time settlement in the books of account by re-stating the liability as accepted under the scheme and until the end of the financial year has adhered to the terms and conditions of the scheme.

22.7 The Group has not accounted for interest expense of Rs. 1,583.73 lacs (Rs. 1,969.11 lacs) charged by lenders and other parties, since in the opinion of the management the same would not be payable pursuant to a proposed restructuring/settlement of the loan and other dues. The aggregate interest (including interest for earlier periods) not provided as on March 31, 2016 is Rs. 4,078.17 lacs (Rs. 2,612.48 lacs).

22.8 A criminal complaint is filed before Metropolitan Magistrate by a lender against a constituent company of the Group and one of its directors in view of dishonor of a cheque issued by the constituent company. The matter is sub-judice and in the meantime, the Company's management is in negotiations with the lender to amicably settle the matter.

22.9 (a) The Group had taken a loan of Rs. 1,400.00 lacs from a party. Based on the negotiations with the party, the Group's management is of the opinion that the loan will be re-stated at Rs. 525.00 lacs and accordingly, during the year, the Group has written-back Rs. 875.00 lacs by crediting the statement of profit & loss. However, confirmation of re-statement of loan is awaited from the party. The profit for the year would have been lower by Rs. 875.00 lacs had the Group not accounted the write-back of loan in absence of confirmation of the party for re-statement of loan.

- (b) The Group has not obtained documentations relating to interest and terms of repayment of the balance outstanding loan of Rs. 525.00 lacs. The Group has not accounted for interest on the said loan on the basis that it is interest-free. Further it has been categorized as short-term borrowings on the basis of the management's representation in that regard.

22.10 In the earlier years, the Group had made provision of doubtful debts and loans & advances of Rs. 1,047.24 lacs. As in opinion of the management, the debt and advances were not recoverable, the Group has, during the year, written-off Rs. 1,047.24 lacs by debiting the statement of profit & loss and simultaneously reversed the provision for doubtful debts and advances by crediting the statement of profit & loss. The treatment in accounts has no impact on the profit for the year.

22.11 There has been a decline of Rs. 1,748.41 lacs as on March 31, 2016 in the carrying value of Non-current Investments. No provision for diminution in the value of such investments has been considered necessary since, in the opinion of the management, such diminution is only temporary in nature considering depressed market conditions prevailing at the year-end.

22.12 Out of the total debtors due and outstanding, debts amounting to Rs. 12,306.03 lacs (Rs. 12,354.08 lacs) pertain to parties which are due and outstanding for over a year. In the opinion of the management no provision for the same is considered necessary as the same are outstanding on account of dispute and ongoing litigation with the stock exchange.

22.13 In the opinion of the management, sundry debtors and loans and advances being subject to confirmation, have a value at least equal to the amount shown in the balance sheet and the provisions made thereof are sufficient and adequate.

#### 22.14 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)

Particulars	Year ended March 31, 2016	Period ended March 31, 2015
<b>Change in Projected Benefits Obligation (PBO)</b>		
PBO at beginning of the year	23.81	137.73
Service cost	1.96	9.97
Interest cost	1.90	19.11
Actuarial (gain)/loss	9.62	8.70
Benefits paid	-	(151.70)
PBO at the end of the period	37.29	23.81
<b>Change in Plan Assets</b>		
Plan assets at the beginning of the year at fair value	32.18	182.01
Expected return on plan assets	2.57	24.02
Employer Contribution	-	-
Actuarial gain/ (loss)	0.13	(22.15)
Benefits paid	-	(151.70)
Fair value of plan assets at the end of the year	34.88	32.18
<b>Reconciliation of PBO and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	34.88	32.18
Present value of the defined benefit obligations at the end of the year	37.29	23.81
Funded Status of the Plan	(2.41)	8.37
<b>Gratuity costs for the year</b>		
Service cost	1.96	9.97
Interest cost	1.90	19.11
Expected return on plan assets	(2.57)	(24.02)
Actuarial (gain)/loss	9.49	30.85
Net Gratuity	10.78	35.91
<b>Assumption</b>		
Discount Factor	7.96%	8.00%
Estimated rate of return on plan assets	7.96%	8.00%

- (B) During the year, a provision of Rs. 19.27 Lacs (Previous year Rs. 25.88 Lacs) is made on account of actuarial liability for leave encashment and compensated absences. The aggregate provision as at year end is Rs. 177.67 Lacs (Previous Year Rs. 158.40 Lacs). The actuarial liability is computed assuming the discount factor of 7.96%.

#### 22.15 Earnings per Share

Particulars	Year ended March 31, 2016	Period ended March 31, 2015
<b>Basic</b>		
Opening Number of Shares	26,473,525	26,473,525
Closing Number of Shares	26,473,525	26,473,525
Weighted Average Number of Shares for Basic EPS	26,473,525	26,473,525
Profit / (Loss) after Tax (Rs. in Lacs)	1,419.58	(1,521.41)
Basic EPS (Rs.)	5.36	(5.75)
<b>Diluted</b>		
Dilutive Component of Stock Options / Warrants Outstanding	-	-
Weighted Average Number of Shares for Diluted EPS	26,473,525	26,473,525
Diluted EPS (Rs.)	5.36	(5.75)

The Guidance Note on Accounting of Employee Share Based Compensation issued by Institute of Chartered Accountant of India applies to employee share based payment plans, the grant date of which falls on or after April 1, 2005 and allows accounting for employee share based payment plans based on either the Intrinsic value method or the fair value method. The Company follows the intrinsic value method. Under the fair value method, the net profit for the year ended March 31, 2016 would have been higher by Rs. 34.48 lacs and the Basic EPS and Diluted EPS would have been Rs. 5.36 and Rs. 5.36 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 March 31, 2016
Dividend Yield (%)	-
Expected Volatility (%)	(7.02)
Risk Free Interest Rate (%)	8.00
Expected Term (Number of Years)	3

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

Particulars	Year ended March 31, 2016	Period ended March 31, 2015
i) Total of future minimum lease payments		
a) Not later than one year	35.70	39.30
b) Later than one year and not later than five years	6.12	43.14
ii) Lease payments recognised in the Profit and Loss account	39.30	36.78

#### 22.17 Deferred Tax

The break-up of deferred tax asset as on March 31, 2016 is as follows:  
(Rs. in lacs)

Particulars	Year ended March 31, 2016	Period ended March 31, 2015
<b>Asset</b>		
Provision for Expenses	1.84	1.84
<b>Total Asset (A)</b>	1.84	1.84
<b>Liability</b>		
Timing difference in depreciation	5.69	5.69
<b>Total Liability (B)</b>	5.69	5.69
<b>Net Deferred Tax Asset (A-B)</b>	(3.84)	(3.84)



**22.18 Related Party Disclosures**

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

**Relationships**

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

(Rs. in lacs)

Sr. No.	Nature of Transaction	Transactions during the year		Balance as on	
		Current Year	Previous Year	March 31, 2016	March 31, 2015
1.	Interest free Inter corporate deposit received from Gateway Entertainment Limited	-	-	30.00 (Credit)	30.00 (Credit)
	- Sums Received	-	-		
	- Sums Repaid				
2.	Rent paid to Mrs. Madhu Jayakumar for residential accommodation.	-	-	3.00 (Credit)	3.00 (Credit)
3.	Remuneration paid to key managerial personnel	20.03	23.47	-	-
4.	Advance salary to a Director	-	-	-	44.39 (Debit)
5.	Loan given to / received back from Primary Cuisine Private Limited				
	- Loan given	64.00	9.50	162.84 (Debit)	113.84 (Debit)
	- Loan received back	15.00	4.97		
6.	Dealing in Shares with Associate Concern Judith Investments Pvt. Ltd.	-	25.65	-	-
	Purchase of Shares	-	51.55	-	-
	Sale of Shares				

**22.19 Segmental Reporting**

**Business Segments**

(Rs. in lacs)

Particulars	Merchant Banking		Broking		Total	
	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15
Segment Revenue	1,040.56	269.14	-	-	1,040.56	269.14
Add: Unallocated Revenue					2,660.33	(517.43)
Total Revenue					3,700.89	(248.29)
Segment Result before Interest and Tax	576.06	(156.95)	(15.03)	(1,155.43)	561.03	(1,312.38)
Add: Unallocated Income/(Expenses) (net of income/expense)					923.20	(520.58)
Profit / (Loss) before Interest and Tax					1,484.23	(1,832.96)
Interest and Finance Charges					(0.78)	(266.47)
Provision for Tax					(63.72)	(13.90)
Profit / (Loss) after Tax from ordinary activities					(1,419.73)	(2,113.33)
Extraordinary Item					-	591.92
Net Profit					(1,419.73)	(1,521.41)
Segment Assets	554.49	1,070.48	13,552.85	13,546.22	14,107.34	14,616.70
Add : Unallocated Assets					6,170.80	9,505.51
Total Assets					20,278.14	24,122.21
Segment Liabilities	276.42	255.65	11,518.24	11,652.88	11,794.66	11,908.53
Add : Unallocated Liabilities					8,523.93	13,673.70
Total Liabilities					20,318.59	25,582.23
Capital Expenditure	1.58	1.57	-	0.21	1.58	1.78
Depreciation & Amortisation	62.72	35.32	22.00	16.32	94.72	51.64

**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.

22.20 Previous period figures are regrouped / rearranged wherever necessary. The Previous period figures are not comparable with the current year as the financial statements of the previous period are for eighteen months.

As per our Report attached

For and on behalf of the Board

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

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Anil Dharker**  
Director

**Alpana Parida**  
Director

**Milind Gandhi**  
Partner  
Membership No. 043194

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, May 17, 2016

Mumbai, May 17, 2016

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

**Part A - Subsidiaries**

Sr. No.	Name of the Subsidiary Country	Country	Reporting Period	Reporting Currency	Exchange Rate	Share Capital (Rs. in lacs)	Reserves & Surplus (Rs. in lacs)	Total Assets (Rs. in lacs)	Total Liabilities (Rs. in lacs)	Investments (Rs. in lacs)	Turnover (Rs. in lacs)	Profit / (Loss) before Taxation (Rs. in lacs)	Provision for Taxation (Rs. in lacs)	Profit / (Loss) after Taxation (Rs. in lacs)	Proposed Dividend	% of Shareholding
1	Prime Broking Company (India) Limited	India	31-Mar-16	INR	N.A.	534.10	1,153.03	13,251.37	13,251.37	102.60	41.69	(14.92)	-	(14.92)	Nil	100%
2	Primesec Investments Limited	India	31-Mar-16	INR	N.A.	163.60	(7,403.72)	3,404.95	3,404.95	892.65	249.69	(20.45)	-	(20.45)	Nil	100%
3	Prime Research & Advisory Limited	India	31-Mar-16	INR	N.A.	35.00	(375.56)	104.61	104.61	98.58	-	(1.24)	-	(1.24)	Nil	100%
4	Prime Commodities Broking (India) Limited	India	31-Mar-16	INR	N.A.	50.00	8.80	404.08	404.08	-	28.71	3.81	0.42	3.39	Nil	100%

**Part B - Associates and Joint Ventures**

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

For and on behalf of the Board

**Pradip Dubhashi**  
Chairman

**N. Jayakumar**  
Managing Director

**Anil Dharker**  
Director

**Alpana Parida**  
Director

**S. R. Sharma**  
Director

**Ajay Shah**  
Company Secretary

Mumbai, Dated: May 17, 2016



**ROAD MAP TO THE AGM VENUE**

Monday, September 19, 2016 at 10.00 a.m.

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



THIS PAGE IS INTENTIONALLY KEPT BLANK

## E-COMMUNICATION REGISTRATION FORM

To,

**Link Intime India Private Limited**

**(Unit : Prime Securities Limited)**

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West),

Mumbai 400078

Tel: +91-22-25946970, Fax: +91-22-25946969

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### Green Initiative in Corporate Governance

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

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

Date : .....

Signature : .....

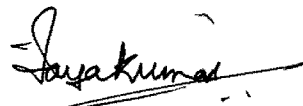
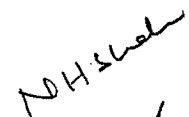
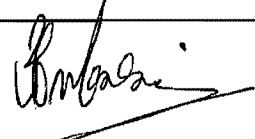
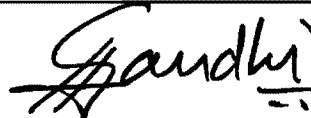
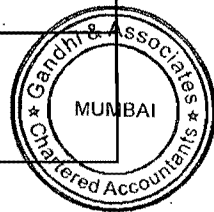
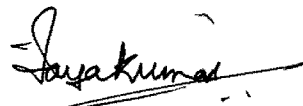
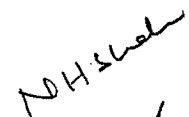
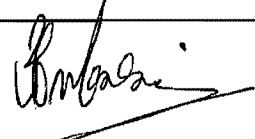
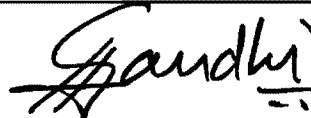
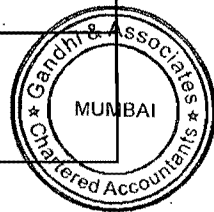
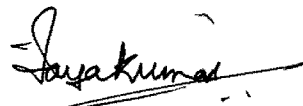
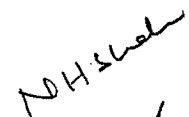
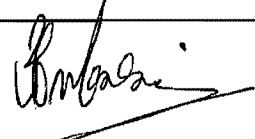
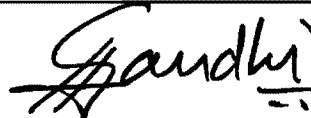
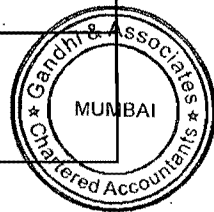
#### Notes:

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



**Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results for the Financial Year ended March 31, 2016 (Standalone)**

<b>I.</b>	<b>Sr. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications)</b>
	1.	Turnover / Total Income	3,356.61	2,481.61
	2.	Total Expenditure	1,889.10	2,905.20
	3.	Net Profit / (Loss)	1,467.51	(423.59)
	4.	Earnings Per Share	5.30	(1.53)
	5.	Total Assets	11,423.40	11,423.40
	6.	Total Liabilities	4,793.56	6,684.66
	7.	Net Worth	6,629.84	4,738.74
	8.	Any other financial item(s) (as felt appropriate by the management)	---	---
<b>II.</b>	<b>Audit Qualification:</b>			
	1)	<b>a) Details of Audit Qualification:</b> The Company has not provided for interest of Rs. 1,016.10 lacs for the year on certain secured loans as in the opinion of the management the same would not be payable in view of ongoing negotiations with the lenders. Had the Company made such provision, the profit for the year would have been lower by that amount. <b>b) Type of Audit Qualification:</b> Qualified Opinion <b>c) Frequency of Qualification:</b> Appearing since FY ended September 30, 2013 <b>d) For Audit Qualification where the impact is quantified by auditor, Management's views:</b> The management is in the process of re-negotiating the 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. <b>e) For Audit Qualification where the impact is not quantified by the auditor:</b> i) <b>Management's estimation on the impact of audit qualification:</b> Not Applicable ii) <b>If management is unable to estimate the impact, reasons for the same:</b> Not Applicable iii) <b>Auditor's comments on (i) or (ii) above:</b> Not Applicable		
	2)	<b>a) Details of Audit Qualification:</b> The Company has written-back Rs. 875.00 lacs being part of an unsecured loan based on the management's assessment of the situation. Had the Company not made such write-back, the profit for the year would have been lower by that amount. <b>b) Type of Audit Qualification:</b> Qualified Opinion <b>c) Frequency of Qualification:</b> Appearing for the first time <b>d) For Audit Qualification where the impact is quantified by auditor, Management's views:</b> The management has written-back the said loan as it was no longer payable in the opinion of the management. <b>e) For Audit Qualification where the impact is not quantified by the auditor:</b> i) <b>Management's estimation on the impact of audit qualification:</b> Not Applicable ii) <b>If management is unable to estimate the impact, reasons for the same:</b> Not Applicable iii) <b>Auditor's comments on (i) or (ii) above:</b> Not Applicable		

	<p>3) a) <b>Details of Audit Qualification:</b> An unsecured loan of Rs. 525.00 lacs is categorized as interest-free Short-term Borrowings which cannot be validated in absence of confirmation of balance and terms of repayment/interest. Accordingly, the impact on the financial statements of the categorization of the loan and non-provision of interest thereon remains unascertained.</p> <p>b) <b>Type of Audit Qualification:</b> Qualified Opinion</p> <p>c) <b>Frequency of Qualification:</b> Appearing since FY ended September 30, 2013</p> <p>d) <b>For Audit Qualification where the impact is quantified by auditor, Management's views:</b> Not Applicable</p> <p>e) <b>For Audit Qualification where the impact is not quantified by the auditor:</b></p> <p>i) <b>Management's estimation on the impact of audit qualification:</b> Not quantifiable</p> <p>ii) <b>If management is unable to estimate the impact, reasons for the same:</b> The management is in the process of renegotiating terms of these unsecured advances and hence, the same is not ascertainable</p> <p>iii) <b>Auditor's comments on (i) or (ii) above:</b> The impact of audit qualification remains unascertained in absence of confirmation of balance and terms of repayment/interest.</p>								
III.	<p><b>Signatories:</b></p> <table border="1"> <tr> <td data-bbox="251 756 885 892">Mr. N. Jayakumar (Managing Director):</td> <td data-bbox="885 756 1395 892"></td> </tr> <tr> <td data-bbox="251 892 885 1018">Mr. Nikhil Shah (Chief Financial Officer):</td> <td data-bbox="885 892 1395 1018"></td> </tr> <tr> <td data-bbox="251 1018 885 1144">Mr. Pradip Dubhashi (Audit Committee Chairman)</td> <td data-bbox="885 1018 1395 1144"></td> </tr> <tr> <td data-bbox="251 1144 885 1268">Mr. Milind Gandhi, M/s. Gandhi &amp; Associates, Chartered Accountants (Auditor of the Company)</td> <td data-bbox="885 1144 1395 1268">    </td> </tr> </table>	Mr. N. Jayakumar (Managing Director):		Mr. Nikhil Shah (Chief Financial Officer):		Mr. Pradip Dubhashi (Audit Committee Chairman)		Mr. Milind Gandhi, M/s. Gandhi & Associates, Chartered Accountants (Auditor of the Company)	 
Mr. N. Jayakumar (Managing Director):									
Mr. Nikhil Shah (Chief Financial Officer):									
Mr. Pradip Dubhashi (Audit Committee Chairman)									
Mr. Milind Gandhi, M/s. Gandhi & Associates, Chartered Accountants (Auditor of the Company)	 								

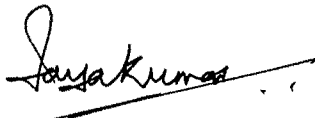
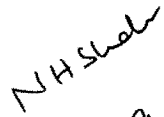


**Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results for the Financial Year ended March 31, 2016 (Consolidated)**

<b>I.</b>	<b>Sr. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications)</b>
	1.	Turnover / Total Income	3,700.83	2,825.83
	2.	Total Expenditure	2,281.27	3,865.00
	3.	Net Profit / (Loss)	1,419.56	(1,039.17)
	4.	Earnings Per Share	5.36	(3.92)
	5.	Total Assets	20,278.14	20,278.14
	6.	Total Liabilities	20,318.59	22,777.32
	7.	Net Worth	(40.45)	(2,499.18)
	8.	Any other financial item(s) (as felt appropriate by the management)	---	---
<b>II.</b>	<b>Audit Qualification:</b>			
	<p>1) a) <b>Details of Audit Qualification:</b> No provision for interest of Rs. 1,583.73 lacs has been made on certain loans and payables as in the opinion of the management the same would not be payable in view of ongoing negotiations with the respective parties. Had such provision been made, the profit for the year would have been lower by that amount.</p> <p>b) <b>Type of Audit Qualification:</b> Qualified Opinion</p> <p>c) <b>Frequency of Qualification:</b> Appearing since FY ended September 30, 2013</p> <p>d) <b>For Audit Qualification where the impact is quantified by auditor, Management's views:</b> The management is in the process of re-negotiating the terms with the lender and 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>e) <b>For Audit Qualification where the impact is not quantified by the auditor:</b></p> <p>i) <b>Management's estimation on the impact of audit qualification:</b> Not Applicable</p> <p>ii) <b>If management is unable to estimate the impact, reasons for the same:</b> Not Applicable</p> <p>iii) <b>Auditor's comments on (i) or (ii) above:</b> Not Applicable</p>			
	<p>2) a) <b>Details of Audit Qualification:</b> A sum of Rs. 875 lacs has been written-back out of an unsecured loan based on the management's assessment of the situation. Had it not been written-back, the profit for the year would have been lower by that amount.</p> <p>b) <b>Type of Audit Qualification:</b> Qualified Opinion</p> <p>c) <b>Frequency of Qualification:</b> Appearing for the first time</p> <p>d) <b>For Audit Qualification where the impact is quantified by auditor, Management's views:</b> The management has written-back the said loan as it was no longer payable in the opinion of the management.</p> <p>e) <b>For Audit Qualification where the impact is not quantified by the auditor:</b></p> <p>i) <b>Management's estimation on the impact of audit qualification:</b> Not Applicable</p> <p>ii) <b>If management is unable to estimate the impact, reasons for the same:</b> Not Applicable</p> <p>iii) <b>Auditor's comments on (i) or (ii) above:</b> Not Applicable</p>			

	<p>3) a) <b>Details of Audit Qualification:</b> No provision is considered necessary by the management in respect of debts amounting to Rs. 12,306.03 lacs which are outstanding on account of dispute and ongoing litigation with the stock exchange. Accordingly, the impact on the financial statements, if any, cannot be ascertained if the same or part thereof is subsequently determined doubtful of recovery.</p> <p>b) <b>Type of Audit Qualification:</b> Qualified Opinion</p> <p>c) <b>Frequency of Qualification:</b> Appearing since FY ended September 30, 2013</p> <p>d) <b>For Audit Qualification where the impact is quantified by auditor, Management's views:</b> Not Applicable</p> <p>e) <b>For Audit Qualification where the impact is not quantified by the auditor:</b></p> <p>i) <b>Management's estimation on the impact of audit qualification:</b> Not quantifiable</p> <p>ii) <b>If management is unable to estimate the impact, reasons for the same:</b> In view of the pending litigation and uncertainty of its outcome, the management is not able to ascertain the requirement of provision for doubtful recovery</p> <p>iii) <b>Auditor's comments on (i) or (ii) above:</b> The impact of qualification on the financial statements cannot be ascertained.</p>
	<p>4) a) <b>Details of Audit Qualification:</b> An unsecured loan of Rs. 525.00 lacs is categorized as interest-free Short-term Borrowings which cannot be validated in absence of confirmation of balance and terms of repayment/interest. Accordingly, the impact on the financial statements of the categorization of the loan and non-provision of interest thereon remains unascertained.</p> <p>b) <b>Type of Audit Qualification:</b> Qualified Opinion</p> <p>c) <b>Frequency of Qualification:</b> Appearing since FY ended September 30, 2013</p> <p>d) <b>For Audit Qualification where the impact is quantified by auditor, Management's views:</b> Not Applicable</p> <p>e) <b>For Audit Qualification where the impact is not quantified by the auditor:</b></p> <p>i) <b>Management's estimation on the impact of audit qualification:</b> Not quantifiable</p> <p>ii) <b>If management is unable to estimate the impact, reasons for the same:</b> The management is in the process of renegotiating terms of these unsecured advances and hence, the same is not ascertainable</p> <p>iii) <b>Auditor's comments on (i) or (ii) above:</b> The impact of audit qualification remains unascertained in absence of confirmation of balance and terms of repayment/interest.</p>

### III. Signatories:

Mr. N. Jayakumar (Managing Director):	
Mr. Nikhil Shah (Chief Financial Officer):	
Mr. Pradip Dubhashi (Audit Committee Chairman)	
Mr. Milind Gandhi, M/s. Gandhi & Associates, Chartered Accountants (Auditor of the Company)	