



F.R.N. 022743N

KAPISH JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors
Escorts Securities Limited

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of **Escorts Securities Limited** ("*the Company*") which comprises the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies and other explanatory information. This special purpose financial information has been prepared solely to enable Holding Company and/or Subsidiary of Holding Company to prepare consolidated financial statements and should not be used for any other purposes.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements 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 31 March 2021 and profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

The accompanying special purpose financial statements of the Company have been prepared, in all material respect, in accordance with the **basis of statement of compliances referred in Note 2.1 to these special purpose financial statements and our terms of engagement via letter dated 9 April 2021** for preparation the financial statement as per Indian Accounting Standard (IndAS) prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 ("special purposes").

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Special Purpose 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 special purpose financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes 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; selection and application of appropriate implementation and maintenance of 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 special purpose Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of Special Purpose Ind AS Financial Statement

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We determine those matters that were of most significance in the audit of the special purpose financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of change in equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid special purpose financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) 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 does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

- (f) As required by section 197(16) of the Act, based on our audit, we report that the Company has paid/provided remuneration to its directors during the year in accordance with the provision of and limits laid down under section 197 read with schedule V of the Act.

Restriction on distribution and use

These special purpose financial statements and audit report thereon is addressed to and provided to Board of Directors of the Company. It is intended solely for the Company, the Holding Company, the Subsidiary of Holding Company and the auditors of the Holding Company or the Subsidiary of Holding Company for their consideration into the audit of Consolidated Financial Statement. The same should not be used by any other person or for any other purposes or distributed to any other parties other than the Company, the Holding Company, the Subsidiary of Holding Company and the auditors of the Holding Company or the Subsidiary of Holding Company.

For **Kapish Jain & Associates**
Chartered Accountants
Firm Registration Number 022743N

Kapish Jain

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Kapish Jain
Partner
Membership No. 514162
UDIN 21514162AAAAFK6250

Place: New Delhi
Date: 7 May 2021

Escorts Securities Limited
CIN - U74899DL1994PLC062140
Balance Sheet as at 31 March 2021

(All amounts in INR unless stated otherwise)

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
Assets			
1 Non-current assets			
a. Property, plant and equipment	3	1,491,519	3,025,552
b. Other intangible assets	4	61,032	185,652
c. Right-of-Use Asset	5	-	1,180,202
d. Financial assets			
i. Investments	6	2,337,896	1,141,668
ii. Other financial assets	7	64,532,231	72,088,183
e. Deferred tax assets (net)	8	14,819,761	14,430,882
f. Income tax assets (net)	9	2,434,374	1,315,007
g. Other non-current assets	10	653,262	280,183
		86,330,075	93,647,329
2 Current assets			
a. Stock-in-trade	11	1,691,143	2,259,388
b. Financial assets			
i. Trade receivables	12	71,580,923	153,973,180
ii. Cash and cash equivalents	13	39,448,636	29,604,078
iii. Other bank balances	14	15,175,000	23,250,943
iv. Other financial assets	7	9,949,078	11,581,017
c. Other current assets	10	6,596,227	8,062,218
		144,441,007	228,730,824
Total assets		230,771,082	322,378,153
Equity and liabilities			
1 Equity			
a. Equity share capital	15	135,000,000	135,000,000
b. Other equity			
i. Equity component of preference shares	15	10,671,322	10,671,322
ii. Retained earnings	16	(18,119,174)	(22,368,203)
Total equity		127,552,148	123,303,119
2 Liabilities			
Non-current liabilities			
a. Financial liabilities			
i. Other financial liabilities	17	1,726,942	1,304,217
b. Provisions	18	2,755,124	2,718,533
c. Other non-current liabilities	19	-	-
		4,482,066	4,022,750
Current liabilities			
a. Financial liabilities			
i. Borrowing other than debt securities	20	649,333	74,500,000
ii. Trade payables	21	77,785,995	95,416,364
iii. Other financial liabilities	22	9,315,567	18,215,754
b. Provisions	18	3,803,940	1,223,428
c. Other current liabilities	19	7,182,033	5,696,739
		98,736,868	195,052,285
Total liabilities		103,218,934	199,075,034
Total equity and liabilities		230,771,082	322,378,153

See accompanying notes to the special purpose financial statements

In terms of our report attached
For **Kapish Jain & Associates**
Chartered Accountants
Firm's Registration No. 022743N

Kapish Jain
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Kapish Jain
Partner
Membership No. 514162

Place: New Delhi
Date: 7 May 2021

For **Escorts Securities Limited**

VINOD DIXIT
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Vinod Dixit
Managing Director
DIN : 01147430
Place: New Delhi

PAWAN KUMAR BHALLA
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Pawan Bhalla
Director
DIN : 00312478
Place: Faridabad

Tejinder Singh
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Tejinder Singh
Chief Financial Officer
PAN AQLPS1952N
Place: New Delhi

Escorts Securities Limited
CIN - U74899DL1994PLC062140
Statement of profit and loss for the year ended 31 March 2021

(All amounts in INR unless stated otherwise)

Particulars	Note No.	For the year ended 31 March 2021	For the year ended 31 March 2020
I Revenue from operations	23	104,284,814	54,699,013
II Other income	24	9,469,112	4,040,464
III Total income (III)		113,753,926	58,739,477
IV Expenses			
Employee benefits expense	25	33,213,503	28,251,554
Depreciation and amortisation expense	26	2,960,813	3,367,835
Finance cost	27	8,697,792	3,790,706
Other expenses	28	63,488,572	37,329,404
Total expenses (IV)		108,360,680	72,739,499
V Profit/(Loss) before tax (III-IV)		5,393,246	(14,000,022)
VI Tax expense			
Current tax	7	2,290,142	-
Deferred tax charge/(credit)	29	(388,879)	(2,262,951)
		1,901,263	(2,262,951)
VII Profit/(loss) for the year (V-VI)		3,491,984	(11,737,071)
VIII Other comprehensive income			
A. Items that will not be reclassified to profit or loss	29		
i. Re-measurement of defined benefit plans		757,045	(164,219)
ii. Income tax relating to items that will not be reclassified to profit or loss		-	-
		757,045	(164,219)
Other comprehensive income for the year, net of tax		757,045	(164,219)
IX Total comprehensive income for the year (VII+VIII)		4,249,029	(11,901,290)
X Earning per equity share			
Basic	30	0.26	(0.87)
Diluted	30	0.26	(0.87)

See accompanying notes to the special purpose financial statements

In terms of our report attached
For **Kapish Jain & Associates**
Chartered Accountants
Firm's Registration No. 022743N

Kapish Jain
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Kapish Jain
Partner
Membership No. 514162

Place: New Delhi
Date: 7 May 2021

For Escorts Securities Limited

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Vinod Dixit
Managing Director
DIN : 01147430
Place: New Delhi

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Pawan Bhalla
Director
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Place: Faridabad

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Tejinder Singh
Chief Financial Officer
PAN AQLPS1952N
Place: New Delhi

Escorts Securities Limited
CIN - U74899DL1994PLC062140
Statement of Cash Flow for the year ended 31 March 2021

(All amounts in INR unless stated otherwise)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flow from operating activities		
Profit/(loss) before tax	5,393,246	(14,000,022)
Adjustments for :		
Depreciation of plant, property and equipment	1,655,991	1,881,750
Amortisation of intangible assets	124,619	192,809
Interest on bank deposits	(2,624,954)	(3,289,146)
Dividend income	(16,954)	(79,501)
Liabilities / provisions no longer required written off	-	4,678,157
Adj of IndAS (Right to use)	1,180,202	(1,180,202)
Adj of IndAS (OCI)	757,045	
(Profit)/Loss on sale of Investment	(1,196,228)	(194,759)
Provision for doubtful assets/ doubtful debts	11,435,795	579,320
	16,708,763	(11,411,594)
Changes in assets and liabilities		
(Increase)/decrease in stock-in trade	568,245	-
(Increase)/decrease in other financial assets	1,631,939	(2,260,995)
(Increase)/decrease in trade receivables	70,956,462	(80,369,323)
(Increase)/decrease in current tax assets	-	364,345
(Increase)/decrease in other assets	1,092,912	(2,713,316)
(Increase)/decrease in other bank balance	8,075,943	(15,299,053)
Increase/(decrease) in provisions	326,961	(541,685)
Increase/(decrease) in trade payable	(17,630,369)	(8,310,283)
Increase/(decrease) in other financial liabilities	(8,477,466)	7,623,434
Increase/(decrease) in other liabilities	1,485,294	408,773
Cash generated from operating activities	74,738,685	(112,509,697)
Income taxes paid	(1,119,366)	-
Net cash generated from operating activities	73,619,319	(112,509,697)
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(121,955)	(497,170)
Dividend income	16,954	79,502
Interest on bank deposits	2,624,954	3,289,146
Net Proceeds from Deposits	7,555,952	-14,164,452
Net cash generated from/(used in) investing activities	10,075,905	(11,292,974)
C. Cash flows from financing activities		
Borrowing taken/(repaid)	(73,850,667)	74,500,000
Increase/(decrease) in share capital	-	-
Net cash generated from/(used in) financing activities	(73,850,667)	74,500,000
Net increase/(decrease) in cash and cash equivalents (A+B+C)	9,844,556	(49,302,670)
Cash and cash equivalents at the beginning of year	29,604,079	78,906,749
Cash and cash equivalents at the end of year	39,448,635	29,604,079

- 1) The statement of cash flow has been prepared under the indirect method as set out in Ind AS 7 on statements of cash flow.
- 2) Figures in brackets indicate cash outflow.

See accompanying notes to the special purpose financial statements

In terms of our report attached
For **Kapish Jain & Associates**
Chartered Accountants
Firm's Registration No. 022743N

Kapish Jain
Partner
Membership No. 514162

Place: New Delhi
Date: 7 May 2021

For **Escorts Securities Limited**

VINOD DIXIT
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Vinod Dixit
Managing Director
DIN : 01147430
Place: New Delhi

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Director
DIN : 00312478
Place: Faridabad

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Tejinder Singh
Chief Financial Officer
PAN AQLPS1952N
Place: New Delhi

Escorts Securities Limited
CIN - U74899DL1994PLC062140
Statement of changes in equity for the year ended 31 March 2021

A. Equity share capital

(All amounts in INR unless stated otherwise)

Particulars	No. of shares	Amount
Equity shares of Rs. 100 each issued, subscribed and fully paid		
Balance as at 1 April 2019	13,500,000	135,000,000
Issue of equity share capital	-	-
Balance as at 31 March 2020	13,500,000	135,000,000
Issue of equity share capital	-	-
Balance as at 31 March 2021	13,500,000	135,000,000

B. Other equity

Particulars	Retained earnings	Total
Balance as at 1 April 2019	(10,436,373)	(10,436,373)
Profit/(loss) for the year	(11,737,071)	(11,737,071)
Other comprehensive income for the year, net of income tax	(164,219)	(164,219)
Ind As adjustments	(30,540)	(30,540)
Balance as at 31 March 2020	(22,368,203)	(22,368,203)
Profit/(loss) for the year	3,491,984	3,491,984
Other comprehensive income for the year, net of income tax	757,045	757,045
Ind As adjustments	-	-
Balance as at 31 March 2021	(18,119,175)	(18,119,175)

See accompanying notes to the special purpose financial statements

In terms of our report attached
For **Kapish Jain & Associates**
Chartered Accountants
Firm's Registration No. 022743N

Kapish Jain

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Kapish Jain
Partner
Membership No. 514162

Place: New Delhi
Date: 7 May 2021

For Escorts Securities Limited

VINOD DIXIT

Vinod Dixit
Managing Director
DIN : 01147430
Place: New Delhi

PAWAN KUMAR BHALLA

Pawan Bhalla
Director
DIN: 00312478
Place: Faridabad

Tejinder Singh

Tejinder Singh
Chief Financial Officer
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Place: New Delhi

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Escorts Securities Limited
CIN - U74899DL1994PLC062140
Notes to the Special Purpose Financial Statements

1 Corporate Information

Escorts Securities Limited “the Company” is a limited Company incorporated in India. The registered office of the Company is located at 202, First Floor, Okhla Industrial Estate, Phase - III, New Delhi-110020, India. The Company’s CIN is - U74899DL1994PLC062140.

2 Significant Accounting Policies :

2.1 Statement of compliance

The primary books of account of the Company are prepared and maintained in accordance with the Indian GAAP and guidelines issued by the Securities and Exchange Board of India (“SEBI”). These Special Purpose financial Statements have been specifically prepared in accordance with the Accounting Principles generally accepted in India, including the Indian Accounting Standard (IndAS) prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules 2016, as applicable. The accounting policies followed in the preparation and presentation of the Special Purpose Financial Statements are consistent with those followed by Escorts Limited (“EL”) (the Holding Company) i.e. the accounting principles generally accepted in India and also the accounting policies given in the Group Referral Instructions issued by EL. These special purpose financial statements have been prepared for the limited purpose of inclusion in the preparation of the consolidated financial statements of EL and subsidiaries of EL.

The special purpose financial statements correspond to the classification provisions contained in Ind AS 1, “Presentation of Financial Statements”. For clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the special purpose financial statements, where applicable.

Accounting policies have been applied consistently to all periods presented in these special purpose financial statements.

2.2 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

2.3 Basis of preparation and presentation

The special purpose financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these special purpose financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.4 Use of estimates

The preparation of these special purpose financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the special purpose financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the special purpose financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of valuation of deferred tax assets and provisions and contingent liabilities.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2.9.2.

Escorts Securities Limited
CIN - U74899DL1994PLC062140
Notes to the Special Purpose Financial Statements

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised:

2.5.1 Brokerage income

Brokerage is recognised on accrual basis.

2.5.2 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5.3 Dividend income

Dividend is accounted for on accrual basis when the right to receive dividend is established.

2.6 Leases

The Company has applied Ind AS 116 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under Ind AS 17 and Appendix C 'Determining whether an Arrangement contains a Lease'.

Accounting policy applicable from 1 April 2019

The Company as a lessee

For any new contracts entered into on or after 1 April 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in borrowings.

The Group as a lessor

The Company's accounting policy under Ind AS 116 has not changed from the comparative period.

As a lessor the Company classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

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Notes to the Special Purpose Financial Statements

Accounting policy applicable before 1 April 2019

Finance Lease

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value, and iii) whether the Company obtains ownership of the asset at the end of the lease term. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance lease liability. Assets held under finance leases (including land) are depreciated over their estimated useful lives. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to statement of profit and loss, as finance costs over the period of the lease.

Operating Lease

All leases other than finance leases are treated as operating leases. Where the Company is a lessee, lease rentals are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs. Associated costs, such as maintenance and insurance, are expensed as incurred.

Where the Company is a lessor, the respective leased assets are included in the balance sheet based on their nature. Rental income is recognized on straight line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

2.7 Foreign currencies

The functional currency of the Company is Indian rupee (Rs.).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

2.8 Employee benefits

2.8.1 Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of

- (a) when the plan amendment or curtailment occurs; and
- (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

2.8.2 Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

2.8.3 Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date

2.8.4 Short-term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries including incentive and bonus, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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Notes to the Special Purpose Financial Statements

2.9.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the special purpose financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.10 Property plant and equipment

Property plant and equipment and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is computed on Straight Line Method ('SLM') based on useful lives, determined based on internal technical evaluation as follows:

Type of assets	Useful lives (in Years)
Computer	3
Office equipment	5
Furniture and fixtures	10
Leasehold improvements	Over the lease period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.11 Intangible assets

Intangible assets are recognised at cost and costs associated with maintaining software programmes are recognised as an expense as incurred.

Intangible assets consist of computer software which are amortised over a period of 5 years.

2.12 Impairment of tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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Notes to the Special Purpose Financial Statements

2.14 Financial Instruments

A. Initial recognition

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

B. Subsequent measurement

I. Non-derivative financial instruments

a. Financial assets carried at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

c. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

d. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

II. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

C. Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.15 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

2.16 Impairment of financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition

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Notes to the Special Purpose Financial Statements

(All amounts in INR unless stated otherwise)

Particulars	Gross Block			Depreciation			Net Block	
	As on 01.04.2020	Additions	Deletions	As on 31.03.2021	During the year	Upto 31.03.2021	As on 31.03.2021	As on 31.03.2020
Tangible Assets								
Furniture and fixtures	451,222	-	-	451,222	177,091	219,922	231,300	274,131
Computers and peripherals	12,269,510	121,955	-	12,391,465	1,299,778	11,616,355	775,110	1,952,933
Server	1,523,892	-	-	1,523,892	1,279,817	1,326,346	197,546	244,075
Office equipment	1,981,596	-	-	1,981,596	1,427,178	1,694,032	287,564	554,418
	16,226,220	121,955	-	16,348,175	13,200,664	14,856,655	1,491,519	3,025,556

4 Intangible assets

Particulars	Gross Block			Depreciation			Net Block	
	As on 01.04.2020	Additions	Deletions	As on 31.03.2021	During the year	Upto 31.03.2021	As on 31.03.2021	As on 31.03.2020
Intangible Assets								
Software	6,554,476	-	-	6,554,476	124,619	6,493,444	61,032	185,652
	6,554,476	-	-	6,554,476	124,619	6,493,444	61,032	185,652

5 Right-of-Use Asset

Particulars	Gross Block			Depreciation			Net Block	
	As on 01.04.2020	Additions	Deletions	As on 31.03.2021	During the year	Upto 31.03.2021	As on 31.03.2021	As on 31.03.2020
Right of Use Asset								
Lease	2,473,478	-	-	2,473,478	1,180,202	2,473,478	-	1,180,202
	2,473,478	-	-	2,473,478	1,180,202	2,473,478	-	1,180,202

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Notes to the Special Purpose Financial Statements

(All amounts in INR unless stated otherwise)

6 INVESTMENT PARTICULARS	As at 31 March 2021		As at 31 March 2020	
	At Cost	Market Value	At Cost	Market Value
Non-current				
Long Term - Non Trade (at cost)				
Investment in equity shares (quoted)	9,997,000	2,337,896	9,997,000	1,141,668
Investment in equity shares (unquoted)	-	-	-	-
Investment in preference shares (unquoted)	7,659,104	-	8,855,332	-
Less: Diminution in value of investment in equity shares				
	2,337,896	2,337,896	1,141,668	1,141,668

NAME OF SHARES	UNITS				VALUE	
	Face Value	AS On 01-Apr-20 No(s)	Additions During the year No(s)	Deductions During the year No(s)	As On 31-Mar-21 No(s)	As On 31-Mar-20
Investment in equity shares (quoted)						
Gujarat State Financial Corporation Limited	10	93,600	-	-	93,600	1,872,000
Escorts Finance Limited	10	625,000	-	-	625,000	8,125,000
		918,600	-	-	918,600	9,997,000
Less:						
Provision for diminution in value of Investments						
Gujarat State Financial Corporation Limited					1,534,104	1,742,832
Escorts Finance Limited					6,125,000	7,112,500
					7,659,104	8,855,332
					2,337,896	1,141,668

Notes:-
Aggregate value of Quoted Investments
Book Value 9,997,000
Market Value 2,337,896

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Escorts Securities Limited
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Notes to the Special Purpose Financial Statements

7 Other financial assets	(All amounts in INR unless stated otherwise)			
	As at 31 March 2021	As at 31 March 2020		
Non-current				
Deposits with banks	3,935,049	8,004,260		
Security deposits	65,394,638	64,083,923		
Less: Provisions for doubtful security deposits	(4,797,456)	-		
	<u>64,532,231</u>	<u>72,088,183</u>		
Current				
Security deposits	1,828,088	2,191,942		
Accrued interest on bank deposits	314,278	-		
Brokerage, PMS fee and depository charges receivable	206,712	1,789,075		
Receivable on account	7,600,000	7,600,000		
	<u>9,949,078</u>	<u>11,581,017</u>		
8 Deferred tax assets (net)				
Deferred tax assets / (liabilities)	Opening Balance	Movement	OCI	Closing balance
2020-21				
Deferred tax (liabilities) / assets in relation to				
Property, plant and equipment	366,102	473,632	-	839,734
Employee benefit obligation	1,024,910	96,834	-	1,121,744
Business loss and capital loss	10,343,681	(4,229,287)	-	6,114,393
On fair valuation	76,461	-	-	76,461
Tax impact of expenses chargeable in the financial statements but allowable under the Income Tax Act, 1961 in future years	973,063	1,757,559	-	2,730,622
	<u>12,784,217</u>	<u>(1,901,263)</u>	<u>-</u>	<u>10,882,954</u>
MAT Entitlement	1,646,665	2,290,142	-	3,936,807
	<u>14,430,882</u>	<u>388,879</u>	<u>-</u>	<u>14,819,761</u>
Deferred tax assets / (liabilities)	Opening Balance	Movement	OCI	Closing balance
2019-20				
Deferred tax (liabilities) / assets in relation to				
Property, plant and equipment	248,998	117,104	-	366,102
Employee benefit obligation	1,165,748	(140,838)	-	1,024,910
Business loss and capital loss	7,103,681	3,240,000	-	10,343,681
On fair valuation	76,461	-	-	76,461
Tax impact of expenses chargeable in the financial statements but allowable under the Income Tax Act, 1961 in future years	1,926,378	(953,314)	-	973,063
	<u>10,521,266</u>	<u>2,262,951</u>	<u>-</u>	<u>12,784,217</u>
MAT Entitlement	1,646,665	-	-	1,646,665
	<u>12,167,931</u>	<u>-</u>	<u>-</u>	<u>14,430,882</u>
9 Income tax assets (net)				
	As at 31 March 2021			As at 31 March 2020
Non-current				
Advance income tax	2,434,374			1,315,007
	<u>2,434,374</u>			<u>1,315,007</u>
10 Other assets				
	As at 31 March 2021			As at 31 March 2020
Non-current				
Prepayments	653,262			280,183
	<u>653,262</u>			<u>280,183</u>
Current				
Prepayments	-			681,441
Advance Recoverable	3,451,508			2,977,429
Advance to suppliers	3,095,401			4,326,219
Advance to employees	49,318			77,129
	<u>6,596,227</u>			<u>8,062,218</u>
11 Stock-in-trade				
	As at 31 March 2021			As at 31 March 2020
Stock In Trade (at lower of cost and net realisable value)	1,691,143			2,259,388
	<u>1,691,143</u>			<u>2,259,388</u>

Escorts Securities Limited
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Notes to the Special Purpose Financial Statements

12 Trade receivables *(All amounts in INR unless stated otherwise)*

	As at 31 March 2021	As at 31 March 2020
Trade receivables		
i. Secured considered goods	-	-
ii. Unsecured, considered good	71,580,923	153,973,180
iii. Unsecured, considered doubtful	11,692,309	3,742,551
	83,273,232	157,715,731
Less: Allowance for doubtful debts (expected credit loss allowance)	(11,692,309)	(3,742,551)
	71,580,923	153,973,180

13 Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balances with banks		
- on current accounts	16,309,332	12,808,629
Cash on hand	639,304	623,513
Deposits with original maturity of less than three months	22,500,000	16,171,936
	39,448,636	29,604,078

14 Other bank balances

	As at 31 March 2021	As at 31 March 2020
Deposits with maturity of more than three months but less than twelve months	15,175,000	23,250,943
	15,175,000	23,250,943

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Escorts Securities Limited
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Notes to the Special Purpose Financial Statements

15 Share Capital

(All amounts in INR unless stated otherwise)

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised share capital (Equity Shares)				
Equity shares of Rs. 10 each	15,000,000	150,000,000	15,000,000	150,000,000
	15,000,000	150,000,000	15,000,000	150,000,000
Issued, subscribed and fully paid up (Equity Shares)				
Equity shares of Rs. 10 each	13,500,000	135,000,000	13,500,000	135,000,000
Total	13,500,000	135,000,000	13,500,000	135,000,000

a. Movement in share capital

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Equity share capital				
Balance as at the beginning of the year	13,500,000	135,000,000	7,000,000	70,000,000
Add: Increase during the year	-	-	6,500,000	65,000,000
Balance as at the end of the year	13,500,000	135,000,000	13,500,000	135,000,000
Equity component of preference share capital				
Balance as at the beginning of the year	-	10,671,322	-	10,671,322
Less: Conversion of Preference shares into Equity shares	-	-	-	-
Balance as at the end of the year	-	10,671,322	-	10,671,322

b. Terms and rights

Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 per Share. Each Shareholder is eligible for one vote per share held. The dividend proposed (if any) by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend(if any). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Shares held by holding Company or their subsidiaries

	As at 31 March 2021		As at 31 March 2020	
	No. of shares		No. of shares	
Equity shares				
Escorts Limited (the Holding Company)				
54,59,400 (31st March, 2020 : 54,59,300) Equity shares of Rs. 10 each		5,459,400		5,459,400
Escorts Finance Limited (Subsidiary of Holding Company)				
14,60,000 (31st March, 2020 : 14,60,000) Equity shares of Rs. 10 each		1,460,000		1,460,000
Allgrow Finance and Investment Private Limited		4,000,000		4,000,000
AAA Portfolios Pvt. Ltd.		80,000		80,000
Charak Ayurvedic Treatments Pvt Ltd		2,500,000		2,500,000
Individuals		600		600
		13,500,000		13,500,000

d. Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	No of shares	% holding	No of shares	% holding
Equity shares of Rs. 10 each fully paid				
Escorts Limited	5,459,400	40.44%	5,459,400	40.44%
Escorts Finance Limited	1,460,000	10.81%	1,460,000	10.81%
Allgrow Finance and Investment Private Limited	4,000,000	29.63%	4,000,000	29.63%
AAA Portfolios Pvt. Ltd.	80,000	0.59%	80,000	0.59%
Charak Ayurvedic Treatments Pvt Ltd	2,500,000	18.52%	2,500,000	18.52%
*Others (On behalf of Escorts Limited)	600	0.00%	600	0.00%

e. The Company has not allotted its shares as fully paid up pursuant to contract without payment being received in cash or by way of bonus shares and also not bought back its shares in the period of five years immediately preceding the date at which the Balance Sheet is prepared.

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Notes to the Special Purpose Financial Statements

16 Retained earnings	<i>(All amounts in INR unless stated otherwise)</i>	
	As at 31 March 2021	As at 31 March 2020
As at the beginning of the year	(22,368,203)	(10,436,373)
Profit/(loss) for the year	3,491,984	(11,737,071)
Other comprehensive income for the year, net of tax	757,045	(164,219)
Retained Earning - Indas Adjustment	-	(30,540)
Balance at the end of the year	(18,119,174)	(22,368,203)

17 Other financial liabilities	As at 31 March 2021	As at 31 March 2020
Security deposit taken	1,726,942	1,304,217
	1,726,942	1,304,217

18 Provisions	As at 31 March 2021	As at 31 March 2020
Non-current		
Provision for employee benefits		
a. Provision for gratuity	1,946,098	2,554,017
b. Provision for compensated absences	809,026	164,516
	2,755,124	2,718,533
Current		
Provision for employee benefits		
a. Provision for gratuity	587,010	296,618
b. Provision for compensated absences	926,788	926,810
c. Provision for Tax	2,290,142	-
	3,803,940	1,223,428

19 Other liabilities	As at 31 March 2021	As at 31 March 2020
Non-current		
a. Other liabilities	-	-
	-	-
Current		
a. Statutory dues	699,381	1,371,020
b. Salary Payable	4,608,406	369,899
c. Other Payable	1,874,246	2,679,276
d. Finance lease liability	-	1,276,544
	7,182,033	5,696,739

20 Financial liabilities	As at 31 March 2021	As at 31 March 2020
Borrowing other than debt securities	649,333	74,500,000
<i>Secured against corporate guarantee given by Escorts Limited ("the Holding Company")</i>		
	649,333	74,500,000

21 Trade Payables	As at 31 March 2021	As at 31 March 2020
Trade payable	77,785,995	95,416,364
	77,785,995	95,416,364

22 Other Financial Liabilities	As at 31 March 2021	As at 31 March 2020
Repayable margin money	8,578,974	16,828,300
Others	736,593	1,387,454
	9,315,567	18,215,754

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Notes to the Special Purpose Financial Statements

23 Revenue from operations *(All amounts in INR unless stated otherwise)*

	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of services		
a. Brokerage income	67,892,279	36,110,225
b. Depository operations	5,764,498	3,359,007
c. Portfolio management services	63,811	172,589
d. Interest on margin funding / delayed payments	23,654,794	13,405,860
e. Other charges including transaction charges	4,251,356	1,651,332
Other operating revenue		
a. Profit on sale of stock in trade	2,658,077	-
	104,284,814	54,699,013

24 Other income

	For the year ended 31 March 2021	For the year ended 31 March 2020
a. Interest income		
i. Interest on bank deposits	2,624,954	3,289,146
ii. Interest on income tax refund	73,720	-
b. Other non-operating income		
i. Dividend income	16,954	79,502
ii. Increase in value of Stock-in-trade	846,127	-
iii. Gain on fair valuation of investment carried at FVTPL	1,196,228	-
iv. Miscellaneous income	4,711,128	549,342
v. Sundry liability not longer required written back	-	122,474
	9,469,112	4,040,464

25 Employee benefits expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
a. Salary, wages and bonus	31,785,045	26,945,295
b. Contribution to provident and other funds	1,320,814	1,034,727
c. Staff welfare	107,644	271,532
	33,213,503	28,251,554

26 Depreciation and amortisation expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
a. Depreciation of plant, property and equipment	1,655,991	1,881,750
b. Amortisation of intangible assets	124,619	192,809
c. Right to use lease	1,180,202	1,293,276
	2,960,813	2,074,559

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Escorts Securities Limited
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Notes to the Special Purpose Financial Statements

27 Finance cost (All amounts in INR unless stated otherwise)

	For the year ended 31 March 2021	For the year ended 31 March 2020
a. Interest expense	7,956,027	2,368,000
b. Bank Guarrantee Charges	687,308	1,240,661
c. Interest cost on fair valuation of lease	54,456	182,045
	8,697,792	3,790,706

28 Other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
a. Director's sitting fees	288,000	448,000
b. Legal and professional	3,310,903	6,581,557
c. Travelling and conveyance	777,653	633,889
d. Syndication fee / Brokerage Paid	24,514,609	9,792,275
e. Repair and maintenance - others	1,222,328	2,157,285
f. Provision for doubtful assets/ advances	3,486,037	579,320
g. Rent rates and taxes	5,548,727	3,564,953
h. Audit Fee & Remuneration (see note below)	550,000	550,000
i. Transaction charges	6,439,426	2,009,092
j. Fee & Subscription	1,275,448	778,150
k. Power and fuel	173,896	681,330
l. Software expense	3,042,978	1,879,281
m. GST Expenses (Non eligible input tax credit reversal)	462,428	
n. Miscellaneous expenses	879,827	956,351
o. Provision for doubtful debts	7,949,758	-
p. Assets written off	1,411,419	-
q. Printing and stationary	142,873	327,915
r. Communication cost	1,987,463	1,457,728
s. Interest/penalty on delayed statutory payments	10,615	254,121
t. Diminution In Value Of Investment	-	882,652
u. Diminution In Value Of Stock	-	3,795,505
v. Loss on derivatives trading	14,186	
	63,488,573	37,329,405
Note:		
Audit Fee & Remuneration (net of input tax credit)		
(i) Statutory Audit	500,000	500,000
(ii) Tax Audit Fees	50,000	50,000
	550,000	550,000

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Escorts Securities Limited
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Notes to the Special Purpose Financial Statements

(All amounts in INR unless stated otherwise)

29 Income taxes	For the year ended 31 March 2021	For the year ended 31 March 2020
a. Current tax		
For current year	2,290,142	-
	<u>2,290,142</u>	<u>-</u>
Deferred tax		
In respect of the current year	(388,879)	(2,262,951)
	<u>(388,879)</u>	<u>(2,262,951)</u>
Income tax expense recognised in the statement of profit and loss	1,901,263	(2,262,951)
b. Other comprehensive income section		
Income tax relating to items that will not be reclassified to profit or loss	-	-
c. Reconciliation of tax expense and the accounting profit multiplied by prevailing income tax rate		
Profit/(Loss) before tax	5,393,246	(14,000,022)
Income tax rate	26.00%	26.00%
Calculated income tax expense	1,402,244	-
Tax effects on non-deductible expenses	499,019	-
Adjustments recognised in the current year in relation to the current tax of previous years	-	-
Adjustments recognised in the current year in relation to the deferred tax of previous years	-	-
Others	-	-
Income tax expense	1,901,263	-

30 Earning per share	For the year ended 31 March 2021	For the year ended 31 March 2020
Net profit attributable to the shareholders	3,491,984	(11,737,071)
Weighted average number of outstanding equity shares during the period	13,500,000	13,500,000
Basic earning per share	0.26	(0.87)
Diluted earning per share	0.26	(0.87)

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Escorts Securities Limited
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Notes to the Special Purpose Financial Statements

31 Commitments and contingencies

(All amounts in INR unless stated otherwise)

- a. The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs. Nil (31 March 2020: Rs. Nil).
- b. Contingent liabilities
Bank guarantee amounting to Rs 5,00,00,000 (31 March 2020: Rs 5,00,00,000) is provided to National Security Clearing Corporation Limited (NSCCL) for base capital.
- c. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

32 Employee benefit plans

a. Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. Employer's contribution to provident fund and employee's state insurance scheme recognized as expense in the statement of profit and loss for the year are as under:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Contribution to provident fund & others funds	1,320,814	1,034,727
Total	1,320,814	1,034,727

*Included in contribution to provident and other funds under employee benefit expense (refer note 25)

b. Defined benefit plan

The Company has a defined benefit gratuity plan. Employee who have completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme of gratuity is unfunded.

The following table summarizes the components of net benefit expenses recognized in profit and loss account and amounts recognized in balance sheet.

(i) Change in defined benefit obligations

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Present value of obligation at the beginning of the year	2,850,635	2,378,771
Service cost	384,297	373,471
Interest cost	219,975	200,914
Benefits paid	(164,754)	(266,740)
Actuarial (gains)/losses on obligation	(757,045)	164,219
Present value of obligation at the end of the year	2,533,108	2,850,635

(ii) Net employee benefit expense in respect of Gratuity (recognised in employee benefits expense):

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest cost	219,975	200,914
Service cost	384,297	373,471
Expenses recognized in the Statement of Profit and Loss	604,272	574,385

(iii) Net employee benefit expense in respect of Gratuity (recognised in other comprehensive income):

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Actuarial gain / (loss) for the year on PBO	757,045	(164,219)
Actuarial gain / (loss) for the year on asset	-	-

(iv) Actuarial gain or losses:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Actuarial gain/(loss) from change in demographic assumptions	-	-
Actuarial gain/(loss) from change in financial assumptions	-	-
Actuarial gain/(loss) from change in experience adjustment	757,045	(164,219)

(v) Actuarial assumptions

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Discount rate (%)	6.50%	6.80%
Rate of increase in compensation levels (%)	10.00%	10.00%

(vi) Sensitivity analysis of the defined benefit obligation at the year end

Particulars	As at 31 March 2021		As at 31 March 2020	
	Employee Turnover rate	Salary increment	Employee Turnover rate	Salary increment
Impact of change in closing defined benefit obligation				
Impact due to increase of 2 %	2,456,245	2,787,038	2,773,446	3,148,051
Impact due to decrease of 2 %	2,625,300	2,317,195	2,945,426	2,596,964
	Discount rate		Discount rate	
Impact due to increase of 0.25 %	2,500,493		2,812,510	
Impact due to decrease of 0.25 %	2,566,581		2,889,751	

Escorts Securities Limited
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Notes to the Special Purpose Financial Statements

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

(vii) Maturity profile of defined benefit obligation

Particulars	As at 31 March 2021	As at 31 March 2020
Within 1 year	587,010	296,618
Between 1-2 year	209,469	508,248
Between 2-3 year	206,293	254,140
Between 3-4 year	205,755	254,130
Between 4-5 year	422,434	504,788
Beyond 5 year	1,036,775	1,381,059

33 Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk. The Company's focus is to foresee unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. In market risk, company is exposed to only foreign currency risk. The Company's exposure to credit risk is influenced mainly by concentration of risk from the top few customers.

Market risk

The Company operates in India only and so not exposed to foreign exchange risk arising through its sale of services and purchase of services.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty leading to financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs 7,15,80,923 and Rs 15,39,73,180 as at 31 March, 2021 and 31 March, 2020 respectively. Credit risk has always been managed through monitoring the credit worthiness of customers in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top customers and top five customers

Particulars	Revenue in %			
	For the year ended 31 March, 2020		For the year ended 31 March, 2020	
Revenue from top customer	36,747,544	35.24%	13,015,952	33.49%
Revenue from top five customer	15,659,840	15.02%	7,666,124	19.73%

The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables which is based on historical experience.

Credit risk on other financial assets is very limited as it mainly consists cash and cash equivalents where balances is with banking institution with high credit ratings.

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has outstanding bank borrowings of Rs 7,45,00,000 as on the date of balance sheet. The company believes that the working capital is sufficient to meet its short term funds requirement. Accordingly there is no liquidity risk.

The Company had working capital of Rs 4,57,04,139 as at 31 March 2021 (Rs. 3,36,78,540 as at 31 March 2020)

Contractual maturities of financial liabilities

	less than 1 year	1 to 5 year	more than 5 year	Total
As at 31 March 2021				
Trade payables	77,785,995	-	-	77,785,995
Other financial liabilities	9,315,567	1,726,942	-	11,042,509
As at 31 March 2020				
Trade payables	95,416,364	-	-	103,726,647
Other financial liabilities	18,215,754	1,304,217	-	15,887,284

Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.

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Notes to the Special Purpose Financial Statements

34 Dues to small and micro enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006 #:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Principal amount outstanding	-	332,880
Interest due thereon	-	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at the end of year	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

The details of amounts outstanding to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are as per available information with the Company.

35 The fixed deposits with banks in current portion amounting to Rs. 3,76,75,000 (31 March 2020: Rs. 3,94,22,879) and non-current portion of Rs. 39,35,049 (31 March 2020: Rs. 80,04,260) lien marked in favour of National Security Clearing Corporation Limited (NSCCL) for Rs 1,56,10,049 (31 March 2020: Rs. 2,10,10,049), HDFC Bank Ltd for Rs.2,50,00,000 (31 March 2020: Rs.2,50,00,000), Bombay Stock Exchange Limited for Rs.10,00,000 (31 March 2020: Rs.10,00,000) and OTCEI for Rs.77,525 (31 March 2020: Rs. 377,525).

36 Security Deposits with Stock Exchanges & others includes Rs. 77,528 (31 March 2020: Rs. 77,528), Rs. 6,61,45,197 (31 March 2020: Rs. 6,52,83,672) Rs.10,00,000 (31 March 2020: Rs. 10,00,000) for membership of OTCEI, Base and Additional Base Capital for National Stock Exchange of India and Bombay Stock Exchange respectively.

37 Balances with Banks in Current Account include an amount of Rs. 72,46,853.95 (31 March 2020: Rs. 92,22,066.72) in accounts designated as "Client Account" as per SEBI guidelines.

38 As at the end of March 2018, an amount of Rs. 76 lacs was recoverable from M/s Quant Money Managers Limited (earlier known as Escorts Assets Management Limited) ("Quant") against common sharing expenses. Against the total, the Quant had issued a cheque of Rs. 74,01,927 in March 2018 which was dishonoured. Therefore, The Company has file a legal suit in Patiala House District and Session Court, New Delhi against Quant on 17th November 2020 for recovery of outstanding amount along with interest at 18% since beginning. The matter is listed on 29 May 2021.
The management expects to recover the full amount from Quant as carried out in the books of account hence no provision has been made as a doubtful advances.

39 In opinion of the Board, the trade receivables, loans & advances (net of related provisions) and other current / non-current assets have a value, which if realized in the ordinary course of business, will not be less than the value stated in the Balance Sheet.

40 Balances appearing under loans & advances, trade receivables, trade payables, current / non-current assets and current /non - current liabilities are subject to confirmation in certain cases.

41 The Company is in process of reconciliation of GST input tax credit between credit lying in books and credit available in GSTR-2A at GST Portal. Any discrepancies / loss of credit arises out of such reconciliation, if any, is presently ascertainable.

42 Lease commitments

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss account on a straight-line basis over the lease term.

43 Related party disclosures

(a) Parties with whom control exists:

Escorts Limited Holding Company

(b) Enterprises under the common control

Charak Ayurvedic Treatments Private Limited Sec 2(76)(iv) of the Companies Act, 2013
Sun & Moon Travels (India) Private Limited Sec 2(76)(iv) of the Companies Act, 2013
Allgrow Finance and Investment Pvt. Ltd. Sec 2(76)(viii)(A) of the Companies Act, 2013

(c) Key Managerial Personnel

Mr. Vinod Dixit Managing Director
Ms. Rupinder Kaur Company Secretary - resigned on 5 November 2020
Mr. Tejinder Singh Chief Financial Officer
Ms. Nitasha Nanda Director
Mr. Pawan Bhalla Director
Mr. Deba Prasad Roy Director
Prof. Asish K. Bhattacharya Director
Mr. Amal Dhru Director - resigned on 23 July 2019
Mr. Girish Bihari Mathur Director - resigned on 31 December 2019

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Escorts Securities Limited
CIN - U74899DL1994PLC062140
Notes to the Special Purpose Financial Statements

44 Segment information

The chief operating decision maker ('CODM') for the purpose of resource allocation and assessment of segment performance focuses on the type of services delivered or provided. The Company's operation predominantly relate to providing services for brokerage, management and consultancy services in India only, hence the reporting requirements for segment disclosure as prescribed by Ind AS 108 are not applicable.

45 Events after the reporting period

There are no event observed after the reported period which have an impact on the Company's operation.

46 Restriction on distribution and use

These special purpose financial statements and audit report thereon is addressed to and provided to Board of Directors of the Company. It is intended solely for the Company, the Holding Company, the Subsidiary of Holding Company and the auditors of the Holding Company or the Subsidiary of Holding Company for their consideration into the audit of Consolidated Financial Statement. The same should not be used by any other person or for any other purposes or distributed to any other parties other than the Company, the Holding Company, the Subsidiary of Holding Company and the auditors of the Holding Company or the Subsidiary of Holding Company.

47 Regroup/ Recast of the special purpose financial statements

Previous year's figures have been regrouped / recast wherever necessary to correspond with those of the current year.

In terms of our report attached
For **Kapish Jain & Associates**
Chartered Accountants
Firm's Registration No. 022743N

**Kapish
Jain**

Kapish Jain
Partner
Membership No. 514162

Place: New Delhi
Date: 7 May 2021

Digitally signed by Kapish Jain
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**VINOD
DIXIT**

Vinod Dixit
Managing Director
DIN : 01147430
Place: New Delhi

**Tejinder
Singh**

Tejinder Singh
Chief Financial Officer
PAN AQLPS1952N
Place: New Delhi

For **Escorts Securities Limited**

**PAWAN KUMAR
BHALLA**

Pawan Bhalla
Director
DIN : 00312478
Place: Faridabad

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