# ESL Securities Limited

**Corporate Identity Number: U67190MH2019PLC343440**

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# Financial Statements for the year ended March 31, 2022

Edelweiss
Ideas create, values protect

# ESL Securities Limited

# Financial Statements for the year ended March 31, 2022

**Board of Directors**

| | | |
|---|---|---|
| Mr. Anshu Kapoor | - | Managing Director & Chief Executive Officer |
| Ms. Ananya Suneja | - | Non-Executive Director |
| Mr. Prashant Mody | - | Non-Executive Director |
| Mr. Riyaz Ladiwala | - | Non-Executive Director |

**Chief Financial Officer**

Mr. Manish Khatri

**Company Secretary**

Ms. Devanshi Shah

**Chief Executive Officer**

Mr. Anshu Kapoor

**Statutory Auditors**

M/s. S. R. Batliboi & Co. LLP

**Registered Office**

Edelweiss House,
Off C.S.T. Road, Kalina,
Mumbai – 400 098.

Corporate Identity No.:
U67190MH2019PLC343440
Tel: +91 22 4009 4400
Fax: +91 22 4086 3759
Email: EWM.Secretarial@edelweissfin.com

**Registrar and Share Transfer Agent**

NSDL Database Management Ltd

4th Floor, Trade World,
A Wing, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.

S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

# INDEPENDENT AUDITOR'S REPORT

**To the Members of ESL Securities Limited**

## Report on the Audit of the Financial Statements

## Opinion

We have audited the accompanying financial statements of ESL Securities Limited ("the Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("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, 2022, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial

S.R. BATLIBOI & CO. LLP* CHARTERED ACCOUNTANTS MUMBAI position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with 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 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.

In preparing the 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 Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) 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, as amended 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;

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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 amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The management has represented that, to the best of its knowledge and belief, as mentioned in note 2.36 (v), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, as mentioned in note 2.36 (vi), no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

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per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 22102102AJCEIV4638
Place of Signature: Mumbai
Date: May 17, 2022

**Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**

The information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

| | | |
|---|---|---|
| (i) | (a) (A) | The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. |
| | (a) (B) | The Company has maintained proper records showing full particulars of intangible assets. |
| | (b) | The Company has a regular programme of physical verification of its property, plant and equipment and are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified certain property, plant and equipment during the year and no discrepancies were noticed in respect of assets verified during the year. |
| | (c) | There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company. |
| | (d) | The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022. |
| | (e) | There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. |
| (ii) | (a) | The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company. |
| | (b) | The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company. |

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| (iii) | (a) | During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies and other parties as follows: (Rs in '000s) |

| | Guarantees | Security | Loans | Advances in nature of loans |
|---|---|---|---|---|
| Aggregate amount granted/ provided during the year | - | - | 500 | - |
| - Subsidiaries | - | - | - | - |
| - Joint Ventures | - | | - | |
| - Associates | - | | - | |
| - Others | - | | 500 | |
| Balance outstanding as at balance sheet date in respect of above cases | | - | | - |
| - Subsidiaries | - | | - | |
| - Joint Ventures | - | | - | |
| - Associates | - | | - | |
| - Others | - | | 406 | |

| | | |
|---|---|---|
| | (b) | During the year the investments made, the terms and conditions of the grant of all loans to companies and other parties are not prejudicial to the Company's interest. |
| | (c) | The Company has granted loans during the year to other parties where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular. |
| | (d) | There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days. |
| | (e) | There were no loans granted to other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties. |
| | (f) | The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company. |
| (iv) | | The Company has not advanced loans to directors / to a Company in which the director is interested to which provisions of section 185 of the Companies Act 2013 apply and hence not commented upon. The Company has made investments/ given loans /guarantees/ provided security which is in compliance to the provisions of section 186 of the Companies Act 2013. |
| (v) | | The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company. |

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| (vi) | | The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company. |
| (vii) | (a) | The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.<br><br>As informed, the provisions of sales tax, wealth tax, value added tax, excise duty and customs duty are currently not applicable to the Company. |
| | (c) | There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.<br><br>As informed, the provisions of sales tax, wealth tax, value added tax, excise duty and customs duty are currently not applicable to the Company. |
| (viii) | | The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company. |
| (ix) | (a) | The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. |
| | (b) | The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority. |
| | (c) | The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company. |
| | (d) | On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company. |
| | (e) | The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company. |
| | (f) | The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company. |
| (x) | (a) | The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company. |

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|---|---|---|
| | (b) | The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. The funds raised, have been used for the purposes for which the funds were raised. |
| (xi) | (a) | No fraud by the Company or no fraud on the Company has been noticed or reported during the year. |
| | (b) | During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. |
| | (c) | There are no whistle blower complaints received by the Company during the year. |
| (xii) | | The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company. |
| (xiii) | | Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. |
| (xiv) | (a) | The Company has implemented internal audit system on a voluntary basis which is commensurate with the size of the Company and nature of its business though it is not required to have an internal audit system under Section 138 of the Companies Act, 2013. |
| | (b) | The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us. |
| (xv) | | The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company. |
| (xvi) | (a) | The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company. |
| | (b) | The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. |
| | (c) | The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company. |
| | (d) | The Group has total one Core Investment Company as part of the Group. |
| (xvii) | | The Company has incurred cash losses amounting to Rs. 135,559.07 thousand in the current year and amounting to Rs. 92,132.18 thousand in the immediately preceding financial year respectively. |
| (xviii) | | There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company. |

| | | |
|---|---|---|
| (xix) | | On the basis of the financial ratios disclosed in note 2.37 to the financial statements, the ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions and considering the Company's current liabilities exceeds the current assets by Rs 67,593.60 thousand, the Company has obtained the letter of financial support from the Holding Company, nothing has come to our attention, which causes us to believe that Company is not capable of meeting its liabilities, existing at the date of balance sheet, as and when they fall due within a period of one year from the balance sheet date.<br><br>We, further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due. |
| (xx) | (a) | There are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 2.35 to the financial statements. |
| | (b) | There are no unspent amounts that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 2.35 to the financial statements. |

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 22102102AJCEIV4638

S.R. BATLIBOI & CO. LLP
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Place of Signature: Mumbai
Date: May 17, 2022

**Annexure 2 to the Independent Auditor's report of even date on the financial statements of ESL Securities Limited**

**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 with reference to financial statements of ESL Securities Limited ("the Company") as of March 31, 2022 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 the 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 with reference to these financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, 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 judgement, 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 with reference to these financial statements.

**Meaning of Internal Financial Controls With Reference to these Financial Statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS 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 With Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, 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 issued by the ICAI.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 22102102AJCEIV4638
Place of Signature: Mumbai
Date: May 17, 2022

S.R. BATLIBOI & CO. LLP
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**ESL Securities Limited**

**Balance Sheet**

(Currency : Indian rupees in thousands)

| | Note | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Financial assets** | | | |
| (a) Cash and cash equivalents | 2.01 | 9,243.24 | 188,619.93 |
| (b) Trade receivables | 2.02 | 41,406.84 | - |
| (c) Investments | 2.03 | 117,238.02 | - |
| (d) Other financial assets | 2.04 | 10,301.73 | 20,422.86 |
| | | 178,189.83 | 209,042.79 |
| **Non-financial assets** | | | |
| (a) Current tax assets (net) | 2.05 | 3,212.26 | 172.37 |
| (b) Property, Plant and Equipment | 2.06 | 2,954.62 | 951.32 |
| (c) Intangible assets | 2.07 | 12,629.97 | - |
| (d) Other non- financial assets | 2.08 | 3,512.18 | 2,882.69 |
| | | 22,309.03 | 4,006.38 |
| **TOTAL ASSETS** | | 200,498.86 | 213,049.17 |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Financial liabilities** | | | |
| (a) Payables | | | |
| Trade payables | 2.09 | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | 1,258.25 | 1,078.47 |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 14,182.71 | 12,112.41 |
| (b) Borrowings | 2.10 | - | 40,524.36 |
| (c) Other financial liabilities | 2.11 | 93,899.82 | 36,760.81 |
| | | 109,340.78 | 90,476.05 |
| **Non-financial liabilities** | | | |
| (a) Provisions | 2.12 | 14,362.36 | 7,114.83 |
| (b) Other non-financial liabilities | 2.13 | 14,193.70 | 7,952.47 |
| | | 28,556.06 | 15,067.30 |
| **EQUITY** | | | |
| (a) Equity share capital | 2.14 | 269,600.00 | 199,600.00 |
| (b) Other equity | 2.15 | (206,997.98) | (92,094.18) |
| | | 62,602.02 | 107,505.82 |
| **TOTAL LIABILITIES AND EQUITY** | | 200,498.86 | 213,049.17 |

The accompanying notes are an integral part of these financial statements. 1 & 2

As per our report of even date attached

**For S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

**per Shrawan Jalan**
Partner
Membership No: 102102

S. R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Mumbai
May 17, 2022

**For and on behalf of the Board of Directors of**
**ESL Securities Limited**

**Anshu Kapoor**
Managing Director & CEO
DIN: 07518217

**Prashant Mody**
Director
DIN: 03101048

**Manish V. Khatri**
Chief Financial Officer

**Devanshi Shah**
Company Secretary

Mumbai
May 17, 2022

ESL SECURITIES LIMITED

ESL Securities Limited

## Statement of Profit and Loss
(Currency : Indian rupees in thousands)

| | Note | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| **Revenue from operations** | | | |
| Fee and commission income | 2.16 | 183,433.02 | - |
| Net gain on fair value changes (including Treasury income) | 2.17 | 17,238.02 | - |
| **Total revenue from operations** | | 200,671.04 | - |
| **Other income** | 2.18 | 419.64 | 2,502.39 |
| **Total Income** | | 201,090.68 | 2,502.39 |
| **Expenses** | | | |
| Employee benefits expenses | 2.19 | 252,793.22 | 84,972.30 |
| Finance costs | 2.20 | 1,533.35 | 566.98 |
| Depreciation and amortisation | 2.06 | 4,256.92 | 66.05 |
| Other expenses | 2.21 | 66,068.16 | 8,963.29 |
| **Total expenses** | | 324,651.65 | 94,568.62 |
| **Loss before tax** | | (123,560.97) | (92,066.23) |
| **Tax expenses:** | | | |
| Current tax | | - | - |
| **Loss for the year** | | (123,560.97) | (92,066.23) |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurement gain / (loss) on defined benefit plans - gratuity (OCI) | | (983.00) | 132.00 |
| **Total comprehensive income** | | (124,543.97) | (91,934.23) |
| **Earnings per equity share (Face value of ₹ 10 each):** | | | |
| **Basic and Diluted (amount in ₹)** | 2.38 | (5.09) | (21.87) |
| The accompanying notes are an integral part of these financial statements. | 1 & 2 | | |

As per our report of even date attached

**For S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

**per Shrawan Jalan**
Partner
Membership No: 102102

S. R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

Mumbai
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**Devanshi Shah**
Company Secretary

Mumbai
May 17, 2022

ESL SECURITIES LIMITED

## ESL Securities Limited

**Statement of Cash Flow**
(Currency : Indian rupees in thousands)

| | | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| **A** | **Cash flow from operating activities** | | |
| | Profit before tax | **(123,560.97)** | **(92,066.23)** |
| | *Adjustments for* | | |
| | Depreciation and amortisation | 4,256.92 | 66.05 |
| | Interest income | (175.95) | (2,502.39) |
| | Mark to Market (gains)/losses on investments | (17,238.02) | - |
| | Profit on sale of Property, Plant and Equipment | (13.45) | - |
| | Remeasurement gain / loss on defined benefit plans (OCI) | (983.00) | 132.00 |
| | Finance cost | 1,533.35 | 566.98 |
| | **Operating cash flow before working capital changes** | **(136,181.12)** | **(93,803.59)** |
| | **Working capital changes:** | | |
| | **Adjustments for (increase)/decrease in operating assets** | | |
| | Financial and Non-financial assets | 19,131.81 | (23,305.55) |
| | Trade receivables | (41,406.84) | - |
| | **Adjustments for increase/(decrease) in operating liabilities** | | |
| | Trade payables & provisions | 9,497.61 | 20,145.76 |
| | Financial and Non-financial liabilities | 63,380.24 | 44,713.28 |
| | **Cash flow from operations** | **(85,578.30)** | **(52,250.10)** |
| | Income taxes paid | (3,039.89) | (172.37) |
| | **Net cash (used in) / generated from operating activities** | **(88,618.19)** | **(52,422.47)** |
| **B** | **Cash flow from investing activities** | | |
| | Purchase of Property, Plant & Equipment and Intangible assets | (3,957.54) | (1,017.37) |
| | Acquisition of Asset Management Rights and other assets (refer note 2.34) | (15,000.00) | - |
| | Sale of Property, Plant and Equipment | 80.80 | - |
| | Interest received | 175.95 | 2,502.39 |
| | Purchase of investment measured at FVTPL | (100,000.00) | - |
| | Loan given | - | (98,400.00) |
| | Loan repaid | - | 98,400.00 |
| | **Net cash (used in)/ generated from investing activities** | **(118,700.79)** | **1,485.02** |
| **C** | **Cash flow from financing activities** | | |
| | Proceeds from issue of share capital | 70,000.00 | 199,500.00 |
| | Proceeds from borrowings | 325,770.00 | 40,000.00 |
| | Repayment of borrowings | (365,770.00) | - |
| | Interest paid | (2,057.71) | (42.62) |
| | **Net cash (used in) / generated from financing activities** | **27,942.29** | **239,457.38** |
| | **Net increase/ (decrease) in cash and cash equivalents** | **(179,376.69)** | **188,519.93** |
| | Cash and cash equivalent as at the beginning of the year | **188,619.93** | 100.00 |
| | Cash and cash equivalent as at the end of the year (refer note 2.01) | **9,243.24** | 188,619.93 |

The accompanying notes are an integral part of these financial statements.
As per our report of even date attached

**For S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

**per Shrawan Jalan**
Partner
Membership No: 102102

S. R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

Mumbai
May 17, 2022

**For and on behalf of the Board of Directors of**
**ESL Securities Limited**

**Anshu Kapoor**
Managing Director & CEO
DIN: 07518217

**Prashant Mody**
Director
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**Manish V. Khatri**
Chief Financial Officer

**Devanshi Shah**
Company Secretary

ESL SECURITIES LIMITED

Mumbai
May 17, 2022

**ESL Securities Limited**

**Statement of changes in Equity**
(Currency : Indian rupees in thousands)

**a) Equity share capital**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balance as at the beginning of the year | 199,600.00 | 100.00 |
| changes in equity share capital during the year (refer note 2.14) | 70,000.00 | 199,500.00 |
| Balance as at the end of the year | 269,600.00 | 199,600.00 |

**b) Other Equity**

| Particulars | Reserves & Surplus<br>Retained Earnings | Other Comprehensive Income | Total |
|---|---|---|---|
| Balance at April 1, 2020 | (159.95) | - | (159.95) |
| Loss for the year | (92,066.23) | - | (92,066.23) |
| Other comprehensive income | - | 132.00 | 132.00 |
| **Balance at March 31, 2021** | **(92,226.18)** | **132.00** | **(92,094.18)** |
| Loss during the year | (123,560.97) | - | (123,560.97) |
| Other comprehensive income | - | (983.00) | (983) |
| Adjustment of share based payments expenses | 9,640.17 | - | 9,640.17 |
| **Balance at March 31, 2022** | **(206,146.98)** | **(851.00)** | **(206,997.98)** |

The accompanying notes are an integral part of these financial statements.
As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number:301003E/E300005

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

per Shrawan Jalan
Partner
Membership No:102102

Mumbai
May 17, 2022

For and on behalf of the Board of Directors of
ESL Securities Limited

Anshu Kapoor
Managing Director & CEO
DIN: 07518217

Prashant Mody
Director
DIN: 03101048

Manish V. Khatri
Chief Financial Officer

Devanshi Shah
Company Secretary

Mumbai
May 17, 2022

ESL SECURITIES LIMITED

**Company background**

ESL Securities Limited ('the Company') is a limited company incorporated on October 1, 2019 with the Registrar of Companies (ROC), Maharashtra. the Company is wholly owned subsidiary of Edelweiss Securities Limited. The Company's registered office is at Edelweiss House, Off. C.S.T. Road Kalina, Mumbai, Maharashtra 400098, Maharashtra, India.

The Company acts as an Investment Manager of various Alternative Investment Funds launched from time to time. The Company is also registered under the SEBI (Portfolio Managers) Regulations, 2020 and provides Portfolio Management Services ('PMS') to its clients.

**1. Statement of Significant accounting policies and practices**

**1.01 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The Company's financial statements have been prepared on a historical cost basis, except for certain financial instruments such as financial asset measured at fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, and other financial assets held for trading, which have been measured at fair value. All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousands as per the requirements of Schedule III, unless otherwise stated.

**1.02 Presentation of financial statements**

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 2.22.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

**1.03 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Actuarial assumptions used in calculation of defined benefit plans and
b. Assumptions used in estimating the useful lives of tangible assets reported under property, plant and equipment and intangible assets.
c. Assumptions used on discounted cash flows, growth rate and discount rate to justify the value of management rights reported under intangible assets.

**1.04 Cash and Cash Equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at Banks and short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

**1.05 Financial Instruments**

**Date of recognition**

Financial assets and financial liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades; purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

**Initial measurement of financial 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.

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ESL SECURITIES LIMITED *

**Day 1 profit or loss**

When the transaction price of the financial instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in statement of profit and loss when the inputs become observable, or when the instrument is derecognised.

**Classification of financial instruments**

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

a. **Financial assets carried at amortised cost (AC)**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset 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. The changes in carrying value of financial assets is recognised in profit and loss account.

b. **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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. The changes in fair value of financial assets is recognised in Other Comprehensive Income.

c. **Financial assets at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories are measured at FVTPL. The Company measures all financial assets classified as FVTPL at fair value at each reporting date. The changes in fair value of financial assets is recognised in Profit and loss account.

d. **Amortized cost and effective interest rate (EIR)**

The effective interest rate is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

e. **Financial assets held for trading**

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit is taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value.

f. **Financial assets at fair value through profit or loss**

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis.

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

S. R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

ESL SECURITIES LIMITED

g. **Investment in equity instruments**

The Company subsequently measures all equity investments at fair value through profit or loss, unless the management has elected to classify irrevocably some of its strategic equity investments to be measured at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

h. **Investment in mutual funds/alternative investment funds**

The Company subsequently measures all mutual fund investments and alternative investment funds at fair value through profit or loss as these financial assets do not pass the contractual cash flow test as required by Ind AS- 109- Financial Instruments, for being designated at amortised cost or FVTOCI, hence classified at FVTPL.

**Financial liabilities**

All financial liabilities are measured at amortised cost except loan commitments, financial guarantees, and derivative financial liabilities.

a. **Debt securities and other borrowed funds**

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

As per Ind AS 23, The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

b. **Financial liabilities and equity instruments**

Financial instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities upto and including the year ended March 31, 2022.

**Derecognition of financial assets and financial liabilities**

A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either

- The Company has transferred the rights to receive cash flows from the financial asset or
- It retains the contractual rights to receive the cash flows of the financial asset, but assumed a contractual obligation to pay the cash flows in full without material delay to third party under pass through arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

The Company also derecognises a financial asset, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financial assets are classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be POCI.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

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ESL SECURITIES LIMITED *

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

**Impairment of financial assets**

The Company records provisions based on expected credit loss model ("ECL") on all loans, other debt financial assets measured at amortised cost together with undrawn loan commitment and financial guarantee contracts, in this section all referred to as "Financial instrument". Equity instruments are not subject to impairment.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables and is adjusted for forward-looking estimates.

**Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

**Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

**Write-offs**

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery.

**Determination of fair value**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

**Level 1 financial instruments:**

Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

**Level 2 financial instruments:**

Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

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**Level 3 financial instruments:**

Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates for the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

**1.06 Property, plants and equipment and capital work in progress**

Property, plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent cost incurred on an item of property, plant and equipment is recognized in the carrying amount thereof when those cost meet the recognition criteria as mentioned above, Repairs and maintenance are recognized in profit or loss as incurred.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives. Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognised as assets is derecognised at the time of replacement thereof. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the estimated useful lives of the respective fixed assets which are as per the provisions of Part C of Schedule II of the Act for calculating the depreciation.

The estimated useful lives for the different types of assets are:

| Assets | Useful life |
|---|---|
| Furniture and Fixtures | 10 years |
| Computers and data processing units - Servers and networks | 6 years |
| Computers and data processing units – End user devices, such as desktops, laptops etc. | 3 years |
| Office equipment | 5 years |

Leasehold improvements are amortized on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is shorter.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

**Intangible assets**

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible fixed assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

The estimated useful lives for the different types of assets are:

| Assets | Useful life |
|---|---|
| Softwares | 3 years |
| Asset Management Rights | 5 years |

**Impairment of non-financial assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

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**1.07 Borrowings**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets upto the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred.

**1.08 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at amortized cost.

**1.09 Provision and contingent liabilities**

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. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

**1.10 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivables. Revenue is recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation. The Company applies the five-step approach for recognition of revenue:

a. Identification of contract(s) with customers;
b. Identification of the separate performance obligations in the contract;
c. Determination of transaction price;
d. Allocation of transaction price to the separate performance obligations; and
e. Recognition of revenue when (or as) each performance obligation is satisfied

**i) Sale of services:** Income from managing Alternative Investment Fund (AIF) schemes are accounted on accrual basis (net of Goods and Service Tax), in accordance with the Investment management agreement. Management fees from PMS are recognised on an accrual basis (net of Goods and Service Tax) as per the terms of the contract with the customers.

**ii) Interest income:** Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

**iii) Dividend income:** Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

**1.11 Brokerage**

The brokerage paid towards mobilization of funds for schemes is recognised based on the period for which services are utilised.

**1.12 Retirement and other employee benefits**

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Indian Accounting Standard 19 – Employee benefits, is set out below:

**i) Defined Contribution plans**

**Provident fund and national pension scheme:**

The Company contributes to a recognized provident fund and national pension scheme which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the statement of profit and loss. The Company has no obligations other than the contributions payable to the respective Funds.

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**ii) Defined Benefits plans**

**Gratuity:**

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with The Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods. Such benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

**Compensated absences:**

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The cost of providing annual leave benefits are determined using the projected unit credit method.

**1.13 Share based payments**

Equity-settled share-based payments to employees and others providing similar services that are granted by the erstwhile holding company Edelweiss Financial Service Limited (EFSL) and current holding company Edelweiss Securities Limited (ESL) are measured by reference to the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the 'ESOP reserve'. In cases where the share options granted vest in instalments over the vesting period, the Company treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each instalment differs.

**1.14 Foreign Currency Translations**

The financial statements are presented in Indian Rupees which is also functional currency of the Company. Transactions in currencies other than Indian Rupees (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

**1.15 Income Taxes**

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

**i) 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.

**ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the 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.

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Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that:

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or
- tax planning opportunities are available that will create taxable profit in appropriate periods.

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.

MAT credit asset is recognized where there is convincing evidence that the asset can be realized in future. MAT credit assets are reviewed as at the balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

**1.16 Goods and Service Tax expenses**

During the financial period, the entity avails Input Tax credit ('ITC') of GST paid on various expenses incurred. Based on the ratio of exempted turnover v/s taxable turnover of the entity, GST Input Tax credit is being expensed off on a monthly basis to GST expense a/c. Further, ITC on ineligible expenses (on which ITC is restricted under GST law) is also debited to GST Expense.

**1.17 Earnings Per Share**

The Company reports basic and diluted earnings per share in accordance with Indian Accounting Standard 33 - Earnings Per Share. Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

**1.18 Standards issued but not yet effective**

There are no new standards that are notified, but not yet effective.

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**Notes to the financial statements (Continued)**
(Currency : Indian rupees in thousands)

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **2.01** | **Cash and cash equivalents** | | |
| | Balances with banks | | |
| | - in current accounts | 1,741.55 | 188,619.93 |
| | - fixed deposits with original maturity of less than 3 months | 7,500.00 | - |
| | - Accrued interest on fixed deposits | 1.69 | - |
| | | 9,243.24 | 188,619.93 |
| **2.02** | **Trade Receivables** | | |
| | Secured, considered good | - | - |
| | Unsecured, considered good | 41,406.84 | - |
| | Trade receivable which have significant increase in credit risk | - | - |
| | Trade receivable - credit impaired | - | - |
| | | 41,406.84 | - |

| As at March 31, 2022 | Outstanding for following periods from date of transaction | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Unbilled | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | more than 3 years | |
| **Undisputed Trade receivables** | | | | | | | | |
| – considered good | - | - | 41,406.84 | - | - | | - | 41,406.84 |
| – have significant increase in credit risk | - | - | - | - | - | | - | - |
| – credit impaired | - | - | - | - | - | | - | - |
| **Disputed Trade receivables** | | | | | | | | |
| – considered good | - | - | - | - | - | | - | - |
| – have significant increase in credit risk | - | - | - | - | - | | - | - |
| – credit impaired | - | - | - | - | - | | - | - |

| As at March 31, 2021 | Outstanding for following periods from date of transaction | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Unbilled | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | more than 3 years | |
| **Undisputed Trade receivables** | | | | | | | | |
| – considered good | - | - | - | - | - | - | - | - |
| – have significant increase in credit risk | - | - | - | - | - | - | - | - |
| – credit impaired | - | - | - | - | - | - | - | - |
| **Disputed Trade receivables** | | | | | | | | |
| – considered good | - | - | - | - | - | - | - | - |
| – have significant increase in credit risk | - | - | - | - | - | - | - | - |
| – credit impaired | - | - | - | - | - | - | - | - |

**ESL Securities Limited**

**Notes to the financial statements (Continued)**
(Currency : Indian rupees)

**2.03 Investments**

| Particulars | At Amortised cost | At fair value through | | | Others | Total |
|---|---|---|---|---|---|---|
| | | Profit & Loss | Other Comprehensive income | Subtotal | | |
| **As at March 31, 2022** | | | | | | |
| Alternative Investment Fund | - | 117,238.02 | - | 117,238.02 | - | 117,238.02 |
| **Total (A)-Gross** | - | 117,238.02 | - | 117,238.02 | - | 117,238.02 |
| (Less): Impairment loss allowance | - | - | - | - | - | - |
| **Total (A) - Net** | - | 117,238.02 | - | 117,238.02 | - | 117,238.02 |
| Investments outside India | - | - | - | - | - | - |
| Investments in India | - | 117,238.02 | - | 117,238.02 | - | 117,238.02 |
| **Total (B) - Gross** | - | 117,238.02 | - | 117,238.02 | - | 117,238.02 |
| (Less): Impairment loss allowance | - | - | - | - | - | - |
| **Total (B) - Net** | - | 117,238.02 | - | 117,238.02 | - | 117,238.02 |
| **As at March 31, 2021** | | | | | | |
| Alternative Investment Fund | - | - | - | - | - | - |
| **Total (A)-Gross** | - | - | - | - | - | - |
| Less: Impairment loss allowance | - | - | - | - | - | - |
| **Total (A) - Net** | - | - | - | - | - | - |
| Investments outside India | - | - | - | - | - | - |
| Investments in India | - | - | - | - | - | - |
| **Total (B) - Gross** | - | - | - | - | - | - |
| (Less): Impairment loss allowance | - | - | - | - | - | - |
| **Total (B) - Net** | - | - | - | - | - | - |

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **2.04 Other financial assets** | | |
| Advances recoverable in cash or in kind or for value to be received | 9,984.31 | 20,422.86 |
| Security deposits | 302.40 | - |
| Other assets | 15.02 | - |
| | 10,301.73 | 20,422.86 |
| **2.05 Current tax assets** | | |
| Advance income taxes | 3,212.26 | 172.37 |
| | 3,212.26 | 172.37 |

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## ESL Securities Limited

**Notes to the financial statements (Continued)**
(Currency : Indian rupees in thousands)

**2.06 Property, Plant and Equipment**

| | Gross Block | | | | Accumulated Depreciation and Impairment | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| **Description of Assets** | **As at April 01, 2021** | **Additions during the year** | **Disposals during the year** | **As at March 31, 2022** | **As at April 01, 2021** | **Charge for the year** | **Disposals during the year** | **As at March 31, 2022** | **As at March 31, 2022** |
| **Property, Plant and Equipment** | | | | | | | | | |
| Furniture and Fixtures | 41.60 | - | - | 41.60 | 1.83 | 10.30 | - | 12.13 | 29.47 |
| Computers | 975.77 | 3,355.50 | 89.88 | 4,241.39 | 64.22 | 1,467.98 | 22.53 | 1,509.67 | 2,731.72 |
| Office Equipments | - | 303.51 | - | 303.51 | - | 110.09 | - | 110.09 | 193.42 |
| **Total** | **1,017.37** | **3,659.01** | **89.88** | **4,586.50** | **66.05** | **1,588.37** | **22.53** | **1,631.89** | **2,954.61** |

| | Gross Block | | | | Accumulated Depreciation and Impairment | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| **Description of Assets** | **As at April 01, 2020** | **Additions during the year** | **Disposals during the year** | **As at March 31, 2021** | **As at April 01, 2020** | **Charge for the year** | **Disposals during the year** | **As at March 31, 2021** | **As at March 31, 2021** |
| **Property, Plant and Equipment** | | | | | | | | | |
| Furniture and Fixtures | - | 41.60 | - | 41.60 | - | 1.83 | - | 1.83 | 39.77 |
| Computers | - | 975.77 | - | 975.77 | - | 64.22 | - | 64.22 | 911.55 |
| **Total** | **-** | **1,017.37** | **-** | **1,017.37** | **-** | **66.05** | **-** | **66.05** | **951.32** |

**2.07 Intangible assets**

| | Gross Block | | | | Accumulated Depreciation and Impairment | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| **Description of Assets** | **As at April 01, 2021** | **Additions during the year** | **Disposals during the year** | **As at March 31, 2022** | **As at April 01, 2021** | **Charge for the year** | **Disposals during the year** | **As at March 31, 2022** | **As at March 31, 2022** |
| Asset Management Rights (refer note 2.34) | - | 14,130.96 | - | 14,130.96 | - | 2,307.41 | - | 2,307.41 | 11,823.55 |
| Software | - | 1,167.57 | - | 1,167.57 | - | 361.14 | - | 361.14 | 806.43 |
| **Total** | **-** | **15,298.53** | **-** | **15,298.53** | **-** | **2,668.55** | **-** | **2,668.55** | **12,629.98** |

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(Currency : Indian rupees in thousands)

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **2.08** | **Other non-financial assets** | | |
| | (Unsecured Considered good, unless stated otherwise) | | |
| | Input tax credit | - | 1,600.08 |
| | Prepaid expenses | 2,181.48 | 417.52 |
| | Vendor Advances | 1,330.70 | 865.09 |
| | | 3,512.18 | 2,882.69 |
| **2.09** | **Trade Payables** | | |
| | Trade payables from non-related parties | 9,178.06 | 6,683.73 |
| | Trade payables from related parties | 6,262.90 | 6,507.15 |
| | Total outstanding dues of micro enterprises and small enterprises (refer below note) | 1,258.25 | 1,078.47 |
| | Total outstanding dues to creditors other than micro enterprises and small enterprises | 14,182.71 | 12,112.41 |
| | | 15,440.96 | 13,190.88 |

Trade Payables includes ₹1,258.25 (previous year ₹1,078.47) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this Act. The afore- mentioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

| As at March 31, 2022 | Outstanding for following periods from due date of transactions | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Unbilled | Not due | Less than 1 year | 1-2 years | 2-3 years | more than 3 years | |
| MSME | 1,182.74 | - | 75.51 | - | - | - | 1,258.25 |
| Others | 10,167.37 | - | 4,015.34 | - | - | - | 14,182.71 |
| Disputed dues - MSME | - | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - | - |

| As at March 31, 2021 | Outstanding for following periods from due date of transactions | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Unbilled | Not due | Less than 1 year | 1-2 years | 2-3 years | more than 3 years | |
| MSME | 862.50 | - | 215.97 | - | - | - | 1,078.47 |
| Others | 4,722.05 | - | 7,390.36 | - | - | - | 12,112.41 |
| Disputed dues - MSME | - | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - | - |

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## ESL Securities Limited

**Notes to the financial statements (Continued)**

(Currency : Indian rupees in thousands)

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **2.10** | **Borrowings** | | |
| | <u>Unsecured</u> | | |
| | Borrowings from Edelweiss Finance & Investments Limited | - | 40,000.00 |
| | Interest accrued but not due on borrowings | - | 524.36 |
| | | **-** | **40,524.36** |
| **2.11** | **Other financial liabilities** | | |
| | Other payables | **11,387.92** | - |
| | Accrued salaries and benefits | **82,511.90** | 36,760.81 |
| | | **93,899.82** | **36,760.81** |
| **2.12** | **Provisions** | | |
| | Provision for employee benefits | | |
| | Gratuity | **12,785.83** | 6,483.40 |
| | Compensated leave absences | **1,576.53** | 631.43 |
| | | **14,362.36** | **7,114.83** |
| **2.13** | **Other non-financial liabilities** | | |
| | Withholding taxes, Goods & service tax and other taxes payable | **13,983.85** | 7,952.47 |
| | Others | **209.85** | - |
| | | **14,193.70** | **7,952.47** |

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(Currency : Indian rupees in thousands)

## 2.14 Equity share capital

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Number | Rs. | Number | Rs. |
| **Authorised share capital** | | | | |
| Equity shares of Rs. 10 each | 30,000,000 | 300,000.00 | 30,000,000 | 300,000.00 |
| **Issued, subscribed & fully paid-up shares** | | | | |
| Equity shares of Rs. 10 each | 26,960,000 | 269,600.00 | 19,960,000 | 199,600.00 |
| Total | 26,960,000 | 269,600.00 | 19,960,000 | 199,600.00 |

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

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Number | Rs. | Number | Rs. |
| Outstanding at the beginning of the year | 19,960,000 | 199,600.00 | 10,000 | 100.00 |
| Shares issued during the year | 7,000,000 | 70,000.00 | 19,950,000 | 199,500.00 |
| **Outstanding at the end of the year** | 26,960,000 | 269,600.00 | 19,960,000 | 199,600.00 |

**b) Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Shares of the Company held by the holding company**

| Equity shareholders | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Number | % holding | Number | % holding |
| Edelweiss Securities Limited* | 26,960,000 | 100% | 19,950,000 | 100% |

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

| Equity shareholders | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Number | % holding | Number | % holding |
| Edelweiss Securities Limited* | 26,960,000 | 100% | 19,950,000 | 100% |

**e) Details of promoters holding in the Company**

**As at March 31, 2022**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|---|---|---|---|---|---|
| Edelweiss Securities Limited* | 19,960,000 | 7,000,000 | 26,960,000 | 100% | - |

**As at March 31, 2021**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|---|---|---|---|---|---|
| Edelweiss Securities Limited* | 10,000 | 19,950,000 | 19,960,000 | 100% | - |

*include shares held by nominees of the Edelweiss Securities Limited.

## 2.15 Other Equity

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Opening balance | (92,094.18) | (159.95) |
| Net profit/(loss) for the year | (123,560.97) | (92,066.23) |
| Adjustment of share based payments expenses | 9,640.17 | - |
| Items of other comprehensive income recognised directly in retained earnings | - | - |
| - Remeasurements of post-employment benefit obligation | (983.00) | 132.00 |
| **Closing balance** | (206,997.98) | (92,094.18) |

Retained earnings comprises of the Company undistributed earnings after taxes till date.

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## ESL Securities Limited

**Notes to the financial statements (Continued)**
(Currency : Indian rupees in thousands)

| | | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| **2.16** | **Fee income** | | |
| | Management and other fees | 183,433.02 | - |
| | | 183,433.02 | - |
| | - recognised over a period of time | 167,385.93 | - |
| | - recognised at a point in time | 16,047.09 | - |
| | | 183,433.02 | - |
| **2.17** | **Net gain on fair value changes** | | |
| | Net gain/(loss) on financial instruments at FVTPL | | |
| | - On investments, unrealised in AIF | 17,238.02 | - |
| | | 17,238.02 | - |
| **2.18** | **Other income** | | |
| | Interest income on | | |
| | - Fixed deposits with bank | 175.95 | - |
| | - Loans to fellow subsidiary company | - | 2,298.23 |
| | Profit on sale of Property, Plant and Equipment, net | 13.45 | - |
| | Miscellaneous income | 230.24 | 204.16 |
| | | 419.64 | 2,502.39 |
| **2.19** | **Employee benefit expenses** | | |
| | Salaries and wages | 225,290.13 | 76,735.78 |
| | Contribution to provident and other funds | 7,242.68 | 2,722.57 |
| | Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)* | 13,920.69 | 3,006.55 |
| | Expense on Employee Stock Appreciation Rights* | 4,506.59 | 2,456.86 |
| | Staff welfare expenses | 1,833.13 | 50.54 |
| | | 252,793.22 | 84,972.30 |

*Edelweiss Financial Services Limited ("EFSL") has Employee Stock Option Plans (ESOP), Stock Appreciation Rights Plans (SAR) and Edelweiss Securities Limited ("ESL") has Employee Stock Option Plans (ESOP) in force. Based on such ESOP/ SAR schemes, EFSL/ESL has granted an ESOP/ SAR option to acquire equity shares of EFSL/ESL that would vest in a graded manner to company's employees. Based on group policy/ arrangement, EFSL/ESL has charged the fair value of such stock options, Company has accepted such cross charge and recognised the same under the employee cost.

| | | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| **2.20** | **Finance costs** | | |
| | Interest on borrowings | | |
| | - Interest on loans from fellow subsidiary | 1,530.55 | 566.88 |
| | Other interest expense | | |
| | - Interest on shortfall in payment of Advance Income Tax | - | 0.10 |
| | - Finance and bank charges | 2.80 | - |
| | | 1,533.35 | 566.98 |

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ESL SECURITIES LIMITED *

# ESL Securities Limited

**Notes to the financial statements (Continued)**

(Currency : Indian rupees in thousands)

| | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **2.21 Other expenses** | | |
| Advertisement and business promotion | 1,027.24 | 250.59 |
| Auditors' remuneration (refer note below) | 1,575.00 | 314.89 |
| Commission and brokerage | 12,247.95 | - |
| Communication | 996.89 | 384.74 |
| Insurance | 65.56 | - |
| Legal and professional fees | 8,228.62 | 1,405.26 |
| Printing and stationery | 221.98 | 2.05 |
| Rates and taxes | 1,415.35 | 100.00 |
| Rent | 13,253.84 | 791.62 |
| Repairs and maintenance | 111.30 | 3.80 |
| **Other expenditure** | | |
| Foreign exchange loss, net | 3.32 | - |
| Computer expenses | 8,584.45 | 46.62 |
| Computer software | 6,479.23 | 6.78 |
| Clearing & custodian charges | 2,656.81 | - |
| Membership and subscription | 3,816.42 | 783.32 |
| Office expenses | 21.00 | 11.07 |
| Postage and courier | 12.18 | 0.08 |
| ROC Expenses | 32.35 | 2,377.87 |
| Goods & Service tax expenses | 381.27 | 28.88 |
| Stamp duty | 160.95 | 603.50 |
| Travelling and conveyance | 2,840.39 | 1,568.52 |
| Miscellaneous expenses | 111.98 | 4.00 |
| Outside Services Cost | 1,824.08 | 279.70 |
| | **66,068.16** | **8,963.29** |

| | | |
|---|---|---|
| **Auditors' remuneration:** | | |
| As Auditors- | | |
| Statutory audit fees | 525.00 | 177.00 |
| Limited review | 450.00 | 75.00 |
| Special audit fees | 600.00 | - |
| In other capacity- | | |
| Certification fees | - | 59.00 |
| Towards reimbursement of expenses | - | 3.89 |
| | **1,575.00** | **314.89** |

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ESL Securities Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in thousands)

## 2.22 Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute its business strategies.

| Risk | Exposure arising from |
|---|---|
| Liquidity risk | Financial liabilities |
| Credit risk | Cash and cash equivalents, trade & other receivables, financial assets measured at amortised cost |
| Market risk | Investments in units of alternative investment funds |

### A Liquidity risk and funding management

Liquidity risk arises from the Company's inability to meet its cash flow commitments on the due date. The Company will be able to discharge its liabilities with future cash flow and support from its holding company.

### a) Financing arrangements

The Company had access to the following borrowing facilities at the end of the reporting year:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Borrowings at Fixed rate | | |
| -Expiring within one year | - | 40,000.00 |
| -Expiring beyond one year | - | - |

The Borrowings at any time and may be terminated by the Edelweiss Finance and Investments Limited.

### b) Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at March 31, 2022

| Contractual maturities of assets and liabilities | On demand | Upto 1 year | 1 to 3 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Financial assets | | | | | |
| (a) Cash and cash equivalents | 9,243.24 | - | - | - | 9,243.24 |
| (b) Trade receivables | - | 41,406.84 | - | - | 41,406.84 |
| (c) Investments | - | - | - | 117,238.02 | 117,238.02 |
| (d) Other financial assets | - | 10,301.73 | - | - | 10,301.73 |
| Total (A) | 9,243.24 | 51,708.57 | - | 117,238.02 | 178,189.83 |
| Financial liabilities | | | | | |
| (a) Trade payables | - | 15,440.96 | - | - | 15,440.96 |
| (b) Other financial liabilities | - | 93,899.82 | - | - | 93,899.82 |
| Total (B) | - | 109,340.78 | - | - | 109,340.78 |
| Net (A) - (B) | 9,243.24 | (57,632.21) | - | 117,238.02 | 68,849.05 |
| Cumulative net | 9,243.24 | (48,388.97) | (48,388.97) | 68,849.05 | |

As at March 31, 2021

| Contractual maturities of assets and liabilities | On demand | Upto 1 year | 1 to 3 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Financial assets | | | | | |
| (a) Cash and cash equivalents | 188,619.93 | - | - | - | 188,619.93 |
| (b) Other financial assets | - | 20,422.86 | - | - | 20,422.86 |
| Total (A) | 188,619.93 | 20,422.86 | - | - | 209,042.79 |
| Financial liabilities | | | | | |
| (a) Trade payables | | 13,190.88 | - | - | 13,190.88 |
| (b) Borrowings | - | 40,524.36 | - | - | 40,524.36 |
| (c) Other financial liabilities | - | 36,760.81 | - | - | 36,760.81 |
| Total (B) | - | 90,476.05 | - | - | 90,476.05 |
| Net (A) - (B) | 188,619.93 | (70,053.19) | - | - | 118,566.74 |
| Cumulative net | 188,619.93 | 118,566.74 | 118,566.74 | 118,566.74 | |

### B Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk. The Company's exposure to credit exposure is very minimal as trade receivable consists of receivable from the schemes for which the Company is Investment manager.

### C Market Risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates.

### (i) Cash flow and fair value interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### (a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting year are as follows:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Borrowings at fixed rate | - | 40,000.00 |
| Total borrowings | - | 40,000.00 |

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**(b) Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity.

| Particulars | Impact on profit after tax | | Impact on other components of equity | |
|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| Interest rates - increase by 25 basis points | (34.99) | (12.43) | (34.99) | (12.43) |
| Interest rates - decrease by 25 basis points | 34.99 | 12.43 | 34.99 | 12.43 |

**ii) Currency risk**

Currency risk is a risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not have any transactions in foreign currency.

**iii) Price risk**

Price risk is the risk that the financial assets at fair value through profit or loss may fluctuate as a result of change in market prices.

**Sensitivity**

The table below summaries the impact of increase/decrease of the NAV on the Company's equity and profit for the year. The analysis is based on the assumption that NAV had changed by 5% with all other variables held constant.

| Particulars | Impact on profit after tax | | Impact on other components of equity | |
|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| **Alternative Investment Funds** | | | | |
| NAV - increase by 5% | 861.90 | - | 861.90 | - |
| NAV - decrease by 5% | (861.90) | - | (861.90) | - |

**2.23 Changes in liabilities arising from financing activities**

| Particulars | 01-Apr-21 | Cash flows | Changes in fair values | Exchange difference | Others* | 31-Mar-22 |
|---|---|---|---|---|---|---|
| Borrowings | 40,524.36 | (40,524.36) | - | - | - | - |
| **Total liabilities from financing activities** | 40,524.36 | (40,524.36) | - | - | - | - |

| Particulars | 01-Apr-20 | Cash flows | Changes in fair values | Exchange difference | Others* | 31-Mar-21 |
|---|---|---|---|---|---|---|
| Borrowings | - | 40,000.00 | - | - | 524.36 | 40,524.36 |
| **Total liabilities from financing activities** | - | 40,000.00 | - | - | 524.36 | 40,524.36 |

*Refers to interest expense for the year incurred by entities other than non-banking financial companies in the group.

**2.24 Capital Management**

Capital of the Company, for the purpose of capital management, include issued capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the Company's capital management is to maximise shareholders value and ensure that the minimum capital requirement. The Company is required to maintain minimum networth of Rs.5 crores as prescribed under Securities Board of India (Portfolio Managers) Regulations, 2020. The management ensures that this is complied.

**2.25** The outbreak of COVID - 19 pandemic has affected several countries across the world, including India. The Government is undertaking several measures to restrict the spread of virus and provide financial support to some stressed sectors. Further, while the COVID-19 vaccination efforts have gained momentum, uncertainty due to the resurgence of COVID cases across many parts of India is rising. The extent to which COVID-19 pandemic will impact the Company, if any, depends on future spread of the virus and related developments, which are uncertain at this point of time. There has been no material change in the controls or processes followed in the closing of the financial statements of the Company.

In preparing the accompanying financial statements, the Company's management is of the view that there is no material impact of the pandemic on its operations and its assets as at March 31, 2022.

**2.26 Cost Sharing**

Edelweiss Securities Limited being the Holding Company incurred expenditure like branding fee, technology and administrative cost etc. which is for the common benefit of itself and its subsidiaries and associates. These costs expended are reimbursed by the Company on the basis of number of employees, actual identifications etc. On the same lines, branch running costs expended (if any) by the Holding Company for the benefit of its subsidiaries and associates are recovered by the Holding Company. Accordingly and as identified by the management, the expenditure heads in note 2.19 and 2.21 includes reimbursement paid and are net of reimbursement received based on the management's best estimate.

Edelweiss Financial Services Limited, being the erstwhile Ultimate Holding Company (till March 26, 2021) along with fellow subsidiaries incurs expenditure like Group Mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its subsidiaries including the Company. These costs expended are reimbursed by the Company on the basis of number of employees, actual identifications etc. On the same lines, branch running costs expended (if any) by the Company for the benefit of fellow subsidiaries and associate are recovered by the Company. Accordingly and as identified by the management, the expenditure heads in note 2.19 and 2.21 includes reimbursement paid and are net of reimbursement received based on the management's best estimate.

**2.27 Calculation of cash losses**

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Profit after tax | (123,560.97) | (92,066.23) |
| Depreciation and amortisation | 4,256.92 | 66.05 |
| Remeasurement gain / (loss) on defined benefit plans | 983.00 | (132.00) |
| Mark to Market (gains)/losses on investments, unrealised | (17,238.02) | - |
| Cash losses during the year | (135,559.07) | (92,132.18) |

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Notes to the financial statements (Continued)

(Currency : Indian rupees in thousands)

**2.28 Fair value measurement**

**a) Fair value hierarchy**

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2022

| Assets and liabilities | Note | Carrying Amount | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| **At Fair Value Through Profit/Loss** | | | | | | |
| Investments | 2.03 | - | - | 117,238.02 | - | 117,238.02 |
| **At Amortised cost** | | | | | | |
| (a) Cash and cash equivalents | 2.01 | 9,243.24 | - | - | - | 9,243.24 |
| (b) Trade receivables | 2.02 | 41,406.84 | - | - | - | 41,406.84 |
| (C) Other financial assets | 2.04 | 10,301.73 | - | - | - | 10,301.73 |
| **Total financial assets** | | 60,951.81 | - | 117,238.02 | - | 178,189.83 |
| **Financial liabilities** | | | | | | |
| **At Amortised cost** | | | | | | |
| (a) Trade payables | 2.09 | 15,440.96 | - | - | - | 15,440.96 |
| (b) Borrowings | 2.10 | 0.00 | - | - | - | 0.00 |
| (c) Other financial liabilities | 2.11 | 93,899.82 | - | - | - | 93,899.82 |
| **Total financial liabilities** | | 109,340.78 | - | - | - | 109,340.78 |

As at March 31, 2021

| Assets and liabilities | Note | Carrying Amount | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| **At Fair Value Through Profit/Loss** | | | | | | |
| Investments | 2.03 | - | - | - | - | - |
| **At Amortised cost** | | | | | | |
| (a) Cash and cash equivalents | 2.01 | 188,619.93 | - | - | - | 188,619.93 |
| (b) Trade receivables | 2.02 | - | - | - | - | - |
| (c) Other financial assets | 2.04 | 20,422.86 | - | - | - | 20,422.86 |
| **Total financial assets** | | 209,042.79 | - | - | - | 209,042.79 |
| **Financial liabilities** | | | | | | |
| **At Amortised cost** | | | | | | |
| (a) Trade payables | 2.09 | 13,190.88 | - | - | - | 13,190.88 |
| (b) Borrowings | 2.10 | 40,524.36 | - | - | - | 40,524.36 |
| (c) Other financial liabilities | 2.11 | 36,760.81 | - | - | - | 36,760.81 |
| **Total financial liabilities** | | 90,476.05 | - | - | - | 90,476.05 |

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between levels 1 and 2 during the year.

**b) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments
- Alternative Investment Schemes at declared NAV's, and
- for other financial instruments – discounted cash flow analysis.

c) The carrying amounts of cash and cash equivalents, trade receivables, trade payables, other financial assets and borrowing are considered to be the same at their fair values, due to their short-term nature.

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**Notes to the financial statements (Continued)**

(Currency : Indian rupees in thousands)

**2.29 Disclosure as required by Indian Accounting Standard 24 – "Related Party Disclosure", as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 :**

**(A) Names of related parties by whom control is exercised**

| | |
|---|---|
| Edelweiss Securities Limited | Holding company |
| Edelweiss Financial Services Limited (Upto March 26, 2021) | Ultimate holding company |
| PAGAC Esctasy Pte Limited (w.e.f. March 27, 2021) | Ultimate holding company |
| Edelweiss Global Wealth Management Limited (w.e.f. March 27, 2021 upto March 31, 2022) | Parent of holding company |

**(B) Names of related parties who exercise significant influence over the Company's Holding company**

Edelweiss Financial Services Limited (w.e.f. March 27, 2021)

**(C) Fellow subsidiaries with whom the Company has transactions:**

**(C-i) Subsidiaries of Edelweiss Financial Services Limited (upto March 26, 2021)**

1 Edelweiss Global Wealth Management Limited
2 ECap Equities Limited
3 Edelweiss Rural & Corporate Services Limited (formerly Edelweiss Commodity Services Limited)
4 Edelweiss Alternative Asset Advisors Limited
5 Edelweiss Asset Management Limited
6 Edelweiss Multi Strategy Fund Advisors LLP
7 Edelweiss Tokio Life Insurance Company Limited
8 Edelweiss Broking Limited (w.e.f. May 4,2020)
9 Edelweiss Finance & Investments Limited (w.e.f. March 31, 2020)

**(C-ii) Subsidiaries of Edelweiss Securities Limited (w.e.f. March 27, 2021)**

1 Edelweiss Finance & Investments Limited
2 Edelweiss Broking Limited
3 Edelweiss Custodial Services Limited

**(D) Subsidiaries/Fellow Subsidiary/ Associate/JV of Entity exercising significant influence over holding Company with whom the Company has transactions**

**w.e.f. March 27, 2021**

1 ECap Equities Limited
2 Edelweiss Rural & Corporate Services Limited
3 Edelweiss Alternative Asset Advisors Limited
4 Edelweiss Asset Management Limited
5 Edelweiss Multi Strategy Fund Advisors LLP
6 Edelweiss Tokio Life Insurance Company Ltd

**(E) Key Management Personnel (KMP):**

Mr. Anshu Kapoor - MD & CEO
Mr. Manish Khatri - CFO (w.e.f. May 14, 2021)
Ms. Kavita Khatri - CS (w.e.f. May 14, 2021 to October 20,2021)
Ms. Devanshi Shah - CS (w.e.f. October 20,2021)

The Wealth Management Business undertaking was demerged from Edelweiss Global Wealth Management Limited (EGWML) into Edelweiss Securities Limited (ESL) vide NCLT order dated March 31, 2022. Accordingly, all related party balances outstanding as at March 31, 2022 relating to Wealth Management Business undertaking of EGWML are considered to be transacted with ESL and disclosed accordingly.

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The details of transactions of the Company with its related parties during the year ended 31 March, 2022 are given below:

| Sr. No. | Particulars | Holding company | Ultimate holding company | Entities who exercises significant influence over holding company | Fellow Subsidiaries | Parent of Holding Company | Subsidiaries/ Fellow Subsidiaries/ Associate/ JV of Entity exercising significant influence over holding company | KMPs |
|---|---|---|---|---|---|---|---|---|
| 1 | **Edelweiss Securities Limited** | | | | | | | |
| | - Issue of share capital | 70,000.00 | - | - | - | - | - | - |
| | - Employee Stock Option Scheme (ESOP) expenses paid to | 9,029.97 | - | - | - | - | - | - |
| | - Shared Technology cost paid to | 8,218.31 | - | - | - | - | - | - |
| | - Branding expenses reimbursement | 502.73 | - | - | - | - | - | - |
| | - Insurance expenses paid to | 65.56 | - | - | - | - | - | - |
| | - Purchase of Fixed Assets | 72.10 | - | - | - | - | - | - |
| | - Other expenses paid to | 5.46 | - | - | - | - | - | - |
| 2 | **Edelweiss Financial Services Limited** | | | | | | | |
| | - ESOP/ESAR expenses paid to | - | - | 9,397.30 | - | - | - | - |
| | - Purchase of Fixed Assets | - | | 34.96 | - | - | - | - |
| 3 | **ECap Equities Limited** | | | | | | | |
| | - Other expenses paid to | - | - | - | - | - | 3.72 | - |
| 4 | **Edelweiss Custodial Services Limited** | | | | | | | |
| | - Rent paid to | - | - | - | 12,339.07 | - | - | - |
| 5 | **Edelweiss Rural & Corporate Services Limited** | | | | | | | |
| | - Medical insurance charges paid to | - | - | - | - | - | 78.19 | - |
| | - Shared Technology cost | - | - | - | - | - | 35.86 | - |
| | - Purchase of Fixed Assets | - | | - | - | - | 4.37 | - |
| | - other expenses paid to | - | - | - | - | - | 14.57 | - |
| 6 | **Edelweiss General Insurance Company Limited** | | | | | | | |
| | - Insurance expenses paid to | - | - | - | - | - | 1,108.61 | - |
| 7 | **Edelweiss Global Wealth Management Limited** | | | | | | | |
| | - Purchase of Fixed Assets | - | - | - | - | 66.50 | - | - |
| 8 | **Edelweiss Tokio Life Insurance Company Ltd** | | | | | | | |
| | - Insurance expenses paid to | - | - | - | - | - | 227.02 | - |
| 9 | **Edelweiss Asset Management Limited** | | | | | | | |
| | - Purchase of Fixed Assets | - | - | - | - | - | 26.68 | - |
| 10 | **Edelweiss Broking Limited** | | | | | | | |
| | - Referral Fees Charges | - | - | - | 11,547.63 | - | - | - |
| | - Sale of Fixed Assets | - | - | - | 77.18 | - | - | - |
| | - Other expenses paid to | - | - | - | 1.98 | - | - | - |
| | - Purchase of Fixed Assets | - | - | - | 0.29 | - | - | - |
| 11 | **Edelweiss Finance & Investments Limited** | | | | | | | |
| | - Short term loans taken | - | - | - | 325,770.00 | - | - | - |
| | - Short term loans repaid | - | - | - | 365,770.00 | - | - | - |
| | - Interest expenses on loan taken from | - | - | - | 1,530.55 | - | - | - |
| | - Other expenses paid to | - | | - | 384.79 | - | - | - |
| | - Other reimbursements received from | - | - | - | 155.58 | - | - | - |
| 12 | **Short term employee benefits incl. Perks** | - | - | - | - | - | - | 29,468.63 |

The balances payable to/receivable from the related parties of the Company as on March 31, 2022 are given below:

| Sr. No. | Particulars | Holding company | Ultimate holding company | Entities who exercises significant influence over holding company | Fellow Subsidiaries | Parent of Holding Company | Subsidiaries/ Fellow Subsidiaries/ Associate/ JV of Entity exercising significant influence over holding company | KMPs |
|---|---|---|---|---|---|---|---|---|
| 1 | **Edelweiss Securities Limited** | | | | | | | |
| | - Trade payables | 1,380.41 | - | - | - | - | - | - |
| | - Other reimbursement receivables from | 372.57 | - | - | - | - | - | - |
| | - ESOP expenses payable | 9,029.97 | - | - | - | - | - | - |
| 2 | **Edelweiss Financial Services Limited** | | | | | | | |
| | - ESOP and ESAR expenses payable, net | - | - | 2,357.95 | - | - | - | - |
| 3 | **Edelweiss Rural & Corporate Services Limited** | | | | | | | |
| | - Trade payables | - | - | - | - | - | 5.28 | - |
| 4 | **Edelweiss Custodial Services Limited** | | | | | | | |
| | - Trade payables | - | - | - | 1,071.75 | - | - | - |
| 5 | **Edelweiss Tokio Life Insurance Company Limited** | | | | | | | |
| | - Vendor advances, net | - | - | - | - | - | 1,343.27 | - |
| | - Trade payables | - | - | - | - | - | 88.00 | - |
| 6 | **Edelweiss Asset Management Limited** | | | | | | | |
| | - Other reimbursement receivables from | - | | - | - | - | 996.70 | - |
| 7 | **Edelweiss Broking Limited** | | | | | | | |
| | - Other reimbursement receivables from | - | - | - | 1,229.01 | - | - | - |
| | - Trade payables | - | - | - | 3,645.76 | - | - | - |
| 8 | **Edelweiss Finance and Investments Limited** | | | | | | | |
| | - Other reimbursement receivables from | | | | 845.03 | | | |
| | - Trade payables | - | - | - | 71.70 | - | - | |

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**ESL Securities Limited**

**Notes to the financial statements (Continued)**

(Currency : Indian rupees in thousands)

**The details of transactions of the Company with its related parties during the year ended 31 March, 2021 are given below:**

| Sr. No. | Particulars | Holding company | Ultimate holding company | Entities who exercises significant influence over holding company | Fellow Subsidiaries | Parent of Holding Company | Subsidiaries/ Fellow Subsidiaries/ Associate/ JV of Entity exercising significant influence over holding company | KMPs |
|---|---|---|---|---|---|---|---|---|
| 1 | **Edelweiss Securities Limited** | | | | | | | |
| | - Issue of Equity share capital | 199,500.00 | - | - | - | - | - | - |
| 2 | **Edelweiss Financial Services Limited** | | | | | | | |
| | - Employee Stock Option Scheme (ESOP) expenses paid to | - | 2,965.37 | 41.19 | - | - | - | - |
| | - Employee stock appreciation rights expenses paid to | - | 2,423.21 | 33.66 | - | - | - | - |
| | - Staff welfare expenses | - | 29.85 | - | - | - | - | - |
| 3 | **Edelweiss Global Wealth Management Limited** | | | | | | | |
| | - Employee loan and interest transfer from | - | - | - | 166.13 | - | - | - |
| | - Other reimbursements from | | | | 3,050.06 | - | | |
| | - Purchase of fixed assets | | | | 138.32 | - | | |
| 4 | **ECap Equities Limited** | | | | | | | |
| | - Rent paid to | | | | 146.13 | - | 22.84 | |
| 5 | **Edelweiss Rural & Corporate Services Limited (formerly Edelweiss Commodity Services Limited)** | | | | | | | |
| | - Rent paid to | - | - | - | 461.01 | - | 15.45 | - |
| | - Legal and professional fees paid to | - | - | - | 1.22 | - | 0.13 | - |
| | - Courier expenses | - | - | - | - | - | 0.08 | - |
| | - Other reimbursements to | - | - | - | - | - | 10.20 | - |
| | - Other reimbursements from | - | - | - | 588.80 | - | - | - |
| 6 | **Edelweiss Alternative Asset Advisors Limited** | | | | | | | |
| | - Other reimbursements from | - | - | - | 261.70 | - | - | - |
| | - Purchase of fixed assets | - | - | - | 33.98 | - | - | - |
| 7 | **Edelweiss Asset Management Limited** | | | | | | | |
| | - Other reimbursements from | - | - | - | 1,383.70 | - | - | - |
| | - Purchase of fixed assets | - | - | - | 56.26 | - | - | - |
| 8 | **Edelweiss Multi Strategy Fund Advisors LLP** | | | | | | | |
| | - Purchase of fixed assets | - | - | - | 1.54 | - | - | - |
| 9 | **Edelweiss Tokio Life Insurance Company Ltd** | | | | | | | |
| | - Insurance expenses paid to | - | - | - | 9.21 | - | 1.77 | - |
| 10 | **Edelweiss Broking Limited** | | | | | | | |
| | - Interest income on loan given to | - | - | - | 2,298.23 | - | - | - |
| | - Purchase of Fixed Assets from | - | - | - | 46.98 | - | - | - |
| | - Other reimbursements from | - | - | - | 11.70 | - | - | - |
| | - Short term loans given to | - | - | - | 98,400.00 | - | - | - |
| | - Short term loans repaid from | - | - | - | 98,400.00 | - | - | - |
| 11 | **Edelweiss Finance and Investments Limited** | | | | | | | |
| | - Short term loans taken from | - | - | - | 40,000.00 | - | - | - |
| | - Interest expenses on loan taken from | - | - | - | 566.88 | - | - | - |
| | - Purchase of Fixed Assets from | - | - | - | 24.55 | - | - | - |
| | - Other reimbursements from | - | - | - | 0.44 | - | - | - |
| 12 | Short term employee benefits paid to | - | - | - | - | - | - | 17,027.23 |

**The balances payable to/receivable from the related parties of the Company as on 31 March, 2021 are given below:**

| Sr. No. | Particulars | Holding company | Ultimate holding company | Entities who exercises significant influence over holding company | Fellow Subsidiaries | Parent of Holding Company | Subsidiaries/ Fellow Subsidiaries/ Associate/ JV of Entity exercising significant influence over holding company | KMPs |
|---|---|---|---|---|---|---|---|---|
| 1 | **Edelweiss Securities Limited** | | | | | | | |
| | - Trade payables | 116.48 | - | - | - | - | - | - |
| 2 | **Edelweiss Financial Services Limited** | | | | | | | |
| | - Employee Stock Option Scheme (ESOP) expenses paid to | - | - | 3,006.55 | - | - | - | - |
| | - Employee stock appreciation rights expenses paid to | - | - | 2,456.86 | - | - | - | - |
| | - Staff welfare expenses | - | - | 16.65 | - | - | - | - |
| 3 | **Edelweiss Global Wealth Management Limited** | | | | | | | |
| | - Other reimbursements from | - | - | - | 1,587.06 | - | - | - |
| | - Purchase of fixed assets | - | - | - | 163.22 | - | - | - |
| | - Employee loan and interest transfer from | - | - | - | 166.13 | - | - | - |
| 4 | **ECap Equities Limited** | | | | | | | |
| | - Rent paid to | - | - | - | - | - | 171.61 | - |
| 5 | **Edelweiss Rural & Corporate Services Limited (formerly Edelweiss Commodity Services Limited)** | | | | | | | |
| | - Rent paid to | - | - | - | - | - | 205.77 | - |
| | - Legal and professional fees paid to | - | - | - | - | - | 0.90 | - |
| | - Courier expenses | - | - | - | - | - | 0.09 | - |
| | - Other reimbursements to | - | - | - | - | - | 10.20 | - |
| | - Other reimbursements from | - | - | - | 588.80 | - | - | - |
| 6 | **Edelweiss Alternative Asset Advisors Limited** | | | | | | | |
| | - Other reimbursements from | - | - | - | 261.70 | - | - | - |
| | - Purchase of fixed assets | - | - | - | 40.10 | - | - | - |
| 7 | **Edelweiss Asset Management Limited** | | | | | | | |
| | - Other reimbursements from | - | - | - | 1,383.70 | - | - | - |
| | - Purchase of fixed assets | - | - | - | 66.39 | - | - | - |

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Notes to the financial statements (Continued)

(Currency : Indian rupees in thousands)

| Sr. No. | Particulars | Holding company | Ultimate holding company | Entities who exercises significant influence over holding company | Fellow Subsidiaries | Parent of Holding Company | Subsidiaries/ Fellow Subsidiaries/ Associate/ JV of Entity exercising significant influence over holding company | KMPs |
|---|---|---|---|---|---|---|---|---|
| 8 | **Edelweiss Multi Strategy Fund Advisors LLP** | | | | | | | |
| | - Purchase of fixed assets | - | - | - | 1.81 | - | - | - |
| 9 | **Edelweiss Broking Limited** | | | | | | | |
| | - Purchase of fixed assets | - | - | - | 55.43 | - | - | - |
| | - Other reimbursements from | - | - | - | 11.70 | - | - | - |
| 10 | **Edelweiss Finance and Investments Limited** | | | | | | | |
| | - Short term loans taken from | - | - | - | - | - | 40,000.00 | - |
| | - Interest expenses on loan taken from | - | - | - | - | - | 524.36 | - |
| | - Purchase of fixed assets | - | - | - | - | - | 28.96 | - |
| | - Other reimbursements from | - | - | - | - | - | 0.44 | - |

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(Currency : Indian rupees in thousands)

**2.30 Disclosure pursuant to Indian Accounting Standard 19 - Employee Benefits**

**a) Defined contribution plans**

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

| **Particulars** | **For the year ended March 31, 2022** | **For the year ended March 31, 2021** |
|---|---|---|
| Provident fund | 5,157.46 | 772.13 |

**b) Defined benefit plans**

The Company has a defined benefit gratuity plan in India. The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

**i) Balance Sheet**

| **Particulars** | **Present value of obligation** | **Fair value of plan assets** | **Net amount** |
|---|---|---|---|
| **As at April 1, 2020** | - | - | - |
| Current service cost | 1,007.00 | - | 1,007.00 |
| Interest expense/(income) | 312.00 | - | 312.00 |
| Return on plan assets | - | - | - |
| Acturial loss / (gain) arising from change in financial assumptions | 378.00 | - | 378.00 |
| Acturial loss / (gain) arising from change in demographic assumptions | (322.00) | - | (322.00) |
| Acturial loss / (gain) arising on account of experience changes | (188.00) | - | (188.00) |
| Employer contributions | - | - | - |
| Transfer In/ (Out) | 5,296.40 | - | 5,296.40 |
| Benefit payments | - | - | - |
| **As at March 31, 2021** | **6,483.40** | **-** | **6,483.40** |
| Current service cost | 1,394.77 | - | 1,394.77 |
| Interest expense/(income) | 496.00 | - | 496.00 |
| Return on plan assets | - | - | - |
| Acturial loss / (gain) arising from change in financial assumptions | (203.00) | - | (203.00) |
| Acturial loss / (gain) arising from change in demographic assumptions | - | - | - |
| Acturial loss / (gain) arising on account of experience changes | 1,186.00 | - | 1,186.00 |
| Reversal of the liability | - | - | - |
| Employer contributions | | - | - |
| Transfer In/ (Out) | 3,428.29 | - | 3,428.29 |
| Benefit payments | - | - | - |
| **As at March 31, 2022** | **12,785.46** | **-** | **12,785.46** |

| **Particulars** | **As at March 31, 2022** | **As at March 31, 2021** |
|---|---|---|
| Present value of plan liabilities | 12,785.46 | 6,483.40 |
| Fair value of plan assets | - | - |
| **Plan liability net of plan assets** | **12,785.46** | **6,483.40** |

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ii) **Statement of Profit and Loss**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Employee Benefit Expenses: | | |
| Current service cost | 1,395 | 1,007.00 |
| **Total** | **1,395** | 1,007.00 |
| Finance cost | 496 | 312.00 |
| **Net impact on the profit before tax** | **1,891** | 1,319.00 |
| | | |
| **Remeasurement of the net defined benefit liability:** | | |
| Return on plan assets excluding amounts included in interest expense/income | | |
| Actuarial gains/(losses) arising from changes in demographic assumptions | - | (322.00) |
| Actuarial gains/(losses) arising from changes in financial assumptions | (203.00) | 378.00 |
| Actuarial gains/(losses) arising from changes in experience | 1,186.00 | (188.00) |
| **Net impact on the other comprehensive income before tax** | 983.00 | (132.00) |

iii) **Actuarial assumptions**

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Discount rate | 5.40% | 5.00% |
| Salary escalation rate* | 7.00% | 7.00% |
| Mortality | IALM 2012-14 (Ultimate) | IALM 2012-14 (Ultimate) |
| Employee Turnover | | |
| Senior | 25.00% | 25.00% |
| Middle | 25.00% | 25.00% |
| Junior | 25.00% | 25.00% |

* takes into account the inflation, seniority, promotions and other relevant factors

iv) **Sensitivity**

| As at March 31, 2022 | Change in assumption | Impact on defined benefit | |
|---|---|---|---|
| | | Increase | Decrease |
| Discount rate | 1% / -1% | (378.00) | 409.00 |
| Salary escalation rate | 1% / -1% | 399.00 | (376.00) |
| Employee Turnover | 1% / -1% | (25.00) | 27.00 |

| As at March 31, 2021 | Change in assumption | Impact on defined benefit | |
|---|---|---|---|
| | | Increase | Decrease |
| Discount rate | 1% / -1% | (196.00) | 212.00 |
| Salary escalation rate | 1% / -1% | 206.00 | (194.00) |
| Employee Turnover | 1% / -1% | (16.00) | 17.00 |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

v) **Maturity**

The weighted average duration of the defined benefit obligation is 3 years (previous year - 3 years)

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

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2.31 **Details of Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties either severally or jointly with any other person, that are:**

| Type of Borrower | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans |
| Repayable on demand | | | | |
| Promoters | - | - | - | - |
| Directors | - | - | 2,742.00 | 100% |
| KMPs | - | - | - | - |
| Related Parties | - | - | - | - |
| without specifying any terms or period of repayment | | | | |
| Promoters | - | - | - | - |
| Directors | - | - | - | - |
| KMPs | - | - | - | - |
| Related Parties | - | - | - | - |

2.32 **Expenditure and Earning in foreign currency**

Additional information pursuant to the provision of Schedule III to the Companies Act, 2013 is given below:

The Company has not earned any revenue in foreign currency during the year ended March 31, 2022 and March 31, 2021.

Expenditure in foreign currency (on accrual basis) Rs. in thousands

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Membership & Subscriptions | 110.00 | - |

2.33 Additional regulatory information required under (WB) (xvi) of Division III of Schedule III amendment, disclosure of ratios, is not applicable to the Company as it is in the business of Asset Management services and not an NBFC registered under section 45-IA of Reserve Bank of India Act, 1934.

2.34 **Acquisition of Asset Management Rights**

ESL Securities Limited ('ESLSL') had acquired 'Infinity PMS business' of Edelweiss Asset Management Limited ('EAML') in the month of June'21 by executing a Slump Sale Agreement. As per the aforementioned agreement, Infinity PMS business together with all the rights, title, interest and obligation associated with it is transferred to ESLSL and the following assets acquired.

| Particulars | Rs. in thousands |
|---|---|
| Asset Management Rights | 14,130.96 |
| Computer and Softwares | 869.04 |
| **Total Considerations paid** | **15,000.00** |

2.35 **Corporate Social Responsibility**

The Company doesn't meet the threshold criteria as prescribed under section 135 of the Companies Act, 2013. Accordingly, the provision of section 135 of the Companies Act, 2013 is not applicable to the Company.

2.36 **Other statutory information**

i) The Company does not have any Benami property and no proceeding has been initiated or pending against the Company.

ii) The Company does not have any transactions with companies struck off.

iii) The Company dos not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

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**ESL Securities Limited**

**Notes to the financial statements (Continued)**

(Currency : Indian rupees in thousands)

**2.37 Ratios**

| Sr. No. | Ratio | Numerator | Denominator | As at/ For the year ended March 31, 2022 | As at/ For the year ended March 31, 2021 |
|---|---|---|---|---|---|
| i) | Current Ratio | Current Assets = Cash and cash equivalents + Trade receivables + Other financial assets + Current tax assets | Current liabilities = Payables + Other financial liabilities + Provisions + Other non-financial liabilities | 0.50 | 3.49 |
| ii) | Debt-Equity Ratio | Total Debt = Borrowings | Shareholder's Equity = Equity | - | 0.37 |
| iii) | Debt service coverage ratio | Earning for debt services = Net profit after taxes + non-cash operating expenses (i.e. Depreciation and amortisation, Remeasurement gain / (loss) on defined benefit plans and Mark to Market (gains)/losses on investments, unrealised) | Debt Services = Interest & Lease payments + Principal repayments | (0.37) | (162.50) |
| iv) | Return on Equity | Net profit after taxes - preference dividend | Average Shareholder's Equity = (Opening Equity + Closing Equity) / 2 | (1.45) | (3.87) |
| v) | Trade Receivable Turnover Ratio | Fee income | Average Trade receivables = (Opening Trade receivables+ Closing Trade receivables) / 2 | 8.86 | - |
| vi) | Net Capital Turnover Ratio | Fee income | Working Capital = Current assets - current liabilities | (2.85) | - |
| vii) | Net profit ratio | Net profit | Fee income | (0.67) | - |
| viii) | Return on Capital Employed | Earning before interest and taxes | Capital Employed = Tangible Net worth + Total Debt + Deferred tax liabilities | (1.95) | (0.62) |
| ix) | Return on Investments | Net gain on fair value changes | Investments | 17% | NA |

Notes:

1) This is the first year of operations. Hence, the previous year ratios are not comparable.

2) The Company will be able to discharge its liabilities with future cash flow and support from its holding company.

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ESL SECURITIES LIMITED

## ESL Securities Limited

**Notes to the financial statements (Continued)**

(Currency : Indian rupees in thousands)

**2.38 Earnings per share**

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **Profit/(Loss) attributable to the equity holders of the Company used in calculating basic earnings per share** | | |
| Profit/ (Loss) for the year | (123,560.97) | (92,066.23) |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 24,294,247 | 4,209,726 |
| Earnings per equity share (basic and diluted) (amount in ₹) | (5.09) | (21.87) |

The basic and diluted earnings per share are the same as there are no diluted potential equity shares.

**2.39 Segment reporting**

The primary business of the Company is to provide management services including portfolio management services to its clients. Accordingly, there is no separate reportable segment and hence, no disclosure is made under Indian Accounting Standard 108 – Operating Segment Reporting.

**2.40 Contingent liabilities and capital commitments**

The Company has capital commitment of ₹29 thousands (previous year Nil).
The Company has Nil contingent liabilities as at March 31, 2022 and March 31, 2021 .

**2.41 Previous period comparatives**

Previous period numbers have been regrouped and rearranged wherever necessary to confirm to current period presentation/ classification.

The financial statements were authorised for issue by the Company's board of directors on May 17, 2022.

The accompanying notes are an integral part of these financial statements.
As per our report of even date attached

**For S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number:301003E/E300005

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

**per Shrawan Jalan**
Partner
Membership No:102102

Mumbai
May 17, 2022

**For and on behalf of the Board of Directors of ESL Securities Limited**

**Anshu Kapoor**
Managing Director & CEO
DIN: 07518217

**Prashant Mody**
Director
DIN: 03101048

**Manish V. Khatri**
Chief Financial Officer

**Devanshi Shah**
Company Secretary

Mumbai
May 17, 2022

ESL SECURITIES LIMITED