



KAPISH JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors
Escorts Securities Limited

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of **Escorts Securities Limited** ("*the Company*") which comprises the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

The accompanying special purpose financial statements of the Company have been prepared, in all material respect, in accordance with the basis of statement of compliances referred in Note 2.1 to these special purpose financial statements and our terms of engagement via letter dated 10 April 2020 for preparation the financial statement as per Indian Accounting Standard (IndAS) prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 ("special purposes").

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the special purpose financial statements under the provisions of the Companies Act, 2013 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 opinion.

KAPISH JAIN

Chartered Accountants
Firm No. 022743N
New Delhi - 110001

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

KAPISH
JAIN

Digitally signed by KAPISH JAIN
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postalCode=110075, st=DELHI,
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Date: 2020.05.12 21:19:18 +05'30'

CA Kapish Jain
Partner
Membership No. 514162
UDIN 20514162AAAAEY1731

Place: New Delhi
Date: 12 May 2020

Escorts Securities Limited
CIN - U74899DL1994PLC062140
Balance Sheet as at 31 March 2020

(All amounts in INR unless stated otherwise)

Particulars	Note No.	As at 31st March, 2020	As at 31 March, 2019
Assets			
1 Non-current assets			
a. Property, plant and equipment	3	3,025,552	4,410,132
b. Other intangible assets	4	185,652	378,461
c. Right-of-Use Asset	5	1,180,202	-
d. Financial assets			
i. Investments	6	1,141,668	2,024,320
ii. Other financial assets	7	72,088,183	57,923,731
e. Deferred tax assets (net)	8	14,430,882	12,167,931
f. Income tax assets (net)	9	1,315,007	1,679,352
g. Other non-current assets	10	280,183	550,084
		<u>93,647,329</u>	<u>79,134,011</u>
2 Current assets			
a. Stock-in-trade	11	2,259,388	6,054,893
b. Financial assets			
i. Trade receivables	12	153,973,180	74,183,177
ii. Cash and cash equivalents	13	29,604,078	78,906,749
iii. Other bank balances	14	23,250,943	7,951,890
iv. Other financial assets	7	11,581,017	9,320,022
c. Other current assets	10	8,062,218	5,079,000
		<u>228,730,824</u>	<u>181,495,731</u>
Total assets		<u>322,378,153</u>	<u>260,629,742</u>
Equity and liabilities			
1 Equity			
a. Equity share capital	15	135,000,000	135,000,000
b. Other equity			
i. Equity component of preference shares	15	10,671,322	10,671,322
ii. Retained earnings	16	(22,368,203)	(10,436,373)
Total equity		<u>123,303,119</u>	<u>135,234,949</u>
2 Liabilities			
Non-current liabilities			
a. Financial liabilities			
i. Other financial liabilities	17	1,304,217	1,295,217
b. Provisions	18	2,718,533	3,900,575
c. Other non-current liabilities	19	-	-
		<u>4,022,750</u>	<u>5,195,792</u>
Current liabilities			
a. Financial liabilities			
i. Borrowing other than debt securities	20	74,500,000	-
ii. Trade payables	21	95,416,364	103,726,647
iii. Other financial liabilities	22	18,215,754	10,601,321
b. Provisions	18	1,223,428	583,071
c. Other current liabilities	19	5,696,739	5,287,962
		<u>195,052,285</u>	<u>120,199,001</u>
Total liabilities		<u>199,075,035</u>	<u>125,394,793</u>
Total equity and liabilities		<u>322,378,153</u>	<u>260,629,742</u>

See accompanying notes to the special purpose financial statements

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

sd/-
Kapish Jain
Partner
Membership No. 514162

Place: New Delhi
Date: 12.05.2020

For Escorts Securities Limited

sd/-
Vinod Dixit
Managing Director
DIN : 01147430

sd/-
Rupinder Kaur
Company Secretary

sd/-
Pawan Bhalla
Director
DIN : 00312478

sd/-
Tejinder Singh
Chief Financial Officer

Escorts Securities Limited
CIN - U74899DL1994PLC062140
Statement of profit and loss for the year ended 31 March 2020

(All amounts in INR unless stated otherwise)

Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31 March, 2019
I Revenue from operations	23	39,641,821	38,860,853
II Other income	24	19,097,656	19,388,716
Total income (III)		<u>58,739,477</u>	<u>58,249,569</u>
IV Expenses			
Employee benefits expense	25	28,251,554	27,191,162
Depreciation and amortisation expense	26	3,367,835	1,957,067
Finance cost	27	3,790,706	4,781,439
Other expenses	28	37,329,405	53,381,514
Total expenses (IV)		<u>72,739,499</u>	<u>87,311,182</u>
V Profit/(Loss) before tax (III-IV)		(14,000,022)	(29,061,613)
VI Tax expense			
Current tax	7	-	(138,712)
Deferred tax charge/(credit)	29	2,262,951	4,290,564
Tax adjustments of earlier years			
		<u>2,262,951</u>	<u>4,151,852</u>
VII Profit/(loss) for the year (V-VI)		(11,737,071)	(24,909,761)
VIII Other comprehensive income			
A.Items that will not be reclassified to profit or loss			
i. Re-measurement of defined benefit plans		(164,219)	233,561
ii. Income tax relating to items that will not be reclassified to profit or loss	29	-	(60,726)
		<u>(164,219)</u>	<u>172,835</u>
Other comprehensive income for the year, net of tax		(164,219)	172,835
IX Total comprehensive income for the year (VII+VIII)		(11,901,290)	(24,736,925)
X Earning per equity share			
Basic	30	(0.87)	(2.42)
Diluted	30	(0.87)	(2.42)

See accompanying notes to the special purpose financial statements

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

sd/-
Kapish Jain
Partner
Membership No. 514162

Place: New Delhi
Date: 12.05.2020

For **Escorts Securities Limited**

sd/-
Vinod Dixit
Managing Director
DIN : 01147430

sd/-
Rupinder Kaur
Company Secretary

sd/-
Pawan Bhalla
Director
DIN : 00312478

sd/-
Tejinder Singh
Chief Financial Officer

Escorts Securities Limited
CIN - U74899DL1994PLC062140
Statement of Cash Flow for the year ended 31 March 2020

(All amounts in INR unless stated otherwise)

Particulars	For the year ended 31st March, 2020	For the year ended 31 March, 2019
A. Cash flow from operating activities		
Profit/(loss) before tax	(14,000,022)	(29,061,613)
Adjustments for :		
Depreciation of plant, property and equipment	1,881,750	1,715,815
Amortisation of intangible assets	192,809	241,252
Interest on bank deposits	(3,289,146)	(6,252,120)
Dividend income	(79,502)	(66,656)
Liabilities / provisions no longer required written off	4,678,157	1,126,830
Fixed Asset Written off	-	2,041,836
Loss on sale of Investment	-	214,954
Adjustment of Ind AS (Right-to-Use)	(1,180,202)	-
Adjustments in retained earning	(194,759)	-
Provision for doubtful assets	579,320	3,483,247
	(11,411,595)	(26,556,455)
Changes in assets and liabilities		
(Increase)/decrease in stock-in trade	-	16,877,779
(Increase)/decrease in other financial assets	(2,260,995)	43,542,098
(Increase)/decrease in trade receivables	(80,369,323)	(10,811,068)
(Increase)/decrease in current tax assets	364,345	1,301,916
(Increase)/decrease in other assets	(2,713,316)	(651,118)
(Increase)/decrease in other bank balance	(15,299,053)	(10,000,000)
Increase/(decrease) in provisions	(541,685)	(1,678,032)
Increase/(decrease) in trade payable	(8,310,283)	16,015,011
Increase/(decrease) in current tax liabilities (net)	-	-
Increase/(decrease) in other financial liabilities	7,623,433	(52,136,483)
Increase/(decrease) in other liabilities	408,773	4,216,070
Cash generated from operating activities	(112,509,698)	(19,880,281)
Income taxes paid	-	-
Net cash generated from operating activities	(112,509,698)	(19,880,281)
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(497,170)	(2,985,302)
Dividend income	79,502	66,656
Interest on bank deposits	3,289,146	6,252,120
Net Proceeds from Deposits	(14,164,452)	34,999,735
Net cash generated from/(used in) investing activities	(11,292,974)	38,333,209
C. Cash flows from financing activities		
Borrowing taken/(repaid)	74,500,000	(10,353,577)
Increase/(decrease) in share capital	-	36,349,523
Net cash generated from/(used in) financing activities	74,500,000	25,995,946
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(49,302,672)	44,448,874
Cash and cash equivalents at the beginning of year	78,906,749	34,457,875
Cash and cash equivalents at the end of year	29,604,078	78,906,749

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

2) Figures in brackets indicate cash outflow.

See accompanying notes to the special purpose financial statements

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

For **Escorts Securities Limited**

sd/-
Kapish Jain
Partner
Membership No. 514162

Place: New Delhi
Date: 12.05.2020

sd/-
Vinod Dixit
Managing Director
DIN : 01147430

sd/-
Rupinder Kaur
Company Secretary

sd/-
Pawan Bhalla
Director
DIN : 00312478

sd/-
Tejinder Singh
Chief Financial Officer

Escorts Securities Limited
CIN - U74899DL1994PLC062140
Statement of changes in equity for the Year ended 31 March 2020

A. Equity share capital

(All amounts in INR unless stated otherwise)

Particulars	No. of shares	Amount
Equity shares of Rs. 100 each issued, subscribed and fully paid		
Balance as at 1 April, 2018	7,000,000	70,000,000
Issue of equity share capital	6,500,000	65,000,000
Balance as at 31 March, 2019	13,500,000	135,000,000
Issue of equity share capital	-	-
Balance as at 31 March, 2020	13,500,000	135,000,000

B. Other equity

Particulars	Retained earnings	Total
Balance as at 1 April, 2018	14,300,552	14,300,552
Profit/(loss) for the year	(24,909,761)	(24,909,761)
Other comprehensive income for the year, net of income tax	172,835	172,835
Ind As adjustments	-	-
Balance as at 31 March, 2019	(10,436,373)	(10,436,373)
Profit/(loss) for the year	(11,737,071)	(11,737,071)
Other comprehensive income for the year, net of income tax	(164,219)	(164,219)
Ind As adjustments	(30,540)	(30,540)
Balance as at 31 March, 2020	(22,368,203)	(22,368,203)

See accompanying notes to the special purpose financial statements

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

For Escorts Securities Limited

sd/-
Kapish Jain
Partner
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sd/-
Vinod Dixit
Managing Director
DIN : 01147430

sd/-
Pawan Bhalla
Director
DIN: 00312478

Place: New Delhi
Date: 12.05.2020

sd/-
Rupinder Kaur
Company Secretary

sd/-
Tejinder Singh
Chief Financial Officer

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

1 Corporate Information

Escorts Securities Limited “the Company” is a limited Company incorporated in India. The registered office of the Company is located at 525, DLF Prime Tower, Okhla Industrial Estate, Phase - I, New Delhi-110020, India. The Company’s CIN is - U74899DL1994PLC062140.

2 Significant Accounting Policies :

2.1 Statement of compliance

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

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

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

2.2 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

2.3 Basis of preparation and presentation

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

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

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

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

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

2.4 Use of estimates

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

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

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

Valuation of deferred tax assets

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

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

2.5 Revenue recognition

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

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

2.5.1 Brokerage income

Brokerage is recognised on accrual basis.

2.5.2 Interest income

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

2.5.3 Dividend income

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

2.6 Leases

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

Accounting policy applicable from 1 April 2019

The Company as a lessee

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

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

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

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

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

The Group as a lessor

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

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

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

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

Accounting policy applicable before 1 April 2019

Finance Lease

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

Operating Lease

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

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

2.7 Foreign currencies

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

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

2.8 Employee benefits

2.8.1 Defined benefit plans

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

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

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

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

2.8.2 Defined contribution plans

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

2.8.3 Compensated absences

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

2.8.4 Short-term and other long term employee benefits

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

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

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

2.9 Taxation

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

2.9.1 Current tax

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

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

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Notes to the Special Purpose Financial Statements

2.9.2 Deferred tax

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

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

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

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

2.9.3 Current and deferred tax for the year

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

2.10 Property plant and equipment

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

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

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

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

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

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

2.11 Intangible assets

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

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

2.12 Impairment of tangible and intangible assets

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

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

2.13 Provisions

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

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

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

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Notes to the Special Purpose Financial Statements

2.14 Financial Instruments

A. Initial recognition

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

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

Cash and cash equivalents

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

B. Subsequent measurement

I. Non-derivative financial instruments

a. Financial assets carried at amortised cost

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

b. Financial assets at fair value through other comprehensive income

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

c. Financial assets at fair value through profit or loss

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

d. Financial liabilities

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

II. Share capital

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

C. Derecognition of financial instruments

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

2.15 Fair value of financial instruments

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

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

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

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Notes to the Special Purpose Financial Statements

3 Plant Property and Equipment

(All amounts in INR unless stated otherwise)

Particulars	Gross Block			Depreciation				Net Block		
	As on 01.04.2019	Additions	Deletions	As on 31.03.2020	Upto 31.03.2019	During the year	Deletions	Upto 31.03.2020	As on 31.03.2020	As on 31.03.2019
Tangible Assets										
Furniture and fixtures	451,222	-	-	451,222	134,143	42,948	-	177,091	274,131	317,079
Computers and peripherals	11,863,795	405,713	-	12,269,508	8,883,041	1,433,537	-	10,316,578	1,952,930	2,980,754
Server	1,523,890	-	-	1,523,890	1,246,192	33,625	-	1,279,817	244,073	277,698
Office equipment	1,890,139	91,457	-	1,981,596	1,055,538	371,640	-	1,427,178	554,418	834,601
	15,729,046	497,170	-	16,226,216	11,318,914	1,881,750	-	13,200,664	3,025,552	4,410,132

4 Intangible assets

Particulars	Gross Block			Depreciation				Net Block		
	As on 01.04.2019	Additions	Deletions	As on 31.03.2020	Upto 31.03.2019	During the year	Deletions	Upto 31.03.2020	As on 31.03.2020	As on 31.03.2019
Intangible Assets										
Software	6,554,476	-	-	6,554,476	6,176,015	192,809	-	6,368,824	185,652	378,461
	6,554,476	-	-	6,554,476	6,176,015	192,809	-	6,368,824	185,652	378,461

5 Right- of- Use Asset

Particulars	Gross Block			Depreciation				Net Block		
	As on 01.04.2019	Additions	Deletions	As on 31.03.2020	Upto 31.03.2019	During the year	Deletions	Upto 31.03.2020	As on 31.03.2020	As on 31.03.2019
Right of Use Asset										
Lease	2,473,478	-	-	2,473,478	-	1,293,276	-	1,293,276	1,180,202	-
	2,473,478	-	-	2,473,478	-	1,293,276	-	1,293,276	1,180,202	-

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Notes to the Special Purpose Financial Statements

6 INVESTMENT

(All amounts in INR unless stated otherwise)

PARTICULARS	As at 31 March 2020		As at 31 March 2019	
	At Cost	Market Value	At Cost	Market Value
Non-current				
Long Term - Non Trade (at cost)				
Investment in equity shares (quoted)	9,997,000	1,141,668	13,583,000	3,151,150
Less: Diminution in value of investment in equity shares	8,855,332	-	11,558,680	-
	1,141,668	1,141,668	2,024,320	3,151,150

NAME OF SHARES	UNITS					VALUE	
	Face Value	AS On 01-Apr-19 No(s)	Additions During the year No(s)	Deductions During the year No(s)	As On 31-Mar-20 No(s)	As On 31-Mar-20	As On 31-Mar-19
Investment in equity shares (quoted)							
Gujarat State Financial Corporation Limited	10	93,600	-	-	93,600	1,872,000	1,872,000
Shivaka Industries Limited	10	150,000	-	-	150,000	-	1,500,000
Teledata Informatics Limited	2	25,000	-	-	25,000	-	2,086,000
Teledata Marine Solutions Limited #	2	12,500	-	-	12,500	-	-
Teledata Technology Solutions Limited #	2	12,500	-	-	12,500	-	-
Escorts Finance Limited	10	625,000	-	-	625,000	8,125,000	8,125,000
		918,600	-	-	918,600	9,997,000	13,583,000
Less:							
Provision for diminution in value of Investments							
Gujarat State Financial Corporation Limited						1,742,832	1,759,680
Shivaka Industries Limited						-	1,500,000
Teledata Informatics Limited						-	2,074,000
Escorts Finance Limited						7,112,500	6,225,000
						8,855,332	11,558,680
						1,141,668	2,024,320

Notes:-

Aggregate value of Quoted Investments

Book Value

9,997,000

13,583,000

Market Value

1,141,668

2,024,320

shares received without any consideration after restructuring of Teledata Informatics Limited

Escorts Securities Limited
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Notes to the Special Purpose Financial Statements

7 Other financial assets	(All amounts in INR unless stated otherwise)			
	As at 31 March 2020	As at 31 March 2019		
Non-current				
Deposits with banks	8,004,260	29,094,238		
Security deposits	64,083,923	28,829,493		
Less: Provisions for doubtful security deposits	-	-		
	<u>72,088,183</u>	<u>57,923,731</u>		
Current				
Security deposits	2,191,942	775,000		
Accrued interest on bank deposits	-	-		
Brokerage, PMS fee and depository charges receivable	1,789,075	945,022		
Receivable on account	7,600,000	7,600,000		
	<u>11,581,017</u>	<u>9,320,022</u>		
8 Deferred tax assets (net)				
Deferred tax assets / (liabilities)	Opening Balance	Movement	OCI	Closing balance
2019-20				
Deferred tax (liabilities) / assets in relation to				
Property, plant and equipment	248,998	117,104	-	366,102
Employee benefit obligation	1,165,748	(140,838)	-	1,024,910
Business loss and capital loss	7,103,681	3,240,000	-	10,343,681
On fair valuation	76,461	-	-	76,461
Tax impact of expenses chargeable in the financial statements but allowable under the Income Tax Act, 1961 in future years	1,926,378	(953,314)	-	973,063
	<u>10,521,266</u>	<u>2,262,951</u>	<u>-</u>	<u>12,784,217</u>
MAT Entitlement	1,646,665	-	-	1,646,665
	<u>12,167,931</u>	<u>2,262,951</u>	<u>-</u>	<u>14,430,882</u>
Deferred tax assets / (liabilities)	Opening Balance	Movement	OCI	Closing balance
2018-19				
Deferred tax (liabilities) / assets in relation to				
Property, plant and equipment	(820,981)	1,069,979	-	248,998
Employee benefit obligation	2,369,179	(1,142,705)	(60,726)	1,165,748
Business loss and capital loss	818,609	6,285,072	-	7,103,681
On fair valuation	31,215	45,246	-	76,461
Tax impact of expenses chargeable in the financial statements but allowable under the Income Tax Act, 1961 in future years	3,893,406	(1,967,028)	-	1,926,378
	<u>6,291,428</u>	<u>4,290,564</u>	<u>(60,726)</u>	<u>10,521,266</u>
MAT Entitlement	1,785,377	(138,712)	-	1,646,665
	<u>8,076,805</u>	<u>(138,712)</u>	<u>-</u>	<u>12,167,931</u>
9 Income tax assets (net)				
	As at 31 March 2020	As at 31 March 2019		
Non-current				
Advance income tax	1,315,007	1,679,352		
	<u>1,315,007</u>	<u>1,679,352</u>		
10 Other assets				
	As at 31 March 2020	As at 31 March 2019		
Non-current				
Prepayments	280,183	550,084		
	<u>280,183</u>	<u>550,084</u>		
Current				
Prepayments	681,441	1,624,093		
Advance Recoverable	2,977,429	2,937,177		
Advance to suppliers	4,326,219	445,791		
Advance to employees	77,129	71,940		
	<u>8,062,218</u>	<u>5,079,000</u>		

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Notes to the Special Purpose Financial Statements

11 Stock-in-trade

(All amounts in INR unless stated otherwise)

	As at 31 March 2020			As at 31 March 2019		
	Face value per share	No. of share	Amount	Face value per share	No. of share	Amount
Investments in equity instruments (fully paid)						
Quoted						
GTL INFRASTRUCTURE LTD	10.00	55,000	12,100	10.00	55,000	51,700
PUNJ LLOYD LIMITED	5.00	30,000	25,500	5.00	30,000	63,300
Esteem Bio Organic Food	1.00	17,500	-	1.00	17,500	154,000
VIKAS WSP	10.00	15,000	63,150	10.00	15,000	262,800
ORCHID PHARMA LTD	10.00	11,000	-	10.00	11,000	58,630
RUCHI SOYA	2.00	-	-	2.00	10,000	66,400
RUCHI SOYA INDUSTRIES LIMITED-EQ NEW FV RS. 2/--Active	2.00	100	17,070	-	-	-
IDFC FIST BANK LTD	10.00	10,000	211,000	10.00	10,000	552,000
IDFC LIMITED	10.00	10,000	148,500	10.00	10,000	464,000
DILIGENT MEDIA CORPORATI	10.00	2,500	-	10.00	2,500	2,575
GOKAK TEXTILE	10.00	8	-	10.00	8	176
METALYST FORGINGS LTD	1.00	10,000	36,000	1.00	10,000	99,000
COX & KINGS FINANCIAL SERVICE LIMITED-EQ-Active	10.00	1,667	483	-	-	-
COX & KINGS LTD	5.00	5,000	2,700	5.00	5,000	700,750
RELIANCE COMMUNICATIONS	5.00	5,000	3,300	5.00	5,000	20,700
Ashiana Housing Ltd	2.00	3,000	148,050	2.00	3,000	345,300
OIL & NATURAL GAS CORPOR	5.00	1,000	68,300	5.00	1,000	159,550
ARTEM GLOBAL LIFE SC LTD	2.00	-	-	2.00	1,000	60,800
ARTEMIS Global Life Sc Ltd	2.00	200	27,600	-	-	-
BF UTILITIES LIMITED	5.00	1,000	143,950	5.00	1,000	195,600
SAYAJI HOTELS LTD	10.00	1,000	208,550	10.00	1,000	256,000
OIL INDIA LTD	10.00	2,076	171,685	10.00	2,076	384,787
TATA MOTORS LTD NEW NPP10	2.00	510	15,810	2.00	510	43,758
BEML LIMITED	10.00	900	407,655	10.00	900	912,015
AKSHERCHEM LTD	10.00	500	76,125	10.00	500	163,600
Integrated Capital Ltd.	1.00	1,800	2,070	-	1,800	2,484
Rama Phosphates Ltd	10.00	500	11,850	10.00	500	42,500
Visaka Industries Ltd.	10.00	200	27,020	10.00	200	82,680
GoldstoneinfratechLtd	10.00	200	9,330	10.00	200	49,100
Times Guarantee Ltd.	10.00	200	-	10.00	200	7,320
IOL CHEMICALS & PHARMA	10.00	100	17,615	10.00	100	19,030
TATA CONSUMER PRODUCTS LTD	1.00	106	31,249	1.00	106	21,534
TRANSGENE BIOTEK LTD	10.00	70	211	10.00	70	280
MAFATAL INDUSTRIES LTD.	10.00	42	2,615	10.00	42	4,549
JINDAL STEEL & POWER LTD	1.00	4,500	369,900	1.00	4,500	807,975
Total		190,679	2,259,388		199,712	6,054,893

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Notes to the Special Purpose Financial Statements

12 Trade receivables	<i>(All amounts in INR unless stated otherwise)</i>	
	As at 31 March 2020	As at 31 March 2019
Trade receivables		
i. Secured considered goods	-	-
ii. Unsecured, considered good	153,973,180	74,183,177
iii. Unsecured, considered doubtful	3,742,551	3,742,551
	157,715,731	77,925,728
Less: Allowance for doubtful debts (expected credit loss allowance)	(3,742,551)	(3,742,551)
	153,973,180	74,183,177
13 Cash and cash equivalents	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- on current accounts	12,808,629	55,535,347
Cash on hand	623,513	619,012
Deposits with original maturity of less than three months	16,171,936	22,752,390
	29,604,078	78,906,749
14 Other bank balances	As at 31 March 2020	As at 31 March 2019
Deposits with maturity of more than three months but less than twelve months	23,250,943	7,951,890
	23,250,943	7,951,890

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Notes to the Special Purpose Financial Statements

15 Share Capital

(All amounts in INR unless stated otherwise)

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised share capital (Equity Shares)				
Equity shares of Rs. 10 each	15,000,000	150,000,000	15,000,000	150,000,000
	15,000,000	150,000,000	15,000,000	150,000,000
Issued, subscribed and fully paid up (Equity Shares)				
Equity shares of Rs. 10 each	13,500,000	135,000,000	13,500,000	135,000,000
Total	13,500,000	135,000,000	13,500,000	135,000,000

a. Movement in share capital

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Equity share capital				
Balance as at the beginning of the year	13,500,000	135,000,000	7,000,000	70,000,000
Add: Increase during the year	-	-	6,500,000	65,000,000
Balance as at the end of the year	13,500,000	135,000,000	13,500,000	135,000,000
Equity component of preference share capital				
Balance as at the beginning of the year	-	10,671,322	3,575,484	39,321,799
Less: Conversion of Preference shares into Equity shares	-	-	3,575,484	28,650,477
Balance as at the end of the year	-	10,671,322	-	10,671,322

b. Terms and rights

Terms and rights attached to equity shares

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

c. Shares held by holding Company or their subsidiaries

	As at 31 March 2020		As at 31 March 2019	
	No. of shares		No. of shares	
Equity shares				
Escorts Limited (the Holding Company)				
54,59,400 (31st March, 2019 : 54,59,300) Equity shares of Rs. 10 each		5,459,400		5,459,400
Escorts Finance Limited (Subsidiary of Holding Company)				
14,60,000 (31st March, 2019 : 14,60,000) Equity shares of Rs. 10 each		1,460,000		1,460,000
Allgrow Finance and Investment Private Limited		4,000,000		4,000,000
AAA Portfolios Pvt. Ltd.		80,000		80,000
Charak Ayurvedic Treatments Pvt Ltd		2,500,000		2,500,000
Individuals		600		600
		13,500,000		13,500,000

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

Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	No of shares	% holding	No of shares	% holding
Equity shares of Rs. 10 each fully paid				
Escorts Limited	5,459,400	40.44%	5,459,400	40.44%
Escorts Finance Limited	1,460,000	10.81%	1,460,000	10.81%
Allgrow Finance and Investment Private Limited	4,000,000	29.63%	4,000,000	29.63%
AAA Portfolios Pvt. Ltd.	80,000	0.59%	80,000	0.59%
Charak Ayurvedic Treatments Pvt Ltd	2,500,000	18.52%	2,500,000	18.52%
*Others (On behalf of Escorts Limited)	600	0.00%	600	0.00%

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

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16 Retained earnings	<i>(All amounts in INR unless stated otherwise)</i>	
	As at 31 March 2020	As at 31 March 2019
As at the beginning of the period	(10,436,373)	14,300,552
Profit/(loss) for the year	(11,737,071)	(24,909,761)
Other comprehensive income for the year, net of tax	(164,219)	172,835
Retained Earning - Indas Adjustment	(30,540)	-
Balance at the end of the year	(22,368,203)	(10,436,373)

17 Other financial liabilities	As at 31 March 2020	As at 31 March 2019
Security deposit taken	1,304,217	1,295,217
	1,304,217	1,295,217

18 Provisions	As at 31 March 2020	As at 31 March 2019
Non-current		
Provision for employee benefits		
a. Provision for gratuity	2,554,017	2,119,224
b. Provision for compensated absences	164,516	1,781,351
	2,718,533	3,900,575
Current		
Provision for employee benefits		
a. Provision for gratuity	296,618	259,547
b. Provision for compensated absences	926,810	323,524
	1,223,428	583,071

19 Other liabilities	As at 31 March 2020	As at 31 March 2019
Non-current		
a. Other liabilities	-	-
	-	-
Current		
a. Statutory dues	1,371,020	1,413,193
b. Salary Payable	369,899	2,183,675
c. Other Payable	2,679,276	1,691,094
d. Finance lease liability	1,276,544	-
	5,696,739	5,287,962

20 Financial liabilities	As at 31 March 2020	As at 31 March 2019
Borrowing other than debt securities <i>Secured against corporate guarantee given by Escorts Limited ("the Holding Company")</i>	74,500,000	-
	74,500,000	-

21 Trade Payables	As at 31 March 2020	As at 31 March 2019
Trade payable	95,416,364	103,726,647
	95,416,364	103,726,647

22 Other Financial Liabilities	As at 31 March 2020	As at 31 March 2019
Repayable margin money	16,828,300	10,353,300
Others	1,387,454	248,021
	18,215,754	10,601,321

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23 Revenue from operations	<i>(All amounts in INR unless stated otherwise)</i>	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of services		
a. Brokerage income	36,110,225	35,957,025
b. Depository operations	3,359,007	2,152,373
c. Portfolio management services	172,589	374,037
Other operating revenue		
a. Profit on sale of stock in trade	-	377,418
b. Professional & Consultancy Income	-	-
	39,641,821	38,860,853
24 Other income		
	For the year ended 31 March 2020	For the year ended 31 March 2019
a. Interest income		
i. Interest on bank deposits	3,289,146	6,252,120
ii. Interest on income tax refund	-	240,468
ii. Interest income others	13,405,860	7,615,711
b. Other non-operating income		
i. Dividend income	79,502	66,656
ii. Transaction charges income	1,651,332	1,611,443
iii. Miscellaneous income	549,342	3,602,317
iv. Sundry liability not longer required written back	122,474	-
	19,097,656	19,388,716
25 Employee benefits expense		
	For the year ended 31 March 2020	For the year ended 31 March 2019
a. Salary, wages and bonus	26,945,295	25,843,882
b. Contribution to provident and other funds	1,034,727	1,009,864
c. Staff welfare	271,532	337,416
	28,251,554	27,191,162
26 Depreciation and amortisation expense		
	For the year ended 31 March 2020	For the year ended 31 March 2019
a. Depreciation of plant, property and equipment	1,881,750	1,715,815
b. Amortisation of intangible assets	192,809	241,252
c. Right to use lease	1,293,276	-
	3,367,835	1,957,067

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Escorts Securities Limited
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Notes to the Special Purpose Financial Statements

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
a. Interest expense	2,368,000	4,678,689
b. Bank Guarrantee Charges	1,240,661	102,750
c. Interest cost on fair valuation of lease	182,045	-
	3,790,706	4,781,439

28 Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
a. Director's sitting fees	448,000	400,000
b. Legal and professional	6,581,557	7,319,555
c. Travelling and conveyance	633,889	789,009
d. Syndication fee / Brokerage Paid	9,792,275	13,003,137
e. Repair and maintenance - others	2,157,285	2,482,647
f. Bad Debts Written Off	-	3,925,898
g. Provision for doubtful assets	579,320	3,483,247
h. Rent rates and taxes	3,564,953	4,545,152
i. Audit Fee & Remuneration (see note below)	550,000	190,000
j. Transaction charges	2,009,092	3,368,144
k. Fee & Subscription	778,150	664,840
l. Power and fuel	681,330	501,604
m. Software expense	1,879,281	773,342
n. Miscellaneous expenses	956,351	1,299,693
o. Loss on derivatives	-	566,459
p. Loss on sale of investment	-	214,954
q. Fixed Assets Written Off	-	2,041,836
r. Printing and stationary	327,915	2,639,294
s. Communication cost	1,457,728	1,340,076
t. Interest/penalty on delayed statutory payments	254,121	-
u. Diminution In Value Of Investment	882,652	1,126,830
v. Diminution In Value Of Stock	3,795,505	2,705,797
	37,329,405	53,381,514
Note:		
Audit Fee & Remuneration (net of input tax credit)		
(i) Statutory Audit	500,000	150,000
(ii) Tax Audit Fees	50,000	40,000
	550,000	190,000

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29 Income taxes	<i>(All amounts in INR unless stated otherwise)</i>	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax		
For current year	-	-
Mat credit entitlement	-	(138,712)
	<u>-</u>	<u>(138,712)</u>
Deferred tax		
In respect of the current year	2,262,951	4,290,564
Tax adjustment for earlier years	-	-
	<u>2,262,951</u>	<u>4,290,564</u>
Income tax expense recognised in the statement of profit and loss	2,262,951	4,151,852
Other comprehensive income section		
Income tax relating to items that will not be reclassified to profit or loss	-	(60,726)
30 Earning per share		
	For the year ended 31 March 2020	For the year ended 31 March 2019
Net profit attributable to the shareholders	(11,737,071)	(24,909,761)
Weighted average number of outstanding equity shares during the period	13,500,000	10,309,863
Basic earning per share	(0.87)	(2.42)
Diluted earning per share	(0.87)	(2.42)

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31 Commitments and contingencies

(All amounts in INR unless stated otherwise)

- a. The estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs. Nil (31 March 2020: Rs. Nil).
- b. Contingent liabilities
Bank guarantee amounting to Rs 5,00,00,000 (31 March 2019: Rs 1,00,00,000) is provided to National Security Clearing Corporation Limited (NSCCL) for base capital.
- c. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

32 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at balance sheet date together with interest paid / payable under this Act has not been given.

33 Employee benefit plans

a. Defined contribution plans

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

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Contribution to provident fund & others funds	1,034,727	1,009,864
Total	1,034,727	1,009,864

*Included in contribution to provident and other funds under employee benefit expense (refer note 23)

b. Defined benefit plan

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

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

(i) Change in defined benefit obligations

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Present value of obligation at the beginning of the year	2,378,771	3,649,954
Service cost	373,471	271,161
Interest cost	200,914	294,084
Benefits paid	(266,740)	(1,602,867)
Actuarial (gains)/losses on obligation	164,219	(233,561)
Present value of obligation at the end of the year	2,850,635	2,378,771

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

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Interest cost	200,914	294,084
Service cost	373,471	271,161
Expenses recognized in the Statement of Profit and Loss	574,385	565,245

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

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Actuarial gain / (loss) for the year on PBO	(164,219)	233,561
Actuarial gain / (loss) for the year on asset	-	-

(iv) Actuarial gain or losses:

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Actuarial gain/(loss) from change in demographic assumptions	-	-
Actuarial gain/(loss) from change in financial assumptions	-	-
Actuarial gain/(loss) from change in experience adjustment	(164,219)	233,561

(v) Actuarial assumptions

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Discount rate (%)	6.80%	7.30%
Rate of increase in compensation levels (%)	10.00%	10.00%

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Impact of change in closing defined benefit obligation	Employee Turnover rate	Salary increment	Employee Turnover rate
Impact due to increase of 2 %	2,773,446	3,148,051	2,325,763	2,636,331
Impact due to decrease of 2 %	2,945,426	2,596,964	2,445,519	2,159,706
	Discount rate		Discount rate	
Impact due to increase of 0.25 %		2,812,510		2,346,063
Impact due to decrease of 0.25 %		2,889,751		2,412,344

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

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

(vii) Maturity profile of defined benefit obligation

Particulars	As at 31 March 2020	As at 31 March 2019
Within 1 year	296,618	259,547
Between 1-2 year	508,248	255,730
Between 2-3 year	254,140	424,751
Between 3-4 year	254,130	216,358
Between 4-5 year	504,788	217,512
Beyond 5 year	1,381,059	1,294,111

34 Financial risk management

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

Market risk

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

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty leading to financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs 15,39,73,180 and Rs 7,41,83,177 as at 31 March, 2020 and 31 March, 2019 respectively. Credit risk has always been managed through monitoring the credit worthiness of customers in the normal course of business.

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

Particulars	Revenue in %			
	For the year ended 31 March, 2020		For the year ended 31 March, 2019	
Revenue from top customer	13,015,952	32.83%	16,538,574	14.19%
Revenue from top five customer	7,666,124	19.34%	10,951,531	29.59%

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

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

Liquidity risk

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

The Company had working capital of Rs 3,37,11,539 as at 31 March 2020 (Rs. 6,12,98,730 as at 31 March 2019)

Contractual maturities of financial liabilities

	less than 1 year	1 to 5 year	more than 5 year	Total
As at 31 March 2020				
Trade payables	95,416,364	-	-	95,416,364
Other financial liabilities	18,215,754	5,696,739	-	23,912,493
As at 31 March 2019				
Trade payables	103,726,647	-	-	103,726,647
Other financial liabilities	10,601,321	5,287,962	-	15,887,284

Capital Management

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

- 35 The fixed deposits with banks in current portion amounting to Rs. 3,94,22,879 (31 March 2019: Rs. 3,07,04,280) and non-current portion of Rs. 80,04,260 (31 March 2019: Rs. 2,90,94,237) lien marked in favour of National Security Clearing Corporation Limited (NSCCL) for Rs 2,10,10,049 (31 March 2019: Rs. 5,05,00,000), HDFC Bank Ltd for Rs.2,50,00,000 (31 March 2019: Rs.50,00,000), Bombay Stock Exchange Limited for Rs.10,00,000 (31 March 2019: Rs.3,375,000) and OTCEI for Rs.77,525 (31 March 2019: Rs. 3,66,183)
- 36 Security Deposits with Stock Exchanges & others includes Rs. 77,528 (31 March 2019: Rs. 77,528), Rs. 6,52,83,672 (31 March 2019: Rs.3,64,19,870) Rs.10,00,000 (31 March 2019: Rs. 60,00,000) for membership of OTCEI, Base and Additional Base Capital for National Stock Exchange of India and Bombay Stock Exchange respectively.
- 37 Balances with Banks in Current Account include an amount of Rs. 92,22,066.72 (31 March 2019: Rs. 1,02,74,399.67) in accounts designated as "Client Account" as per SEBI guidelines.
- 38 An amount of Rs. 76 lacs is recoverable from M/s Quant Money Managers Limited (earlier known as Escorts Assets Management Limited) ("Quant") against common sharing expenses. Against the total, the Quant had issued a cheque of Rs. 74,01,927 in March 2018 which was dishonoured. Therefore, The Company had sent a legal notice to Quant for recovery of outstanding amount on 18th October 2019. Further, the same has been shown as payable to the Company in the books of Quant for the year ended on 31 March 2019.
The management expects to recover the full amount from Quant as carried out in the books of account hence no provision has been made as a doubtful advances.
- 39 In opinion of the Board, the trade receivables, loans & advances (net of related provisions) and other current / non-current assets have a value, which if realized in the ordinary course of business, will not be less than the value stated in the Balance Sheet.
- 40 Balances appearing under loans & advances, trade receivables, trade payables, current / non-current assets and current /non - current liabilities are subject to confirmation in certain cases.

41 Related party disclosures

(a) Parties with whom control exists:

Escorts Limited	Holding Company
-----------------	-----------------

(b) Enterprises under the common control

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

(c) Key Managerial Personnel

Mr. Vinod Dixit	Managing Director
Ms. Rupinder Kaur	Company Secretary
Mr. Tejinder Singh	Chief Financial Officer
Ms. Nitasha Nanda	Director
Mr. Pawan Bhalla	Director
Mr. Deba Prasad Roy	Director
Prof. Asish K. Bhattacharya	Director
Dr. Ashok Agarwal	Director - resigned on November 03, 2018
Mr. Amal Dhru	Director - resigned on July 23, 2019
Mr. Girish Bihari Mathur	Director - resigned on December 31, 2019
Ms. Ritu Nanda	Director - resigned on November 03, 2018

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(d) Related party transactions:

(All amounts in INR unless stated otherwise)

Particulars	Status / Designation	Sun & Moon Travels		All Grow Fin & Invt. P Ltd		Charak Ayurvedic Treatments Pvt Ltd		Escorts Limited (Holding Company)		Key Management Personnel	
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Opening Balance : Receivables / (Payable)		-	-	(6,838,557)	(57,601,776)	-	-	-	-	-	-
Received		-	-	16,023,061	10,135,000	-	-	-	-	-	-
Margin Money		-	-	5,000,000	10,000,000	-	-	-	-	-	-
Share Application Money		-	-	-	15,000,000	-	10,000,000	-	-	-	-
Syndication		-	-	-	675,061	-	-	-	-	-	-
Legal and Professional Services		-	-	-	940,930	-	-	-	-	-	-
Related to Client Account/Billing		121,425	138,211	76,867,495	253,108,756	-	-	1,699,512	-	-	-
Total		121,425	138,211	97,890,555	289,859,748	-	10,000,000	1,699,512	-	-	-
Payments											
Payment made		-	-	40,590,985	12,085,335	-	-	-	-	-	-
Payment through Issue of Share		-	-	-	15,000,000	-	10,000,000	-	-	-	-
Related to Client Account/Billing		91,013	138,211	53,739,176.4	253,434,729	-	-	-	-	-	-
Margin Money		-	-	2,500,000	56,817,339	-	-	-	-	-	-
Interest Paid		-	-	394,838	3,285,563	-	-	-	-	-	-
Total		91,013	138,211	97,224,999	340,622,967	-	10,000,000	-	-	-	-
Closing Balance :Receivables / (Payable)		(30,412)	-	(6,173,001)	(6,838,557)	-	-	(1,699,512)	-	-	-
Remuneration:	Designation										
Ms.Rupinder Kaur - CS	KMP-CS									634,548	636,480
Mr. Tejinder Singh	KMP-CFO									-	-
Mr. Vinod Dixit *	KMP - MD									2,400,000	483,870
Dr. Ashok Agarwal (Resigned 03.11.2018)	WTD									-	4,160,200
Sitting Fee:											
Mr. Vinod Dixit	KMP - MD									48,000	32,000
Ms.Nitasha Nanda	Director									48,000	80,000
Mr. Pawan Bhalla	Director									48,000	32,000
Mr. Deba Prasad Roy	Director									96,000	48,000
Mr. Amal Dhru (Resigned on 23.07.2019)	Director									16,000	48,000
Prof. Asish K. Bhattacharya	Director									128,000	64,000
Mr.Girish Bihari Matur (Resigned on 31.12.2019)	Director									64,000	80,000
Ms.Ritu Nanda (Resigned on 03.11.2018)	Director									-	16,000

* Managerial remuneration has been paid/provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

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Notes to the Special Purpose Financial Statements

43 Segment information

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

44 Events after the reporting period

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

45 MSME Details of the special purpose financial statements

The company has not received information from vendors/ suppliers regarding their status under Micro, Small and Medium Enterprises and hence disclosures relating to amount unpaid as at March 31, 2020 together with interest paid/ payable under "The Micro Small and Medium Enterprises Development Act, 2006" have not been given.

46 Restriction on distribution and use

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

47 Regroup/ Recast of the special purpose financial statements

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

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

sd/-
Kapish Jain
Partner
Membership No. 514162

Place: New Delhi
Date: 12.05.2020

For **Escorts Securities Limited**

sd/-
Vinod Dixit
Managing Director
DIN : 01147430

sd/-
Rupinder Kaur
Company Secretary

sd/-
Pawan Bhalla
Director
DIN : 00312478

sd/-
Tejinder Singh
Chief Financial Officer