

BOARD'S REPORT

2023-2024

Zerodha Asset Management Private Limited

Registered Office: Indiqube Penta, New No. 51
(Old No.14), Richmond Road, Bengaluru - 560 025

FROM THE CEO'S DESK

A good beginning!!

Zerodha Fund House is India's only digital-first, passive-only asset manager.

With a vision to increase penetration of mutual funds, we believe that creating simple products by design can be instrumental in enabling more people to achieve better financial outcomes. Hence, we are focusing on the power of indexing to launch simple index funds & ETFs to form the core building blocks of every portfolio.

It's been an exciting first few months with the launch of our first set of products. With two index funds and two ETFs, we have achieved an AUM of Rs. 1,082.22 crores across 1,52,456 investors. I am also happy to share that our investor base is spread out across the country covering nearly 10,000 pincodes.

Our achievements thus far are a testament to the team's capability and the tech backbone developed in-house that has resulted in smooth launch and management of products in different formats i.e. Index Funds and ETFs across multiple asset classes i.e. Equity, Commodity and Debt.

Going forward, our focus is to scale the existing offerings through partnerships and to further expand the product suite with a focus on readymade solutions and more debt offerings.

I seek your continued guidance and support as we move forward in this journey.

Cheers!!

Happy Investing from all of us here at ZFH!!



Vishal Jain

CEO, Zerodha Fund House

OUR BOARD OF DIRECTORS



Mr. Bhuvanesh R

Associate Director

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Bhuvanesh has worked at Zerodha Broking Limited for over eight years, looking after all products related to mutual funds, National Pension Scheme, and fixed income. He's also involved in fintech investments through Rainmatter.



Mr. Anugrah Shrivastava

Associate Director

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Founder & chief product officer at smallcase, Anugrah Shrivastava's entrepreneurial journey began with his zeal to transform and disrupt the equity investing space. The idea of smallcase germinated from his observation that as more investors would look to add equities & ETFs to their portfolios, they deserved a democratized, customizable and transparent solution.

Prior to smallcase, he was working at Nomura - one of the largest investment banks in Japan. He was primarily responsible for creating thematic and quantitative investment ideas in the form of indices for institutional clients. While at Nomura, he realized that such products are more needed by the retail investors.

This led to the birth of smallcase. The idea was to provide existing & new investors with a simpler, transparent and diversified way to directly invest in ideas & strategies.

An IIT Kharagpur graduate in MS Economics, Anugrah began his entrepreneurial journey with his college friends Vasanth & Rohan with the aspirations of creating a modern investment products platform aimed primarily at millennials. Since then, smallcase has received backing from marquee investors like Premji Invest, HDFC Bank etc.

Anugrah likes to spend his time by reading and analyzing public policies and listed companies.



Ms. Nithya Easwaran

Independent Director

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Nithya has over 26 years of rich experience in financial services. She is Managing Director of Multiples Alternate Asset Management (a private equity platform with AUM of over US\$ 2 billion), Director on the Board of Multiples and a part of the Investment Committee.

Nithya is also Director on the Board of Arvind Fashions, APAC Financial Services, Kogta Financial (India) Limited, Acko Technology & Services Private Limited, Niyo Solutions Inc., DAM Capital Advisors Ltd.

She is a founding member of the India Chapter of Bloomberg Women's Buyside Network and works closely with WIN PE in coaching young women professionals in investing.

She holds an engineering degree from VJTI (Mumbai) and an MBA from IIM Lucknow.



Mr. Tushar Mahajan

Independent Director

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Tushar has over 21 years of experience in financial services across diverse platforms, primarily focussed on Capital Markets. In his latest assignment at Centrum Capital, Tushar has helped scale up the Institutional Equities business of Centrum by running the sales and trading function for over four years. Prior to that, he was responsible for the listed derivatives business at Nomura Financial Advisory and Securities Limited, the Indian business for Nomura International Plc.

He was also responsible for setting up the access product for overseas investors who wished to access Indian markets via Nomura's platform.

Apart from Centrum and Nomura, Tushar has worked at Edelweiss Capital, American Express and ICICI Bank.

Tushar is a Electronics and Communication Engineer by training and completed his Post Graduate Diploma in Management from IIM Bangalore.

● **Audit Committee**

● **Nomination and Remuneration Committee**

C - Chairperson **M** - Member

● **Risk Management Committee**

● **Unit Holders Protection Committee**

CORPORATE INFORMATION

ZERODHA ASSET MANAGEMENT PRIVATE LIMITED

BOARD OF DIRECTORS

Mr. Bhuvanesh Rajanna - Associate Director
(DIN: 09434723)
Mr. Anugrah Shrivastava - Associate Director
(DIN: 07044041)
Ms. Nithya Easwaran - Independent Director
(DIN: 03605392)
Mr. Tushar Mahajan - Independent Director
(DIN: 09799589)

KEY MANAGERIAL PERSONNEL (KMP)

Mr. Vishal Virender Jain - Chief Executive Officer
Mr. Pranav Narendra Koranne - Company Secretary

REGISTERED OFFICE

INDIQUBE PENTA, New No. 51 (Old No.14),
Richmond Road, Bangalore - 560 025, Karnataka.

BANKERS

HDFC Bank Limited

CIN: U67190KA2021PTC155726

Email id: info@zerodhafundhouse.com

Website: www.zerodhafundhouse.com

SECRETARIAL AUDITORS

M/s. Aashish K Bhatt & Associates
Company Secretaries
Lata Annexe, D/101, Western Express Highway,
Above Axis Bank, Chitrakoot, Borivali East,
Mumbai - 400066, Maharashtra

STATUTORY AUDITORS

M/s. SR Batliboi & Co, LLP
Chartered Accountants,
12th Floor, The Ruby, 29, Senapati Bapat Marg,
Dadar, Mumbai - 400 028, Maharashtra

INTERNAL AUDITOR

M/s. M.P. Chitale and Co.,
Chartered Accountants
1/11, Prabhadevi Industrial Estate, 1st floor, Opp.
Siddhivinayak Temple, Veer Savarkar Marg,
Prabhadevi, Mumbai - 25

TO THE MEMBERS

Your Directors present the Board Report and the Audited Financial Statements of the Zerodha Asset Management Private Limited (“the Company”) for the Financial Year ended March 31, 2024 together with the reports of the Auditors thereon.

FINANCIAL RESULTS:

The Financial Statement of the Company for the year ended March 31, 2024 has been prepared in accordance with the Indian Accounting Standards notified under the Section 133 and Schedule III to the Companies Act, 2013. The highlights of the Financial Statements of the Company for the Year 2023-24 as compared with the previous Financial Year are as under:

(Rs. 000)

Particulars	Financial Year ended March 31, 2024	Financial Year ended March 31, 2023
Revenue from operations	44,287.27	18,907.62
Other Income	4,227.50	-
Total Income	48,514.77	18,907.62
Expense	1,13,459.14	50,658.21
Depreciation and amortization expenses	7,730.20	5,503.59
Total Expenses	1,21,189.34	56,161.80
Profit before finance cost and tax	-72,674.57	-37,254.17
Finance Cost	970.38	1,026.53
Profit Before Tax (PBT)	-73,644.95	-38,280.70
Tax Expenses	-19,257.25	-9,797.48

Profit/(Loss) for the year	-54,387.70	-28,483.23
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DIVIDEND:

No dividend has been recommended for the financial year under review.

OPERATIONS OF THE COMPANY:

As of March 31, 2024, the Company has completed its first year of operations as an Asset Management Company for the schemes of Zerodha Mutual Fund. After receiving the SEBI license on August 11, 2023, Zerodha Mutual Fund successfully launched two open-ended Index Funds and two Exchange Traded Funds (ETFs). By the end of the fiscal year, the Assets Under Management (AAUM) stood at ₹1082.22 Crores, with a total of 1,52,456 investor folios.

AWARDS AND RECOGNITIONS:

Since its inception, the Company has garnered significant attention and accolades in the mutual fund space. Leading financial publications such as ‘The Financial Express’ and ‘Mint’ have recognized the Company for its innovative offerings, including the launch of India's first liquid ETF, Zerodha Nifty 1D Rate Liquid ETF with a growth NAV.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There were no material changes or commitments to report that affected the Company’s financial position that occurred between the end of the Financial Year and the date of this report.

TRANSFER TO RESERVE:

The loss of INR 5,46,03,540 has been transferred to the General Reserve and Surplus Account during the financial year under review.

STATUTORY DISCLOSURES

1. SHARE CAPITAL

The Authorized share capital of the Company is INR 100,00,00,000/- (Indian Rupees One Hundred Crore only) divided into 10,00,00,000 (Indian Rupees Ten Crore) equity shares of Rs. 10/- (Indian Rupees Ten only) each. There has been no change in the Authorised Capital of the Company for the Financial Year ended March 31, 2024.

The Paid-up Equity Share Capital of the Company as on March 31, 2024 is INR 78,57,00,000 (Indian Rupees Seventy Eight Crore Fifty Seven Lakhs only) (comprising 7,85,70,000 equity shares of INR 10 each).

During the period under review the Company has raised the capital through right issue of INR 23,57,00,000/- (Indian Rupees Twenty Crore Fifty Seven Thousand Only) from M/s. Smallcase Technologies Private Limited.

Further, at the extra-ordinary general meeting of the Company held on February 26, 2024 the shareholders had approved the Employee Stock Option Plan, 2024 (“Esop Plan”). The details pursuant to Section 62 of the Companies Act, 2013, read with the Companies (Share Capital and Debenture) Rule, 2014 is enclosed at “**Annexure - A**”.

The Company does not have any shares with differential voting rights.

2. DEPOSITORY SYSTEM

The International Securities Identification Number (“ISIN”) assigned to the equity shares of the Company is under the depository system Central Depository Services Limited (“CDSL”) is INE0M2Y01010.

As on March 31, 2024, all the equity shares of the Company are held in dematerialized format.

3. ANNUAL RETURN

As per provisions of Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 (‘the Act’), the Annual Return of the Company is placed on the website of the Company at <https://www.zerodhafundhouse.com/resources/disclosures/>

4. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year under review, Six (6) Board meetings were held on April 06, 2023, July 24, 2023, November 07, 2023, December 05, 2023, February 26, 2024 and March 20, 2024.

The maximum gap between any two board meetings was less than one hundred and twenty days.

The names of the board of directors and their attendance at the Board Meetings are as under.

S.No.	Name of Director	Number of Board Meetings attended / Total Meetings Held during the year FY 2023-24
1.	Mr. Bhuvanesh Rajanna	6/6
2.	Ms. Nithya Easwaran	6/6
3.	Mr. Tushar Mahajan	6/6
4.	*Mr. Anugrah Shrivastava	3/4

**Mr. Anugrah Shrivastava was appointed on the Board of the Company on August 23, 2023.*

5. DIRECTORS’ RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 and based on the information provided by the management, your Directors state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2024 and of the profit of the Company for year ended on that date;
- (iii) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (iv) The annual accounts of the Company have been prepared on a going concern basis;
- (v) Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (vi) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. DISCLOSURE REQUIRED UNDER SECTION 134(3)(e)

The Board has adopted Nomination and Remuneration Policy which is applicable to Directors and Key Managerial Personnels of the Company. The Board has an optimum

combination of members with appropriate balance of skill, experience, background, gender and other qualities of directors required by the directors for the effective functioning of the Board.

The Nomination and Remuneration Policy is available on the website of the Company at <https://assets.zerodhafundhouse.com/statutory-reports/disclosures/Nomination%20and%20Remuneration%20Policy.pdf>

7. INDEPENDENT DIRECTORS' DECLARATION

All Independent Directors of the Company have given declaration under Section 149 (7) of the Act, that they meet the criteria laid down in Section 149 (6) of the Act.

Further, all the Directors of the Company have confirmed that they are not disqualified for being appointed as Directors pursuant to Section 164 of the Act.

8. AUDITORS AND REPORT OF AUDITORS

The Board of Directors at their meeting held on December 05, 2023 and Shareholders at the extra-ordinary general meeting held on February 26, 2024 had appointed M/s. S.R. Batliboi & Co., LLP, Chartered Accountants, having firm registration number (301003E/E300005), as Statutory Auditors of the Company for the Financial Year 2023-24 due to the casual vacancy caused due to resignation of M/s. Walker Chandiook & Co LLP, Chartered Accountant (FRN No: 001076N/N500013), who shall hold office upto the conclusion of ensuing AGM of the Company.

As a term of M/s. S.R. Batliboi & Co., LLP, Chartered Accountants, having firm registration number (301003E/E300005) will expire at the ensuing Annual General Meeting, the Board of Directors of the Company in their meeting held on June 26, 2024 have considered and recommended to the shareholders for the appointment of M/s. M.P. Chitale & Co. Chartered Accountant having

(FRN 101851W) from the conclusion of ensuing AGM (i.e from FY 2024-25) till the conclusion of the AGM of the Company to be held for the financial year 2028-29 (i.e upto FY 2028-29).

A resolution seeking the appointment of M/s. M.P. Chitale & Co. Chartered Accountant having firm registration number 101851W as Statutory Auditors of the Company forms part of the Notice of 3rd AGM and the same is recommended for Member's approval. Pursuant to Section 141 of the Act, the appointing Auditors have represented that they are not disqualified and are eligible to act as the Statutory Auditors of the Company.

The Board of Directors have appointed M/s. Aashish K. Bhatt & Associates, Company Secretaries as Secretarial Auditors of the Company for the Financial Year 2023-24.

During the Financial Year under review, there are no qualifications, adverse remarks or disclaimers made by the Statutory Auditor on the financial statements of the Company and by the Secretarial Auditor in his Secretarial Audit Report, which is annexed herewith as an **Annexure - "B"**. The Audit Committee and the Board of the Company have noted the suggestions from the Secretarial Auditor as mentioned in the Secretarial Audit Report for the FY 2023-24. There are no cases of fraud detected and reported by the Auditor under Section 143(12) during the Financial Year.

9. COST RECORDS

Your Company is not required to maintain the Cost records as required under Section 148(1) of the Act for the Financial Year ended March 31, 2024.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the financial year under review, the company has not granted any loan or given any guarantee or provided security under the provisions of Section 186 of the Act.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts /arrangements /transactions entered into by the Company during the financial year ended on March 31, 2024, with related parties were in the ordinary course of business and on an arm's length basis and had no conflict with the interest of the Company. All related party transactions were in compliance with the applicable provisions of the Act. All these transactions were reviewed and approved by the Audit Committee and Board of Directors of the Company.

The Company had not entered into any contract/arrangement/ transaction with related parties which could be considered material, or which may have potential conflict with the interest of the Company, hence there is no information to be provided as required under section 134(3) (h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014. Accordingly, a NIL disclosure of Related Party Transactions is annexed with this Report in Form AOC-2 as **Annexure - "C"**.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy & Technology Absorption

Your Company is in the financial services industry and does not consume high levels of energy. However, regular efforts are made to adopt appropriate energy conservation measures and technology absorption methods.

Foreign Exchange Earnings and Outgo

The Foreign Exchange earnings and outgo during the period ended March 31, 2024, is as follows:

Foreign Exchange Earnings	NIL
Foreign Exchange Outgo (In INR)	6,29,825.49

13. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNELS APPOINTED AND RESIGNED DURING THE YEAR

During the year under review:

- Mr. Anugrah Shrivastava was appointed as Additional Director on the Board of the Company with effect from August 23, 2023;
- Ms. Shikha Singh resigned as Company Secretary of the Company on November 07, 2023;
- Mr. Pranav Koranne was appointed as Company Secretary of the Company on November 07, 2023.

Necessary resolutions for the regularisation of Mr. Anugrah Shrivastava as Director of the Company has been included in the notice convening the ensuing AGM.

14. DETAILS OF DIRECTORS LIABLE TO RETIRE BY ROTATION

Mr. Bhuvanesh Rajanna (DIN: 09434723) is liable to retire by rotation at the 03rd Annual General Meeting of the Company and being eligible offers himself for re-appointment.

15. RISK MANAGEMENT

The Risk Management Committee of the Company meets at regular intervals and identifies the risks and prioritizes those risks.

The composition of the Risk Management Committee of the Company is as follows:

S.No.	Name of Director
1.	Mr. Bhuvanesh Rajanna
2.	Ms. Nithya Easwaran
3.	Mr. Tushar Mahajan
4.	Mr. Anugrah Shrivastava

The Committee met two (2) times during the year under review and the said meetings were held on November 07, 2023 and March 20, 2024.

The details of attendance of the Members are given herein below:

S.No.	Name of Director	Number of Risk Management Committee Meetings attended / Total Meetings Held during the year FY 2023-24
1.	Mr. Bhuvanesh Rajanna	2 out of 2
2.	Ms. Nithya Easwaran	2 out of 2
3.	Mr. Tushar Mahajan	2 out of 2
4.	Mr. Anugrah Shrivastava	2 out of 2

**Mr. Anugrah Shrivastava was appointed as a member of the Risk Management Committee on October 26, 2023.*

The Company has developed a robust Risk Management Framework that monitors the firm-wide Governance, Risk and Compliance. The framework includes an exhaustive Risk Management Policy that identifies major risks faced by the Company and the business of the AMC.

The Policy intends to provide safeguards against material misstatements or loss, as well as the safeguarding of assets, maintenance of proper accounting records, the reliability of financial information, and the identification and management of business risks if faced by the Company.

Additionally, the Risk Management Policy also covers aspects of Enterprise Risk, Operational Risk, Investment Risk and other applicable business risks applicable to the Company and the schemes of Zerodha Mutual Fund as defined under the SEBI Risk Management Framework for Mutual Funds.

16. AUDIT COMMITTEE

The Audit Committee consists of majority of Independent Directors:

The composition of the Audit Committee of the Company is as follows:

S.No.	Name of Director
1.	Mr. Bhuvanesh Rajanna
2.	Ms. Nithya Easwaran
3.	Mr. Tushar Mahajan

The Terms of Reference of the Audit Committee are as prescribed under Section 177 of the Act and rules made thereunder.

The Committee met five (5) times during the year under review and the said meetings were held on July 24, 2023, November 07, 2023, December 05, 2023, February 26, 2024 and March 20, 2024.

The details of attendance of the Members are given herein below:

S.No.	Name of Director	Number of Audit Committee Meetings attended / Total Meetings Held during the year FY 2023-24
1.	Mr. Bhuvanesh Rajanna	5 out of 5

2.	Ms. Nithya Easwaran	5 out of 5
3.	Mr. Tushar Mahajan	5 out of 5

17. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of one half of the Independent Directors.

The composition of the Nomination and Remuneration Committee of the Company is as follows:

Sr. No	Name of Director
1.	Mr. Bhuvanesh Rajanna
2.	Ms. Nithya Easwaran
3.	Mr. Tushar Mahajan
4.	Mr. Anugrah Shrivastava

The Committee met four (4) times during the year under review and the said meetings were held on July 24, 2023, November 07, 2023, February 26, 2024 and March 20, 2024.

The details of attendance of the Members are given herein below:

S.No.	Name of Director	Number of Nomination and Remuneration Committee Meetings attended / Total Meetings Held during the year FY 2023-24
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1.	Mr. Bhuvanesh Rajanna	4 out of 4
2.	Ms. Nithya Easwaran	4 out of 4
3.	Mr. Tushar Mahajan	4 out of 4
4.	Mr. Anugrah Shrivastava	2 out of 3

**Mr. Anugrah Shrivastava was appointed as a member of the Nomination and Remuneration Committee on October 26, 2023.*

18. BOARD EVALUATION

The Board of Directors have carried out an annual evaluation of its own performance, Board level Committees and Individual Directors pursuant to provisions of the Act.

The performance of the Board and Committees was evaluated after seeking inputs from all the Directors based on criterias such as composition, effectiveness of the processes, information and functioning.

19. MEETING OF INDEPENDENT DIRECTORS

In compliance with the requirements of Schedule IV of the Act, a meeting of the Independent Directors was held on Wednesday, March 20, 2024 for the Financial Year 2023-24 primarily to discuss the matters mentioned under the said schedule.

20. DEPOSITS

The Company has not accepted any deposits covered under Chapter V of the Act. Accordingly, no disclosure or reporting is required in respect of details relating to deposits covered under this Chapter.

21. SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all

applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating efficiently.

22. INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

The Company has in place adequate internal financial control with reference to the financial statement. During the year under review, such controls were tested and no reportable material weaknesses in the design and operation were observed. There exists adequate internal control procedures commensurate with the size of operations of the Company.

23. PARTICULARS OF EMPLOYEES' REMUNERATIONS

The statement containing particulars of employees as required under Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report. Any member interested in obtaining a copy of this Annexure may write to the Company Secretary at secretarial@zerodhafundhouse.com

24. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The establishment of a vigil mechanism ensures highest ethical, moral and business standards in the course of functioning and to build a lasting and strong culture of Corporate Governance within the Company.

The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and directors to report concerns about unethical behavior, actual or suspected fraud or violation of Company's code of conduct. The mechanism also provides for adequate safeguards against victimization of employees to avail of the mechanism.

During the year under review, no complaints were received by the Company.

The said Policy may be referred to at the website of the Company at its web link i.e <https://assets.zerodhafundhouse.com/statutory-reports/disclosures/Whistle%20Blower%20Policy.pdf>

25. CORPORATE SOCIAL RESPONSIBILITY

During the Financial Year, the provisions of Section 135 of the Act Corporate Social Responsibility were not applicable to the Company.

26. DISCLOSURE UNDER THE “SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working for us. A Policy on Prevention of Sexual Harassment at workplace is already in place. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment from time to time. During the Financial Year 2023-24, no complaint was received by the Company. A summary is specified below. The Company has filed an Annual Report with the concerned Authority in the matter.

S. No.	Particulars	Status
1.	No. of complaints received in the year	NIL
2.	No. of complaints disposed-off in the year	NA
3.	Cases pending for more than 90 days	NA
4.	No. of workshops and awareness programmes	2

	conducted in the year	
5.	Nature of action by employer or District Officer, if any	NA

27. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

Your Company does not have any Subsidiaries, Associates and Joint Venture Companies as per the Act.

29. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

NIL

30. THE DETAILS OF DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

NIL

31. DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATOR OR COURTS OR TRIBUNAL IMPACTING THE GOING CONCERN STATUS AND COMPANY’S OPERATION IN FUTURE

During the year under review, there were no significant or material orders passed by the regulator, courts, or tribunals that impacted the going concern status and operations of the Company in the future.

However, there was one order passed by the Registrar of Companies, Bengaluru. The details of this order are as follows:

The Company had filed a suo-moto application to address the unintentional delay in appointing a Chief Financial Officer (“CFO”) after incorporation.

The Registrar of Companies (ROC) has issued an order adjudicating penalty under Section 454 of the Companies Act, 2013, read with Rule 3 of the Companies (Adjudication of Penalties) Rules, 2014.

The Company is in process to make an appeal to the Regional Director.

32. ACKNOWLEDGEMENTS

The Directors extend their heartfelt gratitude to our valued investors, supportive shareholders, dedicated trustee company, steadfast bankers, diligent employees, and committed service providers for their unwavering support. We deeply appreciate the contributions and collaboration of each of these stakeholders, whose efforts have been instrumental in our achievements. Special thanks are due to Zerodha Broking Limited, our esteemed holding company, for their continued guidance and partnership, which we look forward to nurturing further in the future.

For and on behalf of the Board of Directors
ZERODHA ASSET MANAGEMENT PRIVATE LIMITED

Sd/-
Bhuvanesh Rajanna
DIN: 09434723
Director

Place: Bengaluru
Date: June 26, 2024

Sd/-
Anugrah Shrivastava
DIN: 07044041
Director

Place: Bengaluru
Date: June 26, 2024

Annexure – A
Disclosure pursuant to the Rule 12(9) of Companies (Share Capital and Debentures) Rules 2014

At the extra-ordinary general meeting of the Company held on February 26, 2024, the shareholders had approved the Employee Stock Option Plan, 2024 (“Esop Plan”). Total stock option pool created under the ESOP Plan is 35,86,957 (Thirty-Five Lakhs Eighty Six Thousand Nine Hundred and Fifty Seven Only). The details pursuant to the Rule 12(9) of the Companies (Share Capital and Debentures) Rules 2014 at the end of the Financial Year 23-24 are mentioned below:

Particulars		ESOP
a.	Options granted	Nil
b.	Options vested;	Nil
c.	Options Exercised	Nil
d.	The total number of shares arising as a result of exercise of option	Nil
e.	Options Lapsed	Nil
f.	The exercise price	Nil
g.	Variation of terms of options	Nil
h.	Money realized by exercise of options	Nil
i.	total number of options in force	Nil

j.	employee wise details of options granted to	Nil
	i. key managerial personnel;	Nil
	ii. any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	Nil
	iii. identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	Nil

**Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024**

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

**To,
The Members,
Zerodha Asset Management Private Limited.**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Zerodha Asset Management Private Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, except as stated below, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder - Not Applicable;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder – Not Applicable;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not applicable;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not applicable;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - Not applicable;
- d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - Not applicable;
- e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - Not applicable;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 - Not applicable;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not applicable;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not applicable.

I have examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of the Company Secretaries of India,
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') – Not Applicable.

During the financial year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above *except for minor lapses in filing with the Registrar of Companies*. These lapses involved missed out in attaching disclosures and annexures required under Section 134 of the Companies Act, 2013, as well as minor discrepancies in Director appointment disclosures in the AGM explanatory statement.

I further report that based on the compliance mechanism established by the Company, which has been verified on test check basis, I am of the opinion that the Company has complied with the applicable provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time, *except for few delay(s) in compliances with the guidelines pertaining to Investment and/or for Trading in Securities by the employees of the AMC(s) and Trustee(s) and restriction with respect to business done through brokers*. The necessary reporting(s) and corrective actions, if any, for the mentioned instances have already been submitted to SEBI, the AMC Board, and the Trustees.

I further report that:

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

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

The decisions at Board Meetings and Committee Meetings are carried out and recorded in the minutes of the Board of Directors and Committee of the Board accordingly.

I have relied on the representation made by the Company and its officers for adequate systems and processes in the company commensurate with its size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period under review, the Company has undertaken following events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz;

- (i) Allotment of equity shares on right issue;
- (ii) Appointment and resignation of Key Managerial Personnel(s);
- (iii) Appointment of Director(s);
- (iv) Filing application with the Registrar of Companies for adjudication of offence under Section 203 of the Companies Act, 2013 with regards to delay in appointment of CFO;
- (v) The Company has obtained Board and members approval for;
 - (a) Investment of funds under Section 186 of the Companies Act, 2013;
 - (b) Appointment of Statutory auditor to fill the casual vacancy and fixation of remuneration;
 - (c) Adoption of Employee Stock Option Plan 2024 (ESOP) policy.

**For Aashish K. Bhatt & Associates
Practicing Company Secretaries**

Sd/-

Aashish K. Bhatt

Proprietor

ACS No.: 19639, COP No.: 7023

UDIN: A019639F000623077

ICSI Unique Code S2008MH100200

Peer Review Certificate No.: 2959/2023

Place: Mumbai

Date: June 26, 2024

This Report is to be read with my letter annexed as Appendix A, which forms integral part of this report.

**To,
The Members,
Zerodha Asset Management Private Limited.**

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

1. The responsibility of maintaining Secretarial record is of the management and based on my audit, I have expressed my opinion on these records.
2. I am of the opinion that the audit practices and process adopted to obtain assurance about the correctness of the secretarial records were reasonable for verification on test check basis.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. The management is responsible for compliances with corporate and other applicable laws, rules, regulations, standards etc. My examination was limited to the verification of procedure on test basis and wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations etc.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Aashish K. Bhatt & Associates
Practicing Company Secretaries**

Sd/-

**Aashish K. Bhatt
Proprietor
ACS No.: 19639, COP No.: 7023
UDIN: A019639F000623077
ICSI Unique Code S2008MH100200
Peer Review Certificate No.: 2959/2023**

**Place: Mumbai
Date: June 26, 2024**

Form No. AOC-2

Annexure-B

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

a.	Name(s) of the related party and nature of relationship	-
b.	Nature of contracts / arrangements / transactions	-
c.	Duration of the contracts / arrangements / transactions	-
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	-
e.	Justification for entering into such contracts or arrangements or transactions	-
f.	Date(s) of approval by the Board	-
g.	Amount paid as advances, if any:	-

h.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	-
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2. Details of material contracts or arrangement or transactions at arm's length basis: NIL

A.

a.	Name(s) of the related party and nature of relationship	-
b.	Nature of contracts / arrangements / transactions	-
c.	Duration of the contracts / arrangements / transactions	-
d.	Salient terms of the contracts or arrangements or transactions including the value, if any:	-
e.	Date(s) of approval by the Board, if any:	-
f.	Amount paid as advances, if any:	-

Form shall be signed by the persons who have signed the Board's report.

Date: June 26, 2024

Place: Bengaluru

SD/-

Rajanna Bhuvanesh

Director

DIN:09434723

SD/-

Anugrah Shrivastava

Director

DIN: 07044041

INDEPENDENT AUDITOR'S REPORT**To the Members of Zerodha Asset Management Private Limited****Report on the audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of Zerodha Asset Management Private Limited (“the Company”), which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement for the year then ended, the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of material 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, 2024, 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 Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Director’s 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.

Responsibilities of Management and the Board of Directors 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 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 Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015. 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 Board of Directors is 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 cease to continue as a going concern.
- 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.

Other Matter

The financial statements of the Company for the year ended March 31, 2023, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on July 24, 2023.

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 accounts required by law have been kept by the Company so far as it appears from our examination of those books, except that we have not been able to obtain sufficient and appropriate audit evidence that the backup of such books was maintained on daily basis as necessary logs in respect of such period are not available with the Company for the period prior to January 01, 2024 as stated in note 38 to the financial statements;
- (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 Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and (Indian Accounting Standard) Amendment Rules, 2021;
- (e) On the basis of the written representations received from the directors as on March 31, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) The observation relating to the maintenance of books of account and other matters connected therewith are as stated in the paragraph (b) above;
- (g) This report does not include Report on the internal financial controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Report on internal financial controls'), since in our opinion and according to the information and explanation given to us, the said report on internal financial controls is not applicable to the Company basis the exemption available to the Company under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 on reporting on internal financial controls with reference to financial statements;
- (h) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2024;
- (i) 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;
- (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 disclosed in the note 38 to the financial statements, 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 persons or entities, 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 disclosed in the note 38 to the financial statements, 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 person(s) or entity(ies) 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; and
- (vi) Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software (refer Note 38 to the financial statements. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Rutushtra Patell

Partner

Membership No: 123596

UDIN: 24123596BKCIGI3199

Mumbai

June 26, 2024

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

In terms of 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:

Re: Zerodha Asset Management Private Limited (“the Company”)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of the intangibles assets.
- (b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned program of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.
- (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 or intangible assets during the year ended March 31, 2024.
- (e) There are no proceedings initiated during the year or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended) 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.5 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.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(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) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (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 Act 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.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. 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.
(b) According to the information and explanations given to us, 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, and other statutory dues which have not been deposited on account of any dispute.
- (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 did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.
(b) The Company has not been declared willful 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) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) and 3(ix)(f) of the Order are 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.
(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material 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 Act has been filed by the 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) As represented to us by the management, 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 Act. Therefore, the requirements to report on clause 3(xii)(a), (b) and (c) of the Order are 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 an internal audit system commensurate with the size and nature of its business.
- (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 the 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 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any non-banking financial or housing finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
- (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) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has incurred cash losses amounting to Rs. 88,811 (in thousands) in the current year and amounting to Rs. 35,237 (in thousands) in the immediately preceding financial year respectively.
- (xviii) The previous statutory auditors of the Company have resigned during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- (xix) On the basis of the financial ratios disclosed in note 31 to the financial statements, 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, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report 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.
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) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Rutushtra Patel

Partner

Membership No: 123596

UDIN: 24123596BKCIGI3199

Mumbai

June 26, 2024

Zerodha Asset Management Private Limited**Balance Sheet as at 31 March, 2024**

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Particulars	Note	As at 31st March, 2024	As at 31st March, 2023
Assets			
(I) Financial assets			
(a) Cash and cash equivalents	3	1,602.89	31,538.15
(b) Bank balance other than (A) above	4	2,55,222.28	4,49,100.00
(c) Receivables			
I) Trade receivables	5	1,284.67	-
ii) Other recievable		-	-
(d) Investments	6	3,90,790.75	-
(e) Other financial assets	7	6,029.36	5,376.94
Total financial assets		6,54,929.95	4,86,015.09
(ii) Non- financial assets			
(a) Deferred tax assets (net)	8	33,330.23	13,997.15
(b) Property, plant and equipment	9A	3,223.05	2,828.14
(c) Other intangible assets	9B	2,954.01	3,696.00
(d) Right-of-use assets	30	13,710.24	12,165.96
(e) Other non-financial assets	10	10,857.69	7,617.13
Total non- financial assets		64,075.22	40,304.38
Total assets		7,19,005.17	5,26,319.47
Liabilities and equity			
Liabilities			
(I) Financial liabilities			
(a) Payables			
Trade payables	11		
I) Total outstanding dues of micro enterprises and small enterprises		2,608.84	-
II) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,755.13	1,015.52
(b) Other financial liabilities	34	14,992.52	12,912.97
Total financial liabilities		19,356.49	13,928.49
(ii) Non- financial liabilities			
(a) Provisions	12	7,733.15	2,445.19
(b) Other non-financial liabilities	13	1,255.21	381.92
Total non-financial liabilities		8,988.36	2,827.11
Total liabilities (A)		28,344.85	16,755.60

Zerodha Asset Management Private Limited**Balance Sheet as at 31 March, 2024**

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Particulars	Note	As at 31st March, 2024	As at 31st March, 2023
Equity			
(a) Equity share capital	14	7,85,700.00	5,50,000.00
(b) Other equity	15	-95,039.68	-40,436.14
Total equity (B)		6,90,660.32	5,09,563.86
Total liabilities and equity (A+B)		7,19,005.17	5,26,319.47

Summary of material accounting policies

2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Reg No. 301003E/E300005

For and on behalf of the Board of Directors

Zerodha Asset Management Private Limited

Sd/-
per Rutushtra Patell
Partner
Membership No.: 123596

Sd/-
Rajanna Bhuvanesh
Director
DIN: 09434723

Sd/-
Anugrah Shrivastava
Director
DIN: 07044041

Place: Mumbai
Date: 26th June, 2024

Sd/-
Vishal Virender Jain
Chief Executive Officer

Sd/-
Pranav Narendra Koranne
Company Secretary

Place: Bengaluru
Date: 26th June, 2024

Place: Bengaluru
Date: 26th June, 2024

Zerodha Asset Management Private Limited

Statement of Profit and Loss for the year ended 31 March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Particulars	Note	For the year ended 31st March, 2024	For the year ended 31st March, 2023
(I) Revenue from operations	16		
(a) Asset management fees		1,189.51	00.00
(b) Interest income		20,702.91	18,907.62
(c) Net gain on fair value changes		22,394.85	-
Total revenue from operation		44,287.27	18,907.62
(II) Other income	17	4,227.50	-
(III) Total Income (I+II)		48,514.77	18,907.62
Expenses			
(a) Employee benefits expenses	18	76,841.91	31,197.79
(b) Finance cost	19	970.38	1,026.53
(c) Depreciation and amortization expenses	20	7,730.20	5,503.59
(d) Other expenses	21	36,617.23	19,460.42
(IV) Total expenses (a+b+c+d)		1,22,159.72	57,188.33
(V) Loss before tax (III)-(IV)		-73,644.95	-38,280.71
(VI) Tax expenses			
(a) Current tax		-	-
(b) Deferred tax	8	-19,257.25	-9,797.48
Total tax expense (a+b)		-19,257.25	-9,797.48
(VII) Loss for the period (V)-(VI)		-54,387.70	-28,483.23
(VIII) Other comprehensive Income			
(a) Items that will not be reclassified to profit or loss			
- Remeasurement loss for defined benefit obligations		-291.68	-
(b) Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement gain for defined benefit obligations		75.84	-
Total comprehensive income (a+b)		-215.84	-
(IX) Total comprehensive income for the period (VII)+(VIII)		-54,603.54	-28,483.23
(Comprising loss and other comprehensive income for the period)			
(X) Earnings per share			
Basic (in ₹)	24	-0.70	-0.19
Diluted (in ₹)	25	-0.70	-0.19

Summary of material accounting policies

2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Reg No. 301003E/E300005

For and on behalf of the Board of Directors

Zerodha Asset Management Private Limited

Sd/-

Sd/-

Sd/-

per Rutushtra Patell

Partner

Membership No.: 123596

Place: Mumbai

Date: 26th June, 2024

Rajanna Bhuvanesh

Director

DIN: 09434723

Anugrah Shrivastava

Director

DIN: 07044041

Sd/-

Sd/-

Vishal Virender Jain

Chief Executive Officer

Pranav Narendra Koranne

Company Secretary

Place: Bengaluru

Date: 26th June, 2024

Place: Bengaluru

Date: 26th June, 2024

Zerodha Asset Management Private Limited**Cash Flow Statement for the year ended 31 March, 2024**

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
A. Cash flows from operating activities		
Loss before tax	-73,644.95	-38,280.71
Add/(Less) Adjustments for :		
Depreciation and amortization expenses	7,730.20	5,503.58
Interest on lease liabilities	970.38	1,026.53
Provision for gratuity	1,428.11	677.46
Provision for leave encashment	1,219.90	-
Unrealised gain on investments in mutual fund	-22,394.85	-
Realised gain on investments in mutual fund	-4,199.19	-
Interest on security deposit	-42.64	-39.68
Actual rent paid	-4,076.94	-3,446.98
Interest income on fixed deposits	-20,660.27	-
Interest on income tax refund	-28.31	-
Operating loss before working capital changes	-1,13,698.56	-34,559.80
Movements in working capital:		
Increase in trade receivables	-1,284.67	-
Increase in other financial assets	-609.78	-4,804.05
Increase in other non-financial assets	-3,240.56	-7,617.13
Increase in trade payables	3,348.45	1,015.52
Increase in other financial liabilities	5,186.11	-
Increase/(decrease) in provisions	2,348.28	-14,257.66
Increase/(decrease) in other non-financial liabilities	873.29	-355.28
Cash used from operations	-1,07,077.44	-60,578.40
Income taxes- interest on income tax	28.31	-
Net cash used by operating activities	-1,07,049.13	-60,578.40
Cash flows from investing activities		
Purchase of property, plant and equipments	-2,887.41	-4,389.76
Purchase of Intangible assets	-854.00	-4,393.69
Purchase of Right-of-use assets	-5,186.00	-
Purchase of mutual funds & equity instruments	-3,68,395.90	-
Interest Income from fixed deposits	20,660.27	-
Proceeds from redemption of/(investments made in) fixed deposit	1,93,877.72	-4,49,100.00
Realised gain on investments in mutual fund	4,199.19	-
Net cash used by investing activities	-1,58,586.13	-4,57,883.45
Cash flows from financing activities		
Proceed from issue of share capital	2,35,700.00	5,50,000.00
Net cash generated by financing activities	2,35,700.00	5,50,000.00

Zerodha Asset Management Private Limited

Cash Flow Statement for the year ended 31 March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Net increase in cash and cash equivalents	-29,935.26	31,538.15
Cash and cash equivalents at the beginning of the year	31,538.15	-
Cash and cash equivalents at the end of the year	1,602.89	31,538.15

The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Ind AS -7 "Statement of Cash Flows".

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Reg No. 301003E/E300005

For and on behalf of the Board of Directors

Zerodha Asset Management Private Limited

Sd/-
per Rutushtra Patell
Partner
Membership No.: 123596

Sd/-
Rajanna Bhuvanesh
Director
DIN: 09434723

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DIN: 07044041

Place: Mumbai
Date: 26th June, 2024

Sd/-
Vishal Virender Jain
Chief Executive Officer

Place: Bengaluru
Date: 26th June, 2024

Sd/-
Pranav Narendra Koranne
Company Secretary

Place: Bengaluru
Date: 26th June, 2024

Zerodha Asset Management Private Limited**Statement of Changes in Equity for the period ended 31 March, 2024**

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

(A) Equity Share Capital

Equity shares issued, subscribed and fully paid	No of shares	Amount
As 1st April, 2022 (Face Value Rs. 10)		
Issue during the year	5,50,00,000	5,50,000.00
As 31st March, 2023 (Face Value Rs. 10)	5,50,00,000	5,50,000.00
Issue during the year	2,35,70,000	2,35,700.00
As 31st March, 2024 (Face Value Rs. 10)	7,85,70,000	7,85,700.00

(B) Other Equity

Particulars	Reserves & surplus		
	General Reserves	Retained earnings	Total
Balance as at 1st April, 2022	-	-11,952.91	-11,952.91
Loss for the year	-	-28,483.23	-28,483.23
Other comprehensive income for the year	-	-	-
Balance as at 31st March, 2023	-	-40,436.14	-40,436.14
Loss for the year	-	-54,387.70	-54,387.70
Other comprehensive income for the year	-	-215.84	-215.84
Balance as at 31st March, 2024	-	-95,039.68	-95,039.68

The accompanying notes are an integral part of these financial statements

*As per our report of even date***For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Reg No. 301003E/E300005

For and on behalf of the Board of Directors

Zerodha Asset Management Private Limited

Sd/-

per Rutushtra Patell

Partner

Membership No.: 123596

Sd/-

Rajanna Bhuvanesh

Director

DIN: 09434723

Sd/-

Anugrah Shrivastava

Director

DIN: 07044041

Place: Mumbai

Date: 26th June, 2024

Sd/-

Vishal Virender Jain

Chief Executive Officer

Sd/-

Pranav Narendra Koranne

Company Secretary

Place: Bengaluru

Date: 26th June, 2024

Place: Bengaluru

Date: 26th June, 2024

Zerodha Asset Management Private Limited

Summary of material accounting policies and other explanatory information for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

1 Corporate Information

Zerodha Asset Management Private Limited ("the Company") is a Private Limited Company domiciled in India (CIN: U67190KA2021PTC155726) and its registered office is situated at INDIQUBE PENTA New No. 51 (Old No.14), Richmond Road, Bangalore - 560025. The Company was incorporated under the Companies Act, 2013 on 20th December 2021 and is jointly controlled by Zerodha Broking Limited & Smallcase Technologies Private Limited. Zerodha Broking Limited made an application to the Securities and Exchange Board of India ("SEBI") for registration of the proposed Mutual Fund ("Zerodha Mutual Fund") on 5th February 2020, and the in-principle approval was granted by SEBI on 1st September 2021. The final approval was received on 11th August, 2023. The principal activity of the Company is to act as an investment manager to Zerodha Mutual Fund.

2 Material accounting policies

(i) Basis of preparation

The financial statements of the Company 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 financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which have been measured at fair value amount.

The Financial Statements are presented in Indian rupees and all values are rounded to the nearest thousands, except when otherwise indicated.

All assets and liabilities have been classified as Financial or Non-Financial as per the Company's normal business operations and other criteria as set out in the Division III of Schedule III to the Companies Act, 2013.

(ii) Presentation of financial statements :

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 30.

The financial statements have been approved by the Board of Directors in the meeting held on 26th June, 2024.

(iii) Use of estimates

The preparation of the Financial Statements in conformity with the Indian Accounting Standards (Ind AS) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of financial statements and the reported amount of revenue and expenses during the reporting year. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results may differ from those estimates and assumptions used in preparing the accompanying financial statements. Any revision to the accounting estimates will be recognised prospectively in the current and future years.

(iv) Revenue recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Revenue from contracts with customers is recognised when control of services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Ind AS 115, 'Revenue from Contract with Customers' establishes a five-step model for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, Revenues from customer contracts are considered for recognition and measurement when the contract have been approved by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenue is recognised through a five-step approach:

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;

Zerodha Asset Management Private Limited

Summary of material accounting policies and other explanatory information for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when a performance obligation is satisfied.

Rendering of service

Management fees are recognised on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of Scheme Information Documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

The contract includes a single performance obligation (series of distinct services) that is satisfied over time and the investment management fees earned are considered as variable consideration.

Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend income

Dividend income is recognised when the Company's right to receive dividend is established, it is probable that economic benefits associated with dividend will flow to the entity and the amount of dividend can be measured reliably. This is generally when shareholders approve the dividend.

Scheme expenses & Commission

Pursuant to circulars issued by SEBI in this regard, with effect from October 22, 2018, certain scheme related expenses and commission, subject to certain permitted exceptions, are being borne by the respective schemes.

New Fund Offer (NFO) expenses on the launch of mutual fund schemes are borne by the Company and recognised in the profit and loss statement as and when incurred.

(v) Property, plant and equipment

Recognition and initial measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprise its purchase price, including import duties and non refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use.

Subsequent measurement

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. All other repairs and maintenance costs are recognised in statement of profit or loss as incurred.

Depreciation

Depreciation is provided on Written Down Value (WDV) in accordance with the useful life of assets rate prescribed under schedule II to the Companies Act, 2013 or as determined by the management. Depreciation commences when assets are ready for its intended use. 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.

Useful life of assets

Asset type	Useful life (in years)
Computers	3
Office equipments	3
Furniture & fixtures	10
Electrical installations	10
Leasehold improvement	3
Software licenses	2 or 5

Zerodha Asset Management Private Limited

Summary of material accounting policies and other explanatory information for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

De-recognition

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 de-recognition 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.

(vi) Leases

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The Company applies the short-term lease recognition exemption to its short-term leases. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of use asset. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

(vii) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebate less accumulated amortisation/ depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and cost can be measured reliably.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Company's intangible assets comprises assets with finite useful life which are amortised on a straight-line basis over the period of their expected useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year and adjusted prospectively, if appropriate. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

(viii) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. 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 the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Zerodha Asset Management Private Limited

Summary of material accounting policies and other explanatory information for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

(ix) Financials Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and 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 measured on initial recognition of financial asset or financial liability.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: financial assets comprising amortised cost, equity instruments at FVTOCI, financial assets at fair value through profit and loss account (FVTPL) and financial liabilities at amortised cost or FVTPL. The classification of financial instruments depends on the contractual cash flow characteristics and the objective of the business model for which it is held and whether the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal outstanding.

Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within the 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.

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 on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets. The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are 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 statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

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

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments - for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk of trade receivables. The Company calculates the expected credit losses on trade receivables, using a provision matrix on the basis of its historical credit loss experience.

Zerodha Asset Management Private Limited

Summary of material accounting policies and other explanatory information for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

De-recognition of Financial Assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

De-recognition of Financial Liabilities

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

Derivative Financial Instruments

The Company may enter into foreign exchange forward contracts to mitigate the foreign currency exposure risk. Derivatives are to be initially recognised at fair value at the date the derivative contracts are entered and will be subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss will be recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss will depend on the nature of the hedge relationship.

Equity Investments

All investments in equity instruments classified under financial assets are initially measured at fair value; the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as 'other income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends and on an equity instrument measured at FVOCI, are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

(x) Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity, in which case the related income tax is also recognised in Other Comprehensive Income or Equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance Sheet date.

Zerodha Asset Management Private Limited

Summary of material accounting policies and other explanatory information for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Deferred tax

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each reporting date 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 assets to be recovered. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Current and deferred taxes are recognised in the Statement of Profit and Loss, except when the same relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax relating to such items are also recognised in other comprehensive income or directly in equity, respectively.

(xi) Cash and bank balances

Cash and cash equivalents in the balance sheet comprise cash at bank and cash in hand and short-term investments with an original maturity of three months or less which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management.

(xii) Earning per share (EPS)

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xiii) Provisions 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 an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(xiv) Foreign Currencies Transactions and Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency's closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Zerodha Asset Management Private Limited

Summary of material accounting policies and other explanatory information for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

(xv) Employee benefits:

Post-employment, long term and short term employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions towards Provident Fund, Employee State Insurance and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/ superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurements of defined benefit plans in respect of post-employment and other long term benefits are charged to the Other Comprehensive Income.

Other long-term employee benefits

Long term compensated absences are provided for based on actuarial valuation at year end. The actuarial valuation is done as per projected unit credit method. The Company presents the compensated absences as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Short-term employee benefits

Short-term employee benefits are recognised as an expense on accrual basis.

(xvi) Impairment of non-financial assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a DCF model. The impairment loss is recognised if the recoverable amount of the CGU is higher than its value in use or fair value less cost to sell. Impairment losses are immediately recognised in the Statement of Profit and Loss.

(xvii) Fair value measurements and hierarchy

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy

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 best economic 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Zerodha Asset Management Private Limited

Summary of material accounting policies and other explanatory information for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing 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 carrying amounts of trade receivables, trade payables, payables towards capital goods, other Bank Balances and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(xviii) New and amended standards

Standards issued/amended but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements

(ii) Disclosure of Accounting Policies Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at 1 April 2022.

Apart from these, consequential amendments and editorials have been made to other Ind AS like Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115 and Ind AS 34.

Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31 March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Note 3 : Cash and cash equivalents (at amortised cost)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Cash and cash equivalents		
(a) Cash on hand	-	-
(b) Balances with banks		
- In current accounts	1,602.89	31,538.15
Total	1,602.89	31,538.15

Note 4: Bank balances other than cash and cash equivalents (at amortised cost)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Fixed deposits with banks*	2,55,222.28	4,49,100.00
Total	2,55,222.28	4,49,100.00

*Lien marked to the extent of Rs. 700 ('000) for HDFC credit card

Note 5 : Trade receivables (at amortised cost)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Receivables :		
1. Trade receivables :		
Secured, considered good	-	-
Unsecured, considered good*	1,284.67	-
2. Other receivables :		
Secured, considered good	-	-
Unsecured, considered good	-	-
Total	1,284.67	-

*Note: Receivables from Zerodha Mutual Fund

Trade receivables ageing schedule as at 31st March, 2024

Particulars	Outstanding from Due date of Payment					Total
	<6 Months	6 Months to 1 year	1-2 Years	2-3 Years	> 3 Years	
(i) Undisputed trade receivables- considered good	1,284.67	-	-	-	-	1,284.67
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables- considered good	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-
Total	1,284.67	-	-	-	-	1,284.67

Trade receivables ageing schedule as at 31st March, 2023

Particulars	Outstanding from Due date of Payment					Total
	<6 Months	6 Months to 1 year	1-2 Years	2-3 Years	> 3 Years	
(i) Undisputed trade receivables- considered good	-	-	-	-	-	-
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables- considered good	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-
Total	-	-	-	-	-	-

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Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31 March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Note 6 : Investments

Particulars	As at 31st March, 2024		
	At Fair Value through OCI	At Fair Value through Profit or Loss	Total
Mutual funds	-	3,87,265.75	3,87,265.75
Equity instrument	-	3,525.00	3,525.00
Total gross investment (A)	-	3,90,790.75	3,90,790.75
Less: Impairment allowance	-	-	-
Total net investment	-	3,90,790.75	3,90,790.75
(i) Investments outside India	-	-	-
(ii) Investment in India	-	3,90,790.75	3,90,790.75
Total (B)	-	3,90,790.75	3,90,790.75
Less: Impairment allowance	-	-	-
Total net investment	-	3,90,790.75	3,90,790.75

Particulars	As at 31st March, 2023		
	At Fair Value through OCI	At Fair Value through Profit or Loss	Total
Mutual funds	-	-	-
Equity instrument	-	-	-
Total gross investment (A)	-	-	-
Less: Impairment allowance	-	-	-
Total net investment	-	-	-
(i) Investments outside India	-	-	-
(ii) Investment in India	-	-	-
Total (B)	-	-	-
Less: Impairment allowance	-	-	-
Total net investment	-	-	-

Note 7 : Other financial assets (at amortised cost)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Advance to suppliers	2,001.75	1,922.29
Accrued interest from fixed deposit	3,412.08	2,881.76
Security deposits	615.53	572.89
Sub total	6,029.36	5,376.94
Less : Impairment allowance	-	-
Total	6,029.36	5,376.94

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Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31 March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Note 6 : Investments

Particulars	As at 31st March, 2024		
	At Fair Value through OCI	At Fair Value through Profit or Loss	Total
Mutual funds	-	3,87,265.75	3,87,265.75
Equity instrument	-	3,525.00	3,525.00
Total gross investment (A)	-	3,90,790.75	3,90,790.75
Less: Impairment allowance	-	-	-
Total net investment	-	3,90,790.75	3,90,790.75
(i) Investments outside India	-	-	-
(ii) Investment in India	-	3,90,790.75	3,90,790.75
Total (B)	-	3,90,790.75	3,90,790.75
Less: Impairment allowance	-	-	-
Total net investment	-	3,90,790.75	3,90,790.75

Particulars	As at 31st March, 2023		
	At Fair Value through OCI	At Fair Value through Profit or Loss	Total
Mutual funds	-	-	-
Equity instrument	-	-	-
Total gross investment (A)	-	-	-
Less: Impairment allowance	-	-	-
Total net investment	-	-	-
(i) Investments outside India	-	-	-
(ii) Investment in India	-	-	-
Total (B)	-	-	-
Less: Impairment allowance	-	-	-
Total net investment	-	-	-

Note 7 : Other financial assets (at amortised cost)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Advance to suppliers	2,001.75	1,922.29
Accrued interest from fixed deposit	3,412.08	2,881.76
Security deposits	615.53	572.89
Sub total	6,029.36	5,376.94
Less : Impairment allowance	-	-
Total	6,029.36	5,376.94

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Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Note 8: Deferred tax assets (net)

Particulars	Deferred tax Asset	Deferred Tax Liabilities	Income Statement	OCI	Others
	As at March 31st, 2024	As at March 31st, 2024	Year ended March 31st, 2024	Year ended March 31st, 2024	Year ended March 31st, 2024
Depreciation	345.63	-	421.02	-	-
Provision for gratuity	547.45	-	547.45	-	-
Remeasurement loss on defined benefit plan_FVOCI	75.84	-	-	75.84	-
Difference between accounting income and taxable Income on investments	-	5,822.66	-5,822.66	-	-
Net of right to use of assets & lease liability	333.39	-	92.83	-	-
Losses incurred during the year	37,498.46	-	23,666.47	-	-
Security deposits under leases	34.96	-	34.96	-	-
Provisions for leave encashment	317.17	-	317.17	-	-
Total	39,152.89	5,822.66	19,257.25	75.84	-
Deferred tax assets (net)		33,330.23			

Particulars	Deferred tax Asset	Deferred Tax Liabilities	Income Statement	OCI	Others
	As at March 31st, 2023	As at March 31st, 2023	Year ended March 31st, 2023	Year ended March 31st, 2023	Year ended March 31st, 2023
Depreciation	-	75.40	-75.40	-	-
Provision for gratuity	-	-	-	-	-
Remeasurement gain/(loss) on defined benefit plan_FVOCI	-	-	-	-	-
Difference between accounting income and taxable Income on investments	-	-	-	-	-
Net of right to use of assets & lease liability	240.56	-	203.88	-	-
Losses incurred during the year	13,831.99	-	9,669.00	-	-
Security deposits under leases	-	-	-	-	-
Provision for leave encashment	-	-	-	-	-
Total	14,072.55	75.40	9,797.48	-	-
Deferred tax assets (net)		13,997.15			

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Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31 March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Note 9A- Property, plant & equipment

Particulars	Electrical Installations	Computers	Furniture & fixtures	Leasehold improvements	Office Equipments	Total
Balance as at 1st April, 2022	-	-	-	-	-	-
Additions	232.31	3,550.68	223.00	99.30	284.49	4,389.78
Disposals	-	-	-	-	-	-
Balance as at 31 March, 2023	232.31	3,550.68	223.00	99.30	284.49	4,389.78
Additions	45.81	2,841.59	-	-	-	2,887.40
Disposals	-	-	-	-	-	-
Balance as at 31 March, 2024	278.12	6,392.27	223.00	99.30	284.49	7,277.18
Accumulated depreciation						
Balance as at 1st April, 2022	-	-	-	-	-	-
Charge for the year	31.37	1,366.02	32.06	46.76	85.43	1,561.64
Balance as at 31st March, 2023	31.37	1,366.02	32.06	46.76	85.43	1,561.64
Charge for the year	59.21	2,273.31	49.43	33.19	77.35	2,492.49
Balance as at 31st March, 2024	90.58	3,639.33	81.49	79.95	162.78	4,054.13
Net block as at 31st March, 2023	200.94	2,184.66	190.94	52.54	199.06	2,828.14
Net block as at 31st March, 2024	187.54	2,752.94	141.51	19.35	121.71	3,223.05

Note 9B- Other Intangible Assets

Particulars	Licenses	Total
Balance as at 1st April, 2022	-	-
Additions	4,393.69	4,393.69
Deletions	-	-
Balance as at 31st March, 2023	4,393.69	4,393.69
Additions	854.00	854.00
Deletions	-	-
Balance as at 31st March, 2024	5,247.69	5,247.69
Accumulated amortization		
Balance as at 1st April, 2022	-	-
Charge for the year	697.69	697.69
Balance as at 31st March, 2023	697.69	697.69
Charge for the year	1,595.99	1,595.99
Balance as at 31st March, 2024	2,293.68	2,293.68
Net block as at 31st March, 2023	3,696.00	3,696.00
Net block as at 31st March, 2024	2,954.01	2,954.01

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Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31 March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Note 10: Other non financial assets

Particulars	As at 31st March, 2024	As at 31 March, 2023
Prepaid expenses	1,127.80	580.97
Balances with government authorities	9,666.88	6,976.82
Others	63.01	59.34
Total	10,857.69	7,617.13

Note 11 : Trade payables (at amortised cost)

Particulars	As at 31st March, 2024	As at 31 March, 2023
Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 34 for details of dues to micro and small enterprises)	2,608.84	-
(ii) Total outstanding dues other than micro enterprises and small enterprises	1,755.13	1,015.52
Total	4,363.97	1,015.52

Trade payable	1,759.03	1,015.52
Trade payables to related parties (Refer note 22)	2,604.94	00.00
Total	4,363.97	1,015.52

Trade payables ageing schedule as at 31 March, 2024

Particulars	Outstanding for following period from date of transaction			
	<1 year	1-2 years	2-3 years	> 3 years
(i) Undisputed dues - MSME	2,608.84	-	-	-
(ii) Undisputed dues - Others	1,755.13	-	-	-
(iii) Disputed dues - MSME	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-
Total	4,363.97	-	-	-

Trade payables ageing schedule as at 31 March, 2023

Particulars	Outstanding for following period from date of transaction			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) Undisputed dues - MSME	-	-	-	-
(ii) Undisputed dues - Others	1,015.52	-	-	-
(iii) Disputed dues - MSME	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-
Total	1,015.52	-	-	-

Note 12 : Provisions

Particulars	As at 31st March, 2024	As at 31 March, 2023
Provision for expenses	4,116.01	1,767.73
Provision for leave encashment	1,219.90	-
Provision for gratuity	2,397.24	677.46
Total	7,733.15	2,445.19

Note 13 : Other non-financial liabilities

Particulars	As at 31st March, 2024	As at 31 March, 2023
Statutory dues	1,080.15	331.96
Employee benefits and other payables	175.06	49.96
Total	1,255.21	381.92

Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31 March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Note 14 : Equity share capital

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	No. of shares	Amount	No. of shares	Amount
a) Authorised share capital				
Equity shares of ₹ 10 each	10,00,00,000	10,00,000.00	10,00,00,000	10,00,000.00
b) Issued, subscribed and paid up				
Opening equity Shares	5,50,00,000	5,50,000.00	-	-
Add: Issue during the year	2,35,70,000	2,35,700.00	5,50,00,000	5,50,000.00
Equity shares of Rs. 10 each fully paid	7,85,70,000	7,85,700.00	5,50,00,000	5,50,000.00

a) Term/right attached to equity shares

The company has one class of equity share having face value of ₹10 per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by board of directors is subject to approval by shareholders in ensuing annual general meeting, except in case of interim dividend.

In the event of liquidation of the company, the holder of equity share will be entitled to receive remaining asset of company, after distribution of all preferential amount, in proportion to number of shares held by shareholders.

b) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	5,50,00,000	5,50,000.00	-	-
Add: Equity shares issued during the year	2,35,70,000	2,35,700.00	5,50,00,000	5,50,000.00
Balance at the end of the year	7,85,70,000	7,85,700.00	5,50,00,000	5,50,000.00

c) The company has neither issued any bonus nor there has been any buyback of share for the year ended 31st March, 2024 (31st March, 2023: Nil)

d) Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held:

Name of the Shareholder	31st March, 2024		31st March, 2023	
	No. of Equity shares held	% of Shareholding	No. of Equity shares held	% of Shareholding
Zerodha Broking Limited	5,49,99,999	70.00%	5,49,99,999	100.00%
Smallcase Technologies Private Limited	2,35,70,000	30.00%	-	-

Shareholding of promoters as on 31st March, 2024

Promoter Name	No. of shares	% of total shares	% Change during the year
Zerodha Broking Limited	5,49,99,999	70.00%	-30.00%

Shareholding of promoters as on 31st March, 2023

Promoter Name	No. of shares	% of total shares	% Change during the year
Zerodha Broking Limited	5,49,99,999	100.00%	-

Note 15 : Other Equity

Particulars	Retained Earnings	Other items of other comprehensive income	Total
Balance as at 01st April, 2022	-11,952.91	-	-11,952.91
Loss for the year	-28,483.23	-	-28,483.23
Balance as at 31st March, 2023	-40,436.14	-	-40,436.14
Loss for the year	-54,387.70	-215.84	-54,603.54
Balance as at 31st March, 2024	-94,823.84	-215.84	-95,039.68

Zerodha Asset Management Private Limited**Notes to Financial Statements for the year ended 31 March, 2024**

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Note 16: Revenue from operations

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Asset management fees	1,189.51	-
Net gain on fair value changes On financial instruments designated at fair value through profit or loss	22,394.85	
Interest Income from :		
Deposit with bank	20,660.27	18,867.94
Security deposit	42.64	39.68
Total	44,287.27	18,907.62

Note 17: Other Income

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Realised gain on mutual funds	4,199.19	
Interest on income tax refund	28.31	-
Total	4,227.50	-

Note 18: Employee benefit expenses

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Salary and allowances	74,471.25	30,308.94
Contribution to provident and other funds	540.54	169.73
Gratuity expense	1,428.11	677.46
Staff welfare expenses	402.01	41.66
Total	76,841.91	31,197.79

Note 19: Finance cost

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Interest on lease asset expenses (Refer note 32)	970.38	1,026.53
Total	970.38	1,026.53

Note 20: Depreciation, amortization and impairment

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Depreciation on property, plant and equipment (Refer note 9A)	2,492.49	1,561.64
Amortization of intangible assets (Refer note 9B)	1,595.99	697.69
Depreciation on right of use asset (Refer note 32)	3,641.72	3,244.26
Total	7,730.20	5,503.59

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Zerodha Asset Management Private Limited**Notes to Financial Statements for the year ended 31 March, 2024**

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Note 21: Other expenses

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Internet & leaseline charges	1,738.96	1,276.49
Bank charges	11.28	01.57
Telephone charges	195.85	159.11
GST expensed off	3,847.74	1,221.53
Interest on TDS	00.20	24.67
Subscription charges	9,035.08	7,702.93
Printing & stationery	109.07	09.81
Repairs & maintainance	1,096.39	681.10
Travel & accomodation	141.26	33.85
Legal and professional fees	6,264.48	7,244.79
Payment to auditors-		
Statutory audit	800.00	408.39
Electricity expense	584.59	489.12
Director sitting fee	1,040.00	100.00
Rates & taxes	564.51	06.25
Insurance expenses	1,332.43	03.66
Fund expenses	2,395.32	-
Registration & processing charges	6,634.27	65.00
Miscellaneous expenses	825.80	32.16
Total	36,617.23	19,460.42

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Zerodha Asset Management Private Limited**Notes to Financial Statements for the year ended 31st March, 2024**

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

22 Related Party Transactions

In accordance with the requirements of Ind AS 24, names of the related party where control exists/able to exercise significant influence, along with the transactions and year-end balances with them, as identified and certified by the management are given below:

List of related parties:**a) Parent entity**

Zerodha Broking Limited (upto 5th April, 2023)

b) Entities exercising joint control

Zerodha Broking Limited (w.e.f. 6th April, 2023)

Smallcase Technologies Private Limited (w.e.f. 6th April, 2023)

c) Fellow subsidiaries

Zerodha Trustee Private Limited

Zerodha (IFSC) Private Limited

d) Associate entity of parent entity

ETS Securities Private Limited

e) Key Management Personnel (KMP) and relative of KMP

Mr. Rajanna Bhuvanesh (Director)

Ms. Nithya Easwaran (Director)

Mr. Tushar Mahajan (Director)

Mr. Anugrah Shrivastava (Additional Director)

Mr. Vishal Virender Jain (Chief Executive Officer)

Mr. Chintan Vasantlal Bhatt (Chief Financial Officer upto 04.04.2024)

Ms. Shikha Singh (Company Secretary upto 07.11.2023)

Mr. Pranav Narendra Koranne (Company Secretary w.e.f. 07.11.2023)

f) Name and relationship of related parties where transactions have taken place

Zerodha Broking Limited (Parent entity upto 5th April, 2023)

Zerodha Broking Limited (Entity exercising joint control w.e.f. 6th April, 2023)

Smallcase Technologies Private Limited (Entity exercising joint control w.e.f. 6th April, 2023)

Ms. Nithya Easwaran (Director)

Mr. Tushar Mahajan (Director)

Mr. Vishal Virender Jain (Chief Executive Officer)

Mr. Chintan Vasantlal Bhatt (Chief Financial Officer upto 04.04.2024)

Ms. Shikha Singh (Company Secretary upto 07.11.2023)

Mr. Pranav Narendra Koranne (Company Secretary w.e.f. 07.11.2023)

23 Transactions with related parties carried out in the ordinary course of business:

Nature of transaction	Relationship	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Reimbursement of expenses			
Zerodha Broking Limited	Holding Company	-	658.76
Vishal Virendra Jain	Chief Executive Officer	14.86	04.69
Shikha Singh	Company Secretary	02.53	53.32
Sitting Fee			
Nitya Easwaran	Director	520.00	50.00
Tushar Mahajan	Director	520.00	50.00
Salary/ Remuneration			
Vishal Virendra Jain	Chief Executive Officer	11,923.41	9,977.84
Chintan Vasantlal Bhatt	Chief Financial Officer	2,197.60	247.77
Pranav Narendra Koranne	Company Secretary	757.93	-
Consultancy & Other Expenses			
Smallcase Technologies Private Limited	Entity exercising joint control	4,351.77	11,840.69

Zerodha Asset Management Private Limited**Notes to Financial Statements for the year ended 31st March, 2024**

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Balances as at the year end

Nature of transaction	Relationship	As at 31 March, 2024	As at 31 March, 2023
Accrued expenses			
Tushar Mahajan	Director	-	45.00
Vishal Virendra Jain	Chief Executive Officer	00.86	00.86
Consultancy & Other Expenses			
Smallcase Technologies Private Limited	Entity exercising joint control	2,604.94	-

24 Earning per share	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Net loss after tax attributable to existing equity shareholders	-54,603.54	-28,483.23
Weighted average number of shares	7,83,76,803	5,50,00,000
Loss per equity share (₹)	-0.70	-0.52
Nominal value per equity share (₹)	10.00	10.00

25 Diluted Earning per share	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Net loss after tax attributable to existing equity shareholders	-54,603.54	-28,483.23
Weighted average number of shares	7,83,76,803	5,50,00,000
Diluted loss per equity share (₹)	-0.70	-0.52
Nominal value per equity share (₹)	10.00	10.00

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Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

26 Employee benefits obligations

Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees' last drawn basic salary per month computed proportionately for 15 days salary, multiplied for the number of years of service. The following table sets out the status of the gratuity plan as required under Ind AS 19 as certified by actuary.

Movement in the liability recognized in the balance sheet is as under:

Particulars	As at 31 March, 2024	As at 31 March, 2023
Present value of defined benefit obligation at the beginning of the year	677.46	-
Transfer in/(out) obligation	-	-
Current service cost	1,377.16	677.46
Interest cost	50.95	-
Actuarial loss/ (gain)	291.68	-
Benefits paid	-	-
Present value of defined benefit obligation at the end of the year	2,397.24	677.46

Bifurcation of present value of obligation at the end of the year

Particulars	As at 31 March, 2024	As at 31 March, 2023
Current liability	05.18	01.88
Non-current liability	2,392.07	675.58
Total	2,397.24	677.46

Expenses recognized in statement of profit and loss

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Current service cost	1,377.16	677.46
Interest cost	50.95	-
Expenses recognized in statement of profit and loss	1,428.11	677.46

Expenses recognized in the other comprehensive income (OCI)

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Actuarial (gains)/losses on obligation	291.68	-
Expenses recognized in the other comprehensive income (OCI)	291.68	-

For determination of the liability of the Company, following actuarial assumptions were used:

Particulars	31st March, 2024	31st March, 2023
Discount rate	7.23%	7.52%
Salary escalation rate	7%	7%
Withdrawal rate	1%	1%
Retirement age (years)	60	60
Average remaining working life	25	24

Maturity profile of defined benefit obligation

Particulars	31st March, 2024	31st March, 2023
Year 1	05.18	01.88
Year 2	05.86	02.15
Year 3	06.64	02.45
Year 4	28.06	02.80
Year 5	40.85	12.75
Year 6 to 10	1,146.43	80.10
Year 11 and above	10,989.63	2,813.97
	12,222.65	2,916.10

Zerodha Asset Management Private Limited**Notes to Financial Statements for the year ended 31st March, 2024**

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Sensitivity analysis for gratuity

Particulars	31st March, 2024	31st March, 2023
a) Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	1,993.66	578.82
Impact due to decrease of 1 %	2,911.26	799.25
b) Impact of the change in withdrawal rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	2,327.61	654.74
Impact due to decrease of 1 %	2,466.29	699.98
b) Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	2,847.62	798.65
Impact due to decrease of 1 %	1,990.28	577.54

Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated above.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

The above sensitivity analysis 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 defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligations 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.

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Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

27 Fair value measurement

27.1 Valuation techniques used to determine fair value

The following explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. 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.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods were used to estimate the fair values:-

- Cash and cash equivalents, bank balances other than cash & cash equivalents, trade receivables, other financial assets, trade payables and lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments

- Mutual Funds: The fair value of investment in mutual funds is measured at quoted price or net asset value (NAV)

- Equity instruments: discounted cash flow based on present value of the expected future economic benefit

There are no transfer between levels during the year.

27.2 Classification and fair values of financial asset & liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

Particulars	Carrying Amount			Fair Value			Total
	FVTPL	Amortized Cost	Total Carrying Amount	Level 1	Level 2	Level 3	
As at March 31, 2024							
(I) Financial assets							
(a) Cash and cash equivalents*	-	1,602.89	1,602.89	-	-	-	1,602.89
(b) Bank balances other than cash and cash equivalents*	-	2,55,222.28	2,55,222.28	-	-	-	2,55,222.28
(c) Receivables							
i) Trade receivables*	-	1,284.67	1,284.67	-	-	-	1,284.67
(d) Investments							
Mutual funds	3,87,265.75	-	3,87,265.75	3,87,265.75	-	-	3,87,265.75
Equity instruments	3,525.00	-	3,525.00	-	-	3,525.00	3,525.00
(e) Other financial assets*	-	6,029.36	6,029.36	-	-	-	6,029.36
Total financial assets	3,90,790.75	2,64,139.19	6,54,929.95	3,87,265.75	-	35,25,000.00	6,54,929.95
(II) Financial liabilities							
(a) Payables							
Trade payables*	-	4,363.97	4,363.97	-	-	-	4,363.97
(b) Other financial liabilities							
Lease Liabilities*	-	14,992.52	14,992.52	-	-	-	14,992.52
Total financial liabilities	-	19,356.49	19,356.49	-	-	-	19,356.49

Particulars	Carrying Amount			Fair Value			Total
	FVTPL	Amortized Cost	Total Carrying Amount	Level 1	Level 2	Level 3	
As at March 31, 2023							
(I) Financial assets							
(a) Cash and cash equivalents*	-	31,538.15	31,538.15	-	-	-	31,538.15
(b) Bank Balances other than cash and cash equivalents*	-	4,49,100.00	4,49,100.00	-	-	-	4,49,100.00
(c) Trade and other receivables	-	-	-	-	-	-	-
(d) Investments	-	-	-	-	-	-	-
(e) Other financial assets*	-	5,376.94	5,376.94	-	-	-	5,376.94
Total financial assets	-	4,86,015.09	4,86,015.09	-	-	-	4,86,015.09
(II) Financial liabilities							
(a) Trade and other payables*		1,015.52	1,015.52	-	-	-	1,015.52
(b) Other financial liabilities							
Lease Liabilities*	-	-	12,912.97	-	-	-	12,912.97
Total financial liabilities	-	1,015.52	13,928.49	-	-	-	13,928.49

*The management assessed that cash and cash equivalents, bank balances other than cash & cash equivalents, trade receivables, other financial assets, trade payables and lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Accordingly, fair value hierarchy for these financial instruments have not been presented above.

Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

28 Financial risk management

Risk management

The Company's activities for mutual fund business will expose it to the liquidity and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

28.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables, cash and cash equivalents, and other financial assets measured at amortised cost.

The carrying amounts of following financial assets represent the maximum credit risk exposure:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Cash and cash equivalents	1,602.89	31,538.15
Bank balances other than those mentioned above	2,55,222.28	4,49,100.00
Trade Receivables	1,284.67	-
Other financial assets measured at amortised cost	6,029.36	5,376.94

Expected Credit Loss (ECL) on Financial Assets

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument is subject to 12 month ECL (12mECL) or life time ECL (LTECL), the Company assesses whether there has been a significant increase in credit risk or the asset has become credit impaired since initial recognition. The Company applies following quantitative and qualitative criteria to assess whether there is significant increase in credit risk or the asset has been credit impaired:

- Historical trend of collection from counterparty
- Company's contractual rights with respect to recovery of dues from counterparty
- Credit rating of counterparty and any relevant information available in public domain.

ECL is a probability weighted estimate of credit losses. It is measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with contract and the cash flows that the Company expects to receive).

The Company has two types of financial assets that are subject to the expected credit loss:

- Cash and cash equivalents and other bank balances
- Trade & other receivables and other financial assets

Cash and Cash Equivalents:-

The Company holds cash and cash equivalents and other bank balances as per note 3 and 4. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

Trade & other receivables and other financial assets :

The primary source of income for the Company is fees derived from managing mutual funds. These fees are stable and predictable, based on the assets under management (AUM) and established contractual agreements with the funds. Given the AMC's current operational structure and revenue sources, the exposure to credit risk is minimal.

The Company has placed security deposit with lessors for premises leased by the Company. The Company does not perceive any significant decline in credit risk profile of the lessors where the amount of security deposit is material and hence expected probability of default is considered as zero.

28.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Company assesses the liquidity position under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company.

28.3 Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company has not hedged its foreign exchange receivables and payables as at 31st March, 2024.

(ii) Interest rate risk

Interest rate risk arises from the Company's borrowing to interest rate changes. The Company does not have borrowings as at 31st March, 2024.

Zerodha Asset Management Private Limited
Notes to Financial Statements for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

29 Capital management

The Company's objectives when managing capital are:

- To ensure Company's ability to continue as a going concern, and
- To maintain optimum capital structure and to reduce cost of capital

Management assesses the capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally imposed capital requirements. The Company manages its capital requirements by overseeing the gearing ratio.

30 Maturity analysis of assets and liabilities

Particulars	As at 31st March, 2024		
	Total	Within 12 months	After 12 months
Assets			
(I) Financial assets			
(a) Cash and cash equivalents	1,602.89	1,602.89	-
(b) Bank balance other than (A) above	2,55,222.28	1,55,422.28	99,800.00
(c) Receivables			
I) Trade receivables	1,284.67	1,284.67	-
II) Other receivable	-	-	-
(d) Investments	3,90,790.75	3,87,265.75	3,525.00
(e) Other financial assets	6,029.36	5,459.64	569.72
Total financial assets	6,54,929.95	5,51,035.23	1,03,894.72
(II) Non- financial assets			
(a) Deferred tax assets (net)	33,330.23	-	33,330.23
(b) Property, plant and equipment	3,223.05	-	3,223.05
(d) Right-of-use assets	13,710.24	4,695.32	9,014.92
(c) Other intangible assets	2,954.01	-	2,954.01
(e) Other non-financial assets	10,857.69	6,621.00	4,236.69
Total non- financial assets	64,075.22	11,316.32	52,758.90
Total assets	7,19,005.17	5,62,351.55	1,56,653.62
Liabilities and equity			
Liabilities			
(I) Financial liabilities			
(a) Payables			
Trade payables			
I) Total outstanding dues of micro enterprises and small enterprises	2,608.84	2,608.84	-
II) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,755.13	1,755.13	-
(b) Other financial liabilities	14,992.52	4,435.57	10,556.95
Total financial liabilities	19,356.49	8,799.54	10,556.95
(II) Non- financial liabilities			
(a) Provisions	7,733.15	4,177.99	3,555.16
(b) Other non-financial liabilities	1,255.21	1,255.21	-
Total non-financial liabilities	8,988.36	5,433.20	3,555.16
Total Liabilities	28,344.85	14,232.74	14,112.11

Zerodha Asset Management Private Limited
Notes to Financial Statements for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

Particulars	As at 31st March, 2023		
	Total	Within 12 months	After 12 months
Assets			
(I) Financial assets			
(a) Cash and cash equivalents	31,538.15	31,538.15	-
(b) Bank balance other than (A) above	4,49,100.00	4,49,100.00	-
(c) Receivables	-	-	-
I) Trade receivables	-	-	-
(d) Investments	-	-	-
(e) Other financial assets	5,376.94	4,761.41	615.53
Total financial assets	4,86,015.09	4,85,399.56	615.53
(II) Non- financial assets			
(a) Deferred tax assets (net)	13,997.15	-	13,997.15
(b) Property, plant and equipment	2,828.14	-	2,828.14
(d) Right-of-use assets	12,165.96	3,244.26	8,921.70
(c) Other intangible assets	3,696.00	-	3,696.00
(e) Other non-financial assets	7,617.13	7,617.13	-
Total non- financial assets	40,304.38	10,861.39	29,442.99
Total assets	5,26,319.47	4,96,260.95	30,058.52
Liabilities and equity			
Liabilities			
(I) Financial liabilities			
(a) Payables			
Trade payables			
I) Total outstanding dues of micro enterprises and small enterprises	-	-	-
II) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,015.52	1,015.52	-
(b) Other financial liabilities	12,912.97	2,814.24	10,098.73
Total financial liabilities	13,928.49	3,829.76	10,098.73
(II) Non- financial liabilities			
(a) Provisions	2,445.19	1,767.73	677.46
(b) Other non-financial liabilities	381.92	381.92	-
Total non-financial liabilities	2,827.11	2,149.65	677.46
Total liabilities	16,755.60	5,979.41	10,776.19

31 Ratios:
(i) Ratios

Ratios	Numerator	Denominator	31st March, 2024	% Variance
a) Capital to risk-weighted assets ratio (CRAR)*	-	-	-	-
b) Tier I CRAR*	-	-	-	-
c) Tier II CRAR*	-	-	-	-
d) Liquidity coverage ratio (no.of times) [Total financial assets (within 12 months)/total liabilities (within 12 months)] This ratio has decreased, since the financial asset balances and specifically, investments which are maturing within 12 months from the reporting date including new purchases, have changed. Further, this is also due to increase in total liabilities in the current year as compared to the previous year	5,51,035.23	14,232.74	38.72	-52.31%

Ratios	Numerator	Denominator	31st March, 2023	% Variance
a) Capital to risk-weighted assets ratio (CRAR)*	-	-	-	-
b) Tier I CRAR*	-	-	-	-
c) Tier II CRAR*	-	-	-	-
d) Liquidity coverage ratio (no.of times) [Total financial assets (within 12 months)/total liabilities (within 12 months)] This has changed from the previous year, since all the significant changes in the financial assets and total liabilities have taken place in the current year on account of sharecapital investment in the company	4,85,399.56	5,979.41	81.18	100%

*Note: Since the Company is not in lending business, it does not have any credit exposure. Hence, these ratios are not applicable to the Company.

Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

32 Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Company's lease asset class primarily consists of leases for buildings. With the exception of leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liabilities.

32.1 The following is the movement in lease liabilities

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening balance	12,913.01	15,333.42
Additions	5,186.00	-
Deletions	-	-
Finance cost accrued during the year	970.38	1,026.53
Payment of lease liabilities	-4,076.87	-3,446.94
Closing balance	14,992.52	12,913.01

The following is the break-up of current and non-current lease liabilities

Particulars	As at 31st March, 2024	As at 31st March, 2023
Current maturities of lease liabilities	4,435.57	2,814.24
Non-current lease liabilities	10,556.95	10,098.73

32.2 Following are the changes in the carrying value of right of use assets

Particulars	As at 31st March, 2024	As at 31st March, 2023
Right of use assets - buildings		
Opening balance	12,165.96	15,410.22
Additions during the year	5,186.00	-
Depreciation charge for the year	-3,641.72	-3,244.26
Closing balance	13,710.24	12,165.96

32.3 Amounts recognised in statement of profit and loss

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Depreciation charge on right of use assets	3,641.72	3,244.26
Interest expense on lease liabilities	970.38	1,026.53
Total	4,612.10	4,270.79

32.4 Refer Cash Flow Statement for total cash outflow for leases for the year ended 31st March, 2024 and 31st March, 2023.

32.5 Maturity of lease liabilities

Future minimum lease payments as on 31st March, 2024 are as follows:

Particulars	Lease payments	Interest expense	Net present value
Not later than 1 year	2,293.39	1,017.00	1,276.39
Later than 1 year not later than 5 years	3,131.87	952.97	2,178.91
Total	5,425.26	1,969.97	3,455.30

Future minimum lease payments as on 31st March, 2023 are as follows:

Particulars	Lease payments	Interest expense	Net present value
Not later than 1 year	3,653.76	839.80	2,813.95
Later than 1 year not later than 5 years	11,193.87	1,090.95	10,102.92
Total	14,847.63	1,930.75	12,916.87

33 Expenditure in foreign currency (accrual basis)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Hosting and IT services	629.83	34.83
Total	629.83	34.83

34 Dues to micro enterprises and small enterprises

The Ministry of Micro, Small, and Medium Enterprises has issued an Office Memorandum dated 26 August, 2008 which recommends that the Micro and Small enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable of such enterprises as at 31 March, 2024 has been made in the financial statement based on information received and available with the Company. The dues to such enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 is stated as under:

	As at 31st March, 2024	As at 31st March, 2023
(i) The Principal amount and Interest due thereon remaining unpaid to any supplier at the end of the each accounting year:	2,608.84	-
(ii) The amount of Interest paid by the company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to supplier beyond the appointed date during the year	-	-
(iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act	-	-
(iv) The amount of interest accrued and remaining unpaid the end of the year	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises.	-	-

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

35 Segment reporting

In the opinion of the management, there is only one reportable business segment as envisaged by IND AS 108 on 'Operating Segment' issued by Institute of Chartered accountants of India. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the company. Secondary segmentation based on geography has not been presented as the company operates primarily in India and the company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

36 Provisions, contingent liabilities and capital commitments

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not have any contingent liability and capital commitments as on 31 March 2024 (31st March, 2023: Nil).

37 Corporate Social Responsibility (CSR) expenditure

Pursuant to Section 135 of the Companies Act, 2013, the Company is not required to incur any expenditure in respect of corporate social responsibility during the year ended 31st March, 2024 (31st March, 2023: Nil).

38 Other Statutory information :

(i) The Company has not been declared as wilful defaulter by any bank or financial Institution or other lender during the financial year ended 31st March, 2024 and 31st March, 2023.

(ii) The Company does not have any transactions with companies struck off under section 248 of Companies Act, 2013 during the financial year ended 31st March, 2024 and 31st March, 2023.

(iii) Proper books of accounts as required by law have been kept by the Company and these are maintained in electronic mode on servers physically located in India. The Company has defined process to take daily backup of books of accounts maintained electronically and complied with the provisions of 'The Companies (Accounts) Rules, 2014' (as amended). However, the Company has not maintained any logs of the daily back-up of such books of accounts for the period prior to January 01, 2024.

(iv) The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, there are no instance of audit trail feature being tampered with.

(v) The Company is in compliance with number of layers of companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(vi) The Company does not have any transactions which were not recoded in the books of account, but offered as income during the year in the income tax assessment.

(vii) The Company has not traded or invested in crypto currency or virtual currency during the financial years ended 31st March, 2024 and 31st March, 2023.

(viii) No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder during the financial years ended 31st March, 2024 and 31st March, 2023.

(ix) The Company does not have any charges or satisfaction which requires registration with Registrar of Companies.

(x) Disclosure pursuant to requirements of Rule 11(e) (i) & (ii) of the Companies (Audit and Auditors) Rules :

(i) 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 lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

(ii) The Company has not received any fund from any party(s) (funding party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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Zerodha Asset Management Private Limited

Notes to Financial Statements for the year ended 31st March, 2024

(All amount in ₹'000, except share data and per share data, unless stated otherwise)

39 Additional disclosure

Additional information as required under Schedule III to the Act to the extent either "nil" or "not applicable" has not been furnished.

40

Zerodha Broking Limited made an application to the Securities and Exchange Board of India ("SEBI") for registration of the proposed Mutual Fund (Zerodha Mutual Fund) on 5th February, 2020. The in-principle approval was granted by SEBI on 1st September 2021, but the final approval was received on 11th August, 2023.

Accordingly, current year financial statements have been prepared in accordance with Division III - Schedule III of the Companies Act, 2013 and all the assets and liabilities of the previous year have been regrouped/reclassified as per the Company's normal business operations and other criteria as set out in Division III - Schedule III to the Companies Act, 2013, in order to make them comparable.

The accompanying notes are an integral part of Financials Statements

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Reg No. 301003E/E300005

For and on behalf of the Board of Directors

Zerodha Asset Management Private Limited

Sd/-

per Rutushtra Patell

Partner

Membership No.: 123596

Place: Mumbai

Date: 26th June, 2024

Sd/-

Rajanna Bhuvanesh

Director

DIN: 09434723

Sd/-

Vishal Virender Jain

Chief Executive Officer

Place: Bengaluru

Date: 26th June, 2024

Sd/-

Anugrah Shrivastava

Director

DIN: 07044041

Sd/-

Pranav Narendra Koranne

Company Secretary

Place: Bengaluru

Date: 26th June, 2024