



May 18, 2021

The Manager, Listing Department, BSE Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001 Tel No.: 22721233 Fax No.: 22723719/22723121/22722037 BSE Scrip Code: 540776	The Manager, Listing Department, The National Stock Exchange of India Ltd., Exchange Plaza, 5 Floor, Plot C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051 Tel No.: 2659 8235 Fax No.: 26598237 NSE Symbol: 5PAISA
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Sub: Dispatch of notice of 14th Annual General Meeting and Annual Report for the F.Y. 2020-21

Dear Sir/Madam,

This is with reference to our intimation to the exchange(s) dated May 17, 2021. The 14th Annual General Meeting ("AGM") of the Company will be held on Friday, June 11, 2021 at 02 p.m. IST through Video Conferencing / Other Audio Visual Means.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2020-21 which has been sent through electronic mode to the Members.



Notice of 14th Annual General Meeting and Annual Report for the Financial Year 2020-2021 are also available on the website of the Company i.e. www.5paisa.com.

Kindly take the same on record and acknowledge the receipt.

Thanking You,

Yours faithfully,

For **5paisa Capital Limited**



Namita Godbole
Company Secretary
Email ID: csteam@5paisa.com
Encl: as above

5paisa Capital Limited

Corporate Identity Number: L67190MH2007PLC289249

Corporate Office/Regd. Office: 5paisa Capital Limited, Sun Infotech Park, Road No. 16V, Plot No. B-23, Wagle Estate, Thane 400604.

Tel: +91 22 41035000 • E-mail: csteam@5paisa.com • Website: www.5paisa.com



5paisa Capital Limited

CIN: L67190MH2007PLC289249

Dear Members,

Invitation to attend the 14th Annual General Meeting on Friday, June 11, 2021

You are cordially invited to attend the Fourteenth Annual General Meeting of the Company to be held on Friday, June 11, 2021 at 02.00 PM IST through video conferencing. The notice convening the Annual General Meeting is attached herewith.

In order to enable ease of participation of the Members, we are providing below the key details regarding the meeting for your reference:

Sr. No.	Particulars	Details
1.	Link for live webcast of the Annual General Meeting and for participation through Video Conferencing (VC)	www.evotingindia.com
2.	Link for remote e-voting	www.evotingindia.com
3.	Username and password for VC	Members may attend the Annual General Meeting through VC by accessing the link www.evotingindia.com by using the remote e-voting credentials. Please refer the instructions at Point No. 29 at Page No. 12 of this Notice for further information.
4.	Helpline number for VC participation and e-voting	Contact CDSL Officials by writing an write an email to helpdesk.evoting@cdslindia.com or call 022- 23058738 and 22-23058542-43.
5.	Cut-off date for e-voting	Friday, June 04, 2021
6.	Time period for remote e-voting	Commences at 9 AM IST on Monday, June 07, 2021 and ends at 5 PM IST on Thursday, June 10, 2021
7.	Book closure dates	Saturday, June 05, 2021 to Friday, June 11, 2021 (both days inclusive)
8.	Last date for publishing results of the e-voting	Sunday, June 13, 2021
9.	Registrar and Share Transfer Agent (RTA) details	Link Intime India Private Limited C 101, 247 Park, Lal Bahadur Shastri Rd, Surya Nagar, Gandhi Nagar, Vikhroli - West, Mumbai, Maharashtra 400083 Email id: rnt.helpdesk@linkintime.co.in
10.	5paisa's Contact details	Email id: csteam@5paisa.com Tel No: 022-41035000

Yours truly,

Namita Godbole

Company Secretary
Membership Number – A21056

Place: Mumbai
Date: April 20, 2021



5paisa Capital Limited

CIN: L67190MH2007PLC289249

Notice

NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING ('AGM') OF THE MEMBERS OF 5PAISA CAPITAL LIMITED WILL BE HELD ON FRIDAY, JUNE 11, 2021, AT 02.00 P.M. THROUGH VIDEO CONFERENCING ("VC")/ OTHER AUDIO VISUAL MEANS ("OAVM") TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - (a) The Audited Standalone Financial Statement(s) of the Company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and the Statutory Auditors thereon; and
 - (b) The Audited Consolidated Financial Statement(s) of the Company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and the Statutory Auditors thereon.
2. To appoint a Director in place of Mr. Gourav Munjal (DIN: 06360031), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Mr. Gourav Munjal (DIN: 06360031), who retires by rotation from the Board of Directors pursuant to the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, and being eligible offers himself for re-appointment, be and is hereby re-appointed as the Director of the Company whose office shall be liable to retirement by rotation."

SPECIAL BUSINESS:

3. To re-appoint Mr. Prakarsh Gagdani as a Whole-Time Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 152, 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Rules made

thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and all applicable guidelines issued by the Central Government from time to time, and pursuant to the approval of the Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on April 20, 2021 and subject to such other approvals, as may be necessary, approval of the Members be and is hereby accorded to the re-appointment of Mr. Prakarsh Gagdani (DIN: 07376258) as the Whole-Time Director of the Company who shall be liable to retire by rotation, for a period of 5 years w.e.f. December 22, 2021 and upon the following terms and conditions including remuneration, with further liberty to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time to alter the said terms and conditions of appointment and remuneration of Mr. Prakarsh Gagdani in the best interests of the Company and as may be permissible at law, viz.:

A. Term of Appointment:

The term of Appointment of Mr. Prakarsh Gagdani, as a Whole-Time Director shall be for a period of 5 years with effect from December 22, 2021 till December 21, 2026. Though he shall be liable to retire by rotation whilst he continues to hold office of Whole-Time Director; however, his re-appointment on retirement by rotation will not break his length of service as Whole-Time Director.

B. Remuneration:

Basic Salary: ₹ 3,08,000/- (Rupees Three Lakhs Eight Thousand Only) per month.

C. Perquisites:

Category (A):

1. Housing: Rent Free Accommodation or House Rent Allowance of ₹ 1,54,000/- (Rupees One Lakh Fifty Four Thousand Only) per month.
2. Medical Reimbursement for self and family as per the rules of the Company.

3. Leave Travel Assistance as per the rules of the Company.
4. Other perquisites as per the service rules of the Company.

Category (B):

1. Contribution to Provident Fund, Superannuation Fund, Annuity Fund or Gratuity as per the rules of the Company.
2. Encashment of leave as per the rules of the Company.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of the Income-Tax Act, 1961 or any rules made thereunder or any statutory modification(s) or re-enactment thereof.

Category (C):

Car, telephone and mobile phone for use on Company's business.

D. Increment:

Board / Nomination and Remuneration Committee can determine the remuneration on an annual basis subject to increment subject to increment not exceeding 25% p.a. of basic salary, allowances and perquisites.

E. Commission/Bonus:

He shall be paid commission/bonus as permissible under the Companies Act, 2013 and as determined by the Board / Nomination and Remuneration Committee from time to time.

F. Subject as aforesaid, the Whole-Time Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.

G. The Company has in place the Employees Stock Option Scheme (ESOS) and as per the ESOS, Mr. Prakarsh Gagdani will be eligible for grant of ESOPs, as may be considered by the Board/ Nomination and Remuneration Committee from time to time.

H. Mr. Prakarsh Gagdani has been granted 5,00,000 stock options under the ESOS out of which 2,15,000 options have been vested till the date of this report.

I. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed

the limit from time to time under Section 197, Section 198 and other applicable provisions of the Act and Rules made thereunder, read with Schedule V of the said Act or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible at law.

J. When in any financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Prakarsh Gagdani, in accordance with the applicable provisions of Schedule V of the Act, and subject to the approval of the Central Government, if required.

K. The Nomination and Remuneration Committee will review and recommend the remuneration payable to the Whole-Time Director during the tenure of his appointment.

L. Mr. Prakarsh Gagdani shall liable to retire by rotation.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

4. To re-appoint Dr. Archana Hingorani as an Independent Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as "the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment(s) thereof for the time being in force), and pursuant to Regulation 16(1)(b) and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (herein after called "the Listing Regulations") and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Dr. Archana Hingorani (DIN: 0028037), who holds office of Independent Director up to June 06, 2021 and who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b)

of the Listing Regulations and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a Member, signifying his intention to propose Dr. Archana Hingorani's candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years commencing from June 07, 2021 to June 06, 2025;

RESOLVED FURTHER THAT the Board or any Committee thereof, be and is hereby authorized to do all such things, deeds, matters and acts, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

5. To approve material related party transactions with IIFL Facilities Services Limited and in this regard, to consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called "the Listing Regulations"), and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 20, 2021, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/ transactions/contracts with IIFL Facilities Services Limited, a Related Party as defined in Listing Regulations, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Facilities Services Limited and remaining outstanding at any one point in time shall not exceed ₹ 917 Crores (Rupees Nine Hundred and Seventeen Crores Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters

and things as may be necessary, expedient or desirable including any negotiation /renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/transaction/ contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

6. To approve material related party transactions with IIFL Finance Limited and in this regard, to consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called "the Listing Regulations"), and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 20, 2021, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/ transactions/contracts with IIFL Finance Limited, a Related Party as defined in Listing Regulations, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/ transactions/contracts that may be entered into by the Company with IIFL Finance Limited and remaining outstanding at any one point in time shall not exceed ₹ 920 Crores (Rupees Nine Hundred and Twenty Crores Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable

including any negotiation/ renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/transaction/ contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

7. To approve material related party transactions with IIFL Management Services Limited and in this regard, to consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called "the Listing Regulations"), and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 20, 2021, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Management Services Limited, a Related Party as defined in Listing Regulations, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/ transactions/contracts that may be entered into by the Company with IIFL Management Services Limited and remaining outstanding at any one point in time shall not exceed ₹ 600 Crores (Rupees Six Hundred Crores Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board shall be deemed to include any Committee constituted by the Board or any

person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation /renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/ transactions/ contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/transaction/ contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

8. To approve material related party transactions with IIFL Securities Limited and in this regard, to consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called "the Listing Regulations") , and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 20, 2021, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/ transactions/contracts with IIFL Securities Limited, a Related Party as defined in Listing Regulations, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Securities Limited and remaining outstanding at any one point in time shall not exceed ₹ 45 Crores (Rupees Forty Five Crores Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/ renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/ transaction/contracts, filing of necessary forms/ documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

9. To approve material related party transactions with Samasta Microfinance Limited and in this regard, to consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called "the Listing Regulations"), and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 20, 2021, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/ transactions/contracts with Samasta Microfinance Limited a Related Party as defined the Listing Regulations, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/ value of all such arrangements/transactions/contracts that may be entered into by the Company with Samasta Microfinance Limited and remaining outstanding at any one point in time shall not exceed ₹ 700 Crores (Rupees Seven Hundred Crores Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/ renegotiation/ modification/ ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/ transactions/ contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/transaction/ contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

10. To approve material related party transactions with IIFL Wealth Prime Limited and in this regard, to consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called "the Listing Regulations"), and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 20, 2021, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Wealth Prime Limited, a Related Party as defined in the Listing Regulations, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/ value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Wealth Prime Limited and remaining outstanding at any one point in time shall not exceed ₹ 700 Crores (Rupees Seven Hundred Crores Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/ renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/ pay monies or to perform all other obligations in terms of such arrangements/ transaction/ contracts, filing of necessary forms/ documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

11. To approve material related party transactions with IIFL Home Finance Limited and in this regard, to consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called "the Listing Regulations"), and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 20, 2021, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/ transactions/contracts with IIFL Home Finance Limited, a Related Party as defined in the Listing Regulations, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Home Finance Limited and remaining outstanding at any one point in time shall not exceed ₹ 710 Crores (Rupees Seven Hundred and Ten Crores Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/ renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/ pay monies or to perform all other obligations in terms of such arrangements/ transaction/ contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

12. To approve material related party transactions with IIFL Insurance Brokers Limited and in this regard, to consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called "the Listing Regulations"), and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 20, 2021, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/ transactions/contracts with IIFL Insurance Brokers Limited, a Related Party as defined in the Listing Regulations, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Insurance Brokers Limited and remaining outstanding at any one point in time shall not exceed ₹ 510 Crores (Rupees Five Hundred and Ten Crores Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/ renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/ pay monies or to perform all other obligations in terms of such arrangements/ transaction/ contracts, filing of necessary forms/ documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

13. To approve material related party transactions with IIFL Wealth Management Limited and in this regard, to consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called "the Listing Regulations"), and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 20, 2021, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Wealth Management Limited, a Related Party as defined in the Listing Regulations, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/ contracts that may be entered into by the Company with IIFL Wealth Management Limited and remaining outstanding at any one point in time shall not exceed ₹ 700 Crores (Rupees Seven Hundred Crores Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/ renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/ pay monies or to perform all other obligations in terms of such arrangements/ transaction/ contracts, filing of necessary forms/ documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

14. To approve increase in ESOP Pool for grant of options and amendment in 5paisa Employees Stock Option Scheme, 2017 and in this regard, to consider and if thought fit to pass with or without modification(s) the following resolution as an **Special Resolution**:

"RESOLVED THAT in partial modification of the earlier resolution passed by the members on January 25, 2018 and in accordance with the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital & Debentures) Rules, 2014, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable provisions, if any (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Memorandum of Association and Articles of Association of the Company, 5paisa Capital Limited Employee Stock Option Scheme 2017 ("5paisa ESOS - 2017" / "Scheme") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed while granting such approvals, permissions and sanctions for adoption and implementation, approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to increase the existing

pool size of ESOP from 9,00,000 (Nine Lakh) options to 15,00,000 (Fifteen Lakh) options of 5paisa ESOS - 2017 by addition of 6,00,000 (Six Lakhs) options.

RESOLVED FURTHER THAT together with the existing and increased pool, the aggregate of the total number of options in 5paisa ESOS – 2017 stands at 15,00,000 (Fifteen Lakh), while other terms and conditions of the scheme remain constant.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution including any creation, offer, issue, allotment or listing of the shares, on behalf of the Company, the any of the Directors and/or the Company Secretary and/ or the Chief Financial Officer be and are hereby authorised on behalf of the Company to do all such acts, deeds, matters and things including to make any modifications, changes, variations or revisions in the "5paisa ESOS – 2017" from time to time, as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company;

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred herein, to any committee of Directors with a power to further delegate to any executive / officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary in this regards."

15. To approve offer or invitation to subscribe to the Non Convertible Debentures on private placement basis and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014

and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company and SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and other applicable regulations as may be amended and applicable from time to time, approval of the members be and is hereby accorded to the Board of Directors of the Company to offer or invite subscriptions for secured/ unsecured redeemable non-convertible debentures, in one or more series/ tranches, up to ₹ 250 Crores (Rupees Two Hundred and Fifty Crores only), on private placement basis, from such persons and on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and more beneficial to the Company including, without limitation, as to when the said Debentures are to be issued, the consideration for the issue, mode of payment, coupon rate, redemption period, utilisation of the issue proceeds and all matters connected therewith or incidental thereto;

RESOLVED FURTHER THAT the Board of Directors of the Company and/ or its duly constituted committee be and is hereby authorised to do all acts, deeds, thing and to take all such steps as may be necessary, proper or expedient to give effect to aforesaid resolution."

By Order of the Board of Directors

Namita Godbole

Company Secretary
ACS - 21056

Registered Office: IIFL House,
Sun Infotech Park, Road No. 16V,
Plot No. B-23, Thane Industrial Area,
Wagle estate, Thane -400604
CIN: L67190MH2007PLC289249
e-mail: csteam@5paisa.com
Telephone No. - 022-41035000

Dated: April 20, 2021
Place: Mumbai

Notes:

1. In view of the continuing COVID-19 pandemic, social distancing norms to be followed and pursuant to General Circular No. 14/2020 dated April 8, 2020 read with General Circular No. 17/2020 dated April 13, 2020 read with General Circular No. 39/2020 dated December 31, 2020 (collectively referred to as "MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 read with Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India (collectively referred to as "SEBI Circulars") and in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permitted holding of Annual General Meeting ("AGM") through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without physical presence of members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL. For further details, please read the Note No. 29.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. Pursuant to the provisions of the Act, a Member is entitled to attend and vote at the AGM is entitled to appoint proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since, this AGM is being held through VC/OAVM, the physical attendance has been dispensed with. Accordingly, the facility for appointment of proxies by the members to attend and cast vote is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
7. In line with the Ministry of Corporate Affairs (MCA) Circulars the Notice calling the AGM along with Annual Report 2020-21 is being sent only through electronic mode to those members whose e-mail address is registered with the Company or the Depository Participant(s). Members may note that the Notice of AGM along with Annual Report has also been uploaded on the website of the Company at www.5paisa.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-voting facility and e-voting system during the AGM i.e. www.evotingindia.com). Members (Physical / Demat) who have not registered their email addresses with the company can get the same registered with the company by requesting to our Registrar and Share Transfer Agent i.e. Link Intime India Private Limited ("RTA/Linkintime") at rnt.helpdesk@linkintime.co.in and to the Company at csteam@5paisa.com.
8. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars and SEBI Circulars.

9. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Businesses to be transacted at the Meeting is annexed hereto.
10. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 29.
11. Institutional/Corporate Shareholders (i.e. other than HUF, NRI etc) intending to attend the meetings through their authorized representatives are requested to send a scanned copy of certified true copy of the Board Resolution to the Company authorizing their representative to attend and vote on their behalf at the Meeting electronically at csteam@5paisa.com.
12. In terms of Section 152 of the Companies Act, 2013, Mr. Gourav Munjal (DIN: 06360031), is liable to retire by rotation at the Meeting and being eligible, offers himself for re-appointment and the Board of Directors of the Company recommends his re-appointment. Mr. Gourav Munjal (DIN: 06360031), is not related to any of the Directors of the Company. Brief resume and nature of his expertise in specific functional areas are provided in Corporate Governance Report. Names of companies in which he holds directorships and memberships/ chairmanships of Board Committees and shareholding as stipulated under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided under the explanatory statement.
13. At the Tenth (10th) AGM held on July 19, 2017, the members approved the appointment of M/s. V. Sankar Aiyar & Co, Chartered Accountants (Firm Registration No. 109208W), as Statutory Auditors of the Company a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors for a period of five consecutive years from the conclusion of that AGM till the conclusion to Fifteenth (15th) AGM, subject to ratification of their appointment by Members at each AGM. of the Members held on on The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the Fourteenth AGM.

In view of the above, ratification by the Members for continuance of their appointment at this AGM is not being sought. The Statutory Auditors have given

a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors.

14. Notice is also given under section 91 of the Companies Act, 2013 read with Regulation 42 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that the Register of Members and the Share Transfer Book of the Company will remain closed from Saturday, June 05, 2021 to Friday, June 11, 2021 (both days inclusive).
15. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode. Members can inspect the same by sending an email to csteam@5paisa.com.
16. Share transfer documents and all correspondence relating thereto, should be addressed to RTA at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 or at their designated email id i.e. rnt.helpdesk@linkintime.co.in.
17. Members holding shares in dematerialised form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to RTA / Company at rnt.helpdesk@linkintime.co.in and csteam@5paisa.com.
18. The Company, consequent upon the introduction of the Depository System ('DS'), entered into agreements with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). The Members, therefore, have the option of holding and dealing in the shares of the Company in dematerialized form through NSDL or CDSL.
19. SEBI, vide its Circular No. SEBI/LAD-NRO/ GN/2018/24 dated June 8, 2018, amended Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to which after December 5, 2018 transfer of securities could not be processed unless the securities are held in the dematerialized form with a depository. The said deadline was extended by Securities and Exchange Board of India ('SEBI') to March 31, 2019.

Members holding shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode as per extension of the deadline announced by SEBI.

20. The Depository System envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty on transfer of shares, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
21. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
22. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in dematerialised form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Link Intime.
23. As per Regulation 40(7) of the Listing Regulations read with Schedule VII to the said Regulations, for registration of transfer of shares, the transferee(s) as well as transferor(s) shall mandatorily furnish copies of their Income Tax Permanent Account Number (PAN) Card. Additionally, for securities market transactions and / or for off market / private transactions involving transfer of shares in physical mode for listed Companies, it shall be mandatory for the transferee(s) as well as transferor(s) to furnish copies of PAN Card to the Company / RTA for registration of such transfer of shares. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s) / Nominee(s). In exceptional cases, the transfer of physical shares is subject to the procedural formalities as prescribed under SEBI Circular No. SEBI/HO/MIRSD/ DOS3/CIR/P/2018/139 dated November 6, 2018.
24. Additional information of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting, as required under Regulation 26(4) and 36(3) of the Listing Regulation and 1.2.5 of SS-2, is annexed to the notice.
25. Pursuant to Section 72 of the Companies Act, 2013, Members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in Form No. SH- 13, to the RTA of the Company. Further, Members desirous of cancelling/varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14, to the Registrar and Transfer Agent of the Company. These forms will be made available on request.
26. The Company has designated an exclusive e-mail ID called csteam@5paisa.com to redress shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at csteam@5paisa.com.
27. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions to reach the Company at least 7 days before the Annual General Meeting so that the same can be suitably replied.
28. Members can raise questions during the meeting or in advance at csteam@5paisa.com or ir@5paisa.com. However, it is requested to raise the queries precisely and in short at the time of meeting to enable to answer the same.
29. The information and instructions for shareholders for remote e-voting are as under:
 - I. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means.
 - II. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facility.
 - III. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial owner (in case of electronic

shareholding) as on the cut-off date, i.e., Friday, June 04, 2021. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

- IV. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Friday, June 04, 2021 only shall be entitled to avail the facility of e-voting/ Poll on Demand.
- V. The Board of Directors of the Company has appointed CS Nilesh Shah or failing him CS Mahesh Darji or failing him CS Hetal Shah of M/s. Nilesh Shah and Associates, a Practicing Company Secretary firm, Mumbai as Scrutinizer to scrutinise the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer, after scrutinizing the votes will, not later than forty eight hours from the conclusion of the Meeting; make a consolidated scrutinizer's report which shall be placed on the website of the Company www.5paisa.com and on the website of CDSL www.evotingindia.com. The results shall simultaneously be communicated to the Stock Exchanges.
- VII. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e., Friday, June 11, 2021.
- VIII. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
- IX. Information and other instructions relating to e-voting are as under:
 - (i) The voting period begins at 09:00 a.m. (IST) on Monday, June 07, 2021 and ends at 05:00 p.m. (IST) on Friday, June 11, 2021. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, June 04, 2021 may cast their vote

electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iii) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 on e-voting facility provided by Listed Companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to aforesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the E voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/NSDL/KARVY/LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL (add table given in the email)

- (iv) Login method of e-Voting for shareholders other than individual shareholders & physical shareholders:
- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
 - 2) Click on "Shareholders" module.
 - 3) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - 4) Next, enter the Image Verification as displayed and Click on Login.
 - 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- 6) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form other than individual and Physical Form

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
Dividend Bank Account Details OR Date of Birth (DOB)	Enter the Dividend Bank Account Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (v) After entering these details appropriately, click on "SUBMIT" tab.

- (vi) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (viii) Click on the Electronic Voting Sequence Number (EVSN) of 5paisa Capital Limited on which you choose to vote.
- (ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xiv) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xv) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the Corporate module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and Company at the email address viz; nilesh@ngshah.com or csteam@5paisa.com and if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) by email to RTA / Company email id at rnt.helpdesk@linkintime.co.in or csteam@5paisa.com.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) to RTA / Company email id at rnt.helpdesk@linkintime.co.in or csteam@5paisa.com.

If you have any queries or issues regarding e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 022-23058738 and 022-23058542/43.

Annexure to the Notice

Explanatory Statement Pursuant to Section 102 of Companies Act, 2013 to the accompanying notice

Item No. 3

Mr. Prakarsh Gagdani, aged 39 years, is a Whole-Time Director and CEO in our Company. He holds a Post Graduate Diploma Degree in Business Management and has done his bachelors in Business Management from Mulund College of Commerce, Mumbai University. He has about eighteen (18) years of cross functional experience in sales, advisory, product development and business development. He has gained expertise in retail equity broking domain and is a keen strategist with expertise in managing the entire business and ensuring optimal utilization of resources. In the past, he was associated with Angel Broking Limited for about twelve (12) years.

Further pursuant to Section 2(94) and 196 of the Companies Act, 2013 Mr. Prakarsh Gagdani was reappointed as Whole-Time Director of the Company at the Annual General Meeting of the members of the Company held on July 17, 2018, for a period of 3 years ending on December 21, 2021. The Board of Directors of the Company, at their meeting held on April 20, 2021, pursuant to recommendation and approval of the Nomination and Remuneration Committee, had approved the re-appointment of Mr. Prakarsh Gagdani as Whole-Time Director of the Company for a further period of 5 years commencing December 22, 2021 on the terms and conditions and remuneration as set out in Item No. 3 of the accompanying notice. The other details of Mr. Prakarsh Gagdani in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and Secretarial Standard-2 are provided in this Notice.

In terms of the provisions of the 5paisa Capital Limited Employee Stock Option Scheme – 2017, 500,000 stock options have been granted to Mr. Prakarsh Gagdani till the date of this report.

Mr. Prakarsh Gagdani has given:- (i) the consent in writing to act as Director (ii) intimation that he is not disqualified under section 164(2) of the Companies Act, 2013 and (iii) a declaration to the effect that he is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI).

In compliance with Section 190 of the Companies Act, 2013, terms of service and remuneration of the above mentioned Director would be available for inspection of the Members in electronic form at the Registered office of the Company on any working day excluding Saturdays and Sundays (including Public Holidays) during business hours on any working day.

After taking into consideration the recommendation of the Nomination & Remuneration Committee, the Board is of the opinion that the re-appointment of Mr. Prakarsh Gagdani

as a Whole-Time Director will be beneficial to the Company and has recommended the Resolution at Item No. 3 of this Notice relating to the appointment of Mr. Prakarsh Gagdani as a "Whole-Time Director", liable to retire by rotation for a period of 5 years commencing from December 22, 2021, for approval of shareholders of the Company.

Mr. Prakarsh Gagdani is interested in the resolution set out at Item No. 3 of the Notice. The relatives of Mr. Prakarsh Gagdani may be deemed to be interested in the resolution set out at Item No. 3 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the Directors/ Key Managerial Personnel of the Company/ their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice.

The Board recommends the Special Resolution set out at Item No. 3 of the Notice for approval by the members.

Item No. 4

Dr. Archana Hingorani is an Independent Director and Chairperson of our Company. She holds a MBA and Ph.D. in finance from the University of Pittsburgh, United States. She has over thirty one (31) years' experience in the asset management business, teaching and research. In the recent past, she was associated with IL&FS Group until 2017 in various capacities, including being the CEO of IL&FS Investment Managers Limited. She has rich experience in fund raising, investing, nurturing investments through four different economic cycles and carving exit paths, among others. She has also been involved in mentoring and nurturing smaller start-ups in the technology, education, financial inclusion and encouraging start-ups run by women entrepreneurs. She has been named as the most influential woman in India by various publications, including Business Today in the year 2011, 2012 and 2013, Asian Investor in the year 2014, and Fortune India in year 2014, 2015 and 2016. The other details of Dr. Archana Hingorani in terms of Regulation 36(3) of the the SEBI (Listing Obligations and Disclosure Requirements), 2015 ("the Listing Regulations") and Secretarial Standard-2 are provided in this Notice.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on April 20, 2021 had reappointed Dr. Archana Hingorani as an Additional Non-Executive Independent Director of the Company to hold office for a period of five consecutive years for a period commencing from June 07, 2021 and ending on June 06, 2026, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM"). In terms of Section 161(1) of the Act, Dr. Archana Hingorani, an Additional Non-Executive

Independent Director, holds office only upto the date of the forthcoming Annual General Meeting, but is eligible for being appointed as an Independent Director. In accordance with above, the Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") from a Member signifying his intention to propose the appointment of Dr. Archana Hingorani as an Independent Director of the Company. Dr. Archana Hingorani has given a declaration to the Board that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Listing Regulations. The Company has also received:- (i) the consent in writing to act as Director (ii) intimation that she is not disqualified under section 164(2) of the Companies Act, 2013 and (iii) a declaration to the effect that she is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI).

Dr. Archana Hingorani is interested in the resolution set out at Item No. 4 of the Notice.

The relatives of Dr. Archana Hingorani may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the Directors/ Key Managerial Personnel of the Company/ their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Special Resolution set out at Item no. 4 of the Notice for approval by the members.

Item No. 5 to 13

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as "the Listing Regulations"), all related party transactions shall require prior approval of the Audit Committee and all material transactions with related parties shall require approval of the members of a public listed company through a resolution and all related parties shall abstain from voting on such resolution.

"Material Related Party Transaction" under the Listing Regulations means any transaction(s) entered into individually or taken together with previous transactions during a financial year exceeding 10% of the annual consolidated turnover of a company as per its last audited financial statements. The annual consolidated turnover of the Company for the financial year 2020-21 is ₹ 194.5 Crores. Accordingly, any transaction(s) by the Company with its related party exceeding ₹ 19.45 Crores (10% of the Company's annual consolidated turnover) shall be considered as material transaction and hence, the approval of the Members will be required for the same. It is therefore proposed to obtain the members' approval for the following arrangements/transactions/contracts which may be entered into by the Company with its related parties from time to time:

Name of the Company	Nature of Relationship	Nature of Transactions	Amount (₹ in Crores)
IIFL Facilities Limited	Services Related party as per Accounting Standards and Listing Regulations	Inter-Corporate Deposits/ Guarantee Taken *	500 Cr
		Inter-Corporate Deposits/ Guarantee Given **	400 Cr
		Arrangement of Allocation/ Reimbursement of Common/Advisory & Specific Overhead expenses – Received and other expenses.	5 Cr
		Arrangement of Allocation/ Reimbursement of Common/Advisory & Specific Overhead expenses – Paid and other expenses	7 Cr
		Rental Agreement	5 Cr
IIFL Finance Limited *	Related party as per Accounting Standards and Listing Regulations	Inter-Corporate Deposits/ Guarantee Taken *	500 Cr
		Inter-Corporate Deposits/ Guarantee Given **	400 Cr
		Arrangement of Allocation/ Reimbursement of Common/Advisory & Specific Overhead expenses – Received and other expenses.	5 Cr
		Arrangement of Allocation/ Reimbursement of Common/Advisory & Specific Overhead expenses – Paid and other expenses	5 Cr
		Marketing Support Fees/Commission & Brokerage/ Service fees/Referral/Arranger Fee Income.	10 Cr

Name of the Company	Nature of Relationship	Nature of Transactions	Amount (₹ in Crores)
IIFL Management Services Limited	Related party as per Accounting Standards and Listing Regulations	Inter-Corporate Deposits/ Guarantee Taken *	200 Cr
		Inter-Corporate Deposits/ Guarantee Given **	400 Cr
IIFL Securities Limited	Related party as per Accounting Standards and Listing Regulations	Arrangement of Allocation/ Reimbursement of Common/Advisory & Specific Overhead expenses – Received and other expenses.	10 Cr
		Arrangement of Allocation/ Reimbursement of Common/Advisory & Specific Overhead expenses - Paid and other expenses	20 Cr
		Rental Agreement	5 Cr
		Marketing Support Fees/Commission & Brokerage/ Service fees/Referral/Arranger Fee Income.	10 Cr
Samasta Microfinance Limited	Related party as per Accounting Standards and Listing Regulations	Inter-Corporate Deposits/ Guarantee Taken *	300 Cr
		Inter-Corporate Deposits/ Guarantee Given **	400 Cr
IIFL Wealth Prime Limited	Related party as per Accounting Standards and Listing Regulations	Inter-Corporate Deposits/ Guarantee Taken *	300 Cr
		Inter-Corporate Deposits/ Guarantee Given **	400 Cr
IIFL Home Finance Limited	Related party as per Accounting Standards and Listing Regulations	Inter-Corporate Deposits/ Guarantee Taken *	300 Cr
		Inter-Corporate Deposits/ Guarantee Given **	400 Cr
		Marketing Support Fees/ Commission & Brokerage/ Service fees/ Referral/ Arranger Fee Income.	10 Cr
IIFL Insurance Brokers Limited	Related party as per Accounting Standards and Listing Regulations	Inter-Corporate Deposits/ Guarantee Taken *	100 Cr
		Inter-Corporate Deposits/ Guarantee Given **	400 Cr
		Marketing Support Fees/Commission & Brokerage/ Service fees/Referral/Arranger Fee Income.	10 Cr
IIFL Wealth Management Limited	Related party as per Accounting Standards and Listing Regulations	Inter-Corporate Deposits/ Guarantee Taken *	300 Cr
		Inter-Corporate Deposits/ Guarantee Given **	400 Cr

* Maximum Outstanding Inter Corporate- Deposit taken from all group companies together will not exceed 600 Cr at any given point of time.

** Maximum Outstanding Inter Corporate- Deposit given to all group companies together will not exceed 400 Cr at any given point of time.

The aforesaid related party transactions do not fall under the purview of Section 188 of the Companies Act, 2013 being in the ordinary course of business and at arms' length. However, the same are covered under the provisions of Regulation 23 of the Listing Regulations and accordingly the approval of the shareholders is sought by way of Ordinary Resolution.

The Audit Committee and Board have approved the aforesaid Related Party Transactions at their respective meetings held on April 20, 2021 in terms of Regulation 23 of the Listing Regulations and noted that these transactions are in the Ordinary Course of Business and are at arm's length basis.

With respect to the above matter, the Shareholders/Members are requested to note the following disclosures of Interest:

S No.	Name of Related Party	Nature of Interest or Concern
1.	IIFL Facilities Services Limited (IIFSL)	Mr. Nirmal Jain and Mr. Venkataraman Rajamani are promoters of IIFL SEC and IIFL FSL is a wholly-owned subsidiary of IIFL SEC.
2.	IIFL Finance Limited (IIFL)	Mr. Nirmal Jain and Mr. Venkataraman Rajamani are Promoter and Executive Director of IIFL. Mr. Nirmal Jain and Mr. Venkataraman Rajamani are promoters of IIFL and both hold along with their relatives & persons acting in concert 94,547,490 equity shares i.e. 24.96% in IIFL.
3.	IIFL Management Services Limited (IIFL MSL)	Mr. Nirmal Jain and Mr. Venkataraman Rajamani are promoters of IIFL SEC and IIFL MSL is a wholly-owned subsidiary of IIFL SEC. Together they hold 200 equity shares as nominee of IIFL SEC i.e. 0.06% in IIFL MSL.
4.	IIFL Securities Limited (IIFL SEC)	Mr. Nirmal Jain is a promoter and Mr. Venkataraman Rajamani is promoter and Executive Director of IIFL SEC. Mr. Nirmal Jain and Mr. Venkataraman Rajamani both hold along with their relatives & persons acting in concert 95,143,214 equity shares i.e. 31.41% in IIFL SEC.
5.	Samasta Microfinance Limited (SML)	Samasta Microfinance Limited is a Subsidiary of IIFL.
6.	IIFL Wealth Prime Limited (IIFL WPL)	IIFL Wealth Prime Limited is a wholly-owned subsidiary of IIFL WM.
7.	IIFL Home Finance Limited (IIFL HF)	Mr. Nirmal Jain and Mr. Venkataraman Rajamani are Non-Executive Directors of IIFL HF. IIFL Home Finance is a wholly-owned subsidiary of IIFL.
8.	IIFL Insurance Brokers Limited (IIFL IBL)	Mr. Nirmal Jain and Mr. Venkataraman Rajamani are promoters of IIFL SEC and IIFL IBL is a wholly-owned subsidiary of IIFL SEC. Together they hold 200 equity shares as nominee of IIFL SEC i.e. 0.02% in IIFL IBL.
9.	IIFL Wealth Management Limited (IIFL WM)	Mr. Nirmal Jain and Mr. Venkataraman Rajamani are Co- Promoter and Non - Executive Director of IIFLWM. Mr. Nirmal Jain and Mr. Venkataraman Rajamani along with their relatives & persons acting in concert held 9,753,854 equity shares i.e. 11.13% and 2,863,489 equity shares i.e. 3.04% respectively in IIFLWM.

Except the above Directors, Promoters and their relatives none of the Directors, Key Managerial Personnel and their Relatives are, in any way, concerned or interested, financially or otherwise in the Ordinary Resolutions set out at Item Nos. 5 to 13.

The Board accordingly recommends the Ordinary Resolutions set out at Item Nos. 5 to 13 of the Notice for approval by the members.

Item no. 14:

Equity based compensation is an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share-based compensation scheme/ plan. The Company appreciates the role played by its employees in the organizational growth. It strongly feels that the value created by its people should be shared by them. The Company to promote the culture of employee ownership and as well as to attract, retain, motivate and incentivize senior and critical talents had formulated 5paisa Capital Limited Employee Stock Option Scheme 2017

("5paisa ESOS - 2017" / "Scheme") pursuant to the resolution(s) passed by the members at their meeting held on August 21, 2017 and amended on January 25, 2018.

5paisa ESOS - 2017 has a existing pool size of 9,00,000 (Nine Lakh) options convertible into equity shares of ₹ 10 each of the Company. The Board of Directors at its meeting held on April 20, 2021 approved and recommended to the shareholders to increase the pool size of 5paisa ESOS - 2017 from 9,00,000 (Nine Lakh) options to 15,00,000 (Fifteen Lakh) options.

In terms of Regulation 12(1) of Securities & Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

("the SEBI (SBEB) Regulations"), no company shall make any fresh grant which involves allotment or transfer of shares to its employees under any schemes formulated prior to the listing of its equity shares unless (i) Such scheme is in conformity with the said regulations and (ii) Such scheme is ratified by its shareholders subsequent to the listing. Further as per proviso to Regulation 12(1) the ratification under clause (ii) may be done any time prior to grant of new options or shares after listing of shares.

The main features of the 5paisa ESOS - 2017 and other details of the Scheme as per Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and Regulation 6(2) of the SEBI (SBEB) Regulations, are as under:

Item	Particulars
Brief Description of the Scheme	5paisa ESOS – 2017 is intended to reward the Eligible Employees (as described under herein below), for their performance and to motivate them to contribute to the growth and profitability of the Company. 5paisa ESOS – 2017 will help to retain talent in the organization as the Company views stock options as an instrument that would enable the Eligible Employees to share the value they create for the Company and align individual objectives with the objectives of the Company in the years to come.
Total Number of Options to be granted	<p>The Options to be granted to the Eligible Employees under 5paisa ESOS – 2017, in one or more tranches, shall not result in issue of equity shares in excess of 15,00,000 (Fifteen Lakhs).</p> <p>Vested Options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation / termination of the employees or otherwise, would be available for being re-granted at a future date.</p> <p>The Board/ any committee authorized by the Board is authorised to re-grant such lapsed / cancelled options as per the provisions of 5paisa ESOS – 2017. The SEBI (SBEB) Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional equity shares are required to be issued pursuant to any corporate action, the above ceiling of Options or equity shares shall be deemed to increase in proportion of such additional equity shares issued subject to compliance of the SEBI (SBEB) Regulations.</p>
Identification of classes of employees entitled to participate and beneficiaries in the Scheme	<p>i) Present and future, permanent employees of the Company, whether working in India or outside India, and / or to the Directors of the Company, whether whole-time or not but excluding Independent Director(s) and to such other persons as may be decided by the Board and / or permitted under the SEBI (SBEB) Regulations but does not include an employee who is a Promoter or a person belonging to the Promoter Group or a Director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, shall be eligible to participate in the 5paisa ESOS – 2017.</p> <p>ii) Present and future, permanent employees of subsidiary company(ies) of the Company, whether working in India or outside India, and / or to the Directors of the subsidiary company(ies) of the Company, whether whole-time or not but excluding Independent Director(s) of subsidiary companies and to such other persons as may be decided by the Board/Committee and / or permitted under the SEBI (SBEB) Regulations but excluding employees who are promoters or persons belonging to the promoter group or a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, shall be eligible to participate in the 5paisa ESOS – 2017.</p>
Transferability of Stock Options	The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee/ stock option holder while in employment, the right to exercise all the options granted to him/ her till such date shall be transferred to his/ her legal heirs or nominees.

Item	Particulars
Requirements of vesting, period of Vesting and maximum period within which the Options shall be vested	Vesting of the Stock Options may commence after the expiry of a minimum period of One year from the date on which the options were granted, and may extend up to such time as may be decided at the discretion of the Committee from the date of grant provided that the vesting period shall not exceed 5 (five) years. The vesting may occur in tranches, and may be subject to such terms and conditions of vesting, as may be stipulated by the Committee, in its sole and exclusive discretion.
Exercise Price or pricing formula	<p>The Exercise price of the Shares will be the closing Market Price of the Shares one day before the date of the meeting of the Committee wherein the grants of options will be approved.</p> <p>The closing market price of the Stock Exchange where there is highest trading volume during the aforesaid period shall be considered.</p> <p>The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case the Exercise price shall not go below the par value of Equity Share of the Company.</p>
Exercise Period and Process of Exercise	Exercise Period shall be the time period after vesting within which the eligible employees/ Directors should exercise his right to apply for the Equity Shares against the Stock Options vested in them pursuant to the Scheme. The Exercise Period shall be decided by the Committee and will not be more than 7 (Seven) years from the date of grant. The Stock Options will be exercisable by the Employees/ Directors by a written or electronic notice to the Company and payment of exercise price to exercise the Stock Options, in such manner, as may be prescribed by the Committee, in its discretion.
Method of valuing the Stock Options	The Company shall use the intrinsic value method for valuation of the Options. However, the Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.
Appraisal process for determining the eligibility of the employees for the Scheme	<p>The Committee shall, based upon the performance and/or merit of the employees/ Directors, as per vesting criteria laid down by the Committee from time to time, if any, in its sole and exclusive discretion, considering the period of service/Directorship put in/ served by them, their designation and grade, their present and potential contribution to the success of the Company, its subsidiaries, and other appropriate criteria, determine the eligibility of the Employees/ Directors to the Scheme.</p> <p>The Nomination and Remuneration Committee shall determine the eligibility criteria which should be fulfilled in order to become eligible to participate in the Scheme, in order to be granted options under the Scheme. The Nomination and Remuneration Committee will take into consideration potential of employee to contribute to company's performance, position held, extent of contribution made by employee towards business results, achievement of medium and long term performance Schemes of the Company, difficulty in replacement and any other appraisal or evaluation process for determining the eligibility criteria as may be taken into consideration by Nomination and Remuneration Committee.</p>
Maximum number of Stock Options to be issued/granted per employee and in aggregate	<p>The maximum number of options that can be granted to any eligible employee during any one-year can be equal to or exceed 1% of the issued capital of the Company at the time of grant of options. The Employee to whom the options shall be granted equal to or exceed 1% of the issued capital of the Company shall be identified by the said Nomination & Remuneration Committee and/or such committee of the Board of Directors, as the Board may determined from time to time, under the 5paisa ESOS – 2017.</p> <p>The aggregate number of Stock Options that may be granted under the 5paisa ESOS – 2017 shall not exceed 15,00,000 (Fifteen Lakhs).</p>

Item	Particulars
The conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct.	The granted options shall lapse in accordance with the terms and conditions as specified in the scheme
The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee.	<p>In the event of termination of the employment of an Option Grantee for misconduct or due to breach of policies or the terms of employment of the Company, all Employee Stock Options granted to such employee, including the Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination.</p> <p>In the event of "Resignation", all Unvested Options, on the date of exit, shall expire and stand terminated with effect from that date unless otherwise determined by the Committee whose determination will be final and binding. However, all Vested Options as on that date shall be exercisable by the Employee immediately but not later than one month from the last working day with the Company or seven years from the date of grant whichever is earlier. The vested options not so exercised shall lapse irrevocably and the rights there under shall be extinguished.</p>
Maximum quantum of benefits to be provided per employee under the Scheme	The maximum quantum of benefits underlying the Options granted to an Eligible Employee shall be equal to the appreciation in the value of the Company's equity shares determined as on the date of exercise of Options, on the basis of difference between the Option Exercise Price and the Market Price of the equity shares on the exercise date
Whether the Scheme is to be implemented and administered directly by the Company or through a trust	5paisa ESOS – 2017 shall be implemented by the Company through direct route.
Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the trust or both	5paisa ESOS – 2017 provides only new issue of Securities by the Company
The amount of loan to be provided for implementation of the Scheme by the Company to the trust, its tenure, utilisation, repayment terms, etc.	Not Applicable
Maximum percentage of Secondary Acquisition that can be made by the trust for the purpose of the scheme.	Not Applicable
Accounting and Disclosure Policies	The Company shall comply with all the applicable disclosure and Accounting Policies in respect of options granted as required under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the SEBI (SBEB) Regulations and under other Applicable Laws and follow the accounting policies prescribed as per SEBI Regulations and Guidelines and the Guidance Note issued by the Institute of Chartered Accountants of India.
Lock-in period	The shares allotted to the employees, subsequent to exercise of vested options will be subject to lock-in, for such period, as per the discretion of Nomination and Remuneration Committee and shall be intimated to the Option Grantee at the time of grant.

Item	Particulars
Tax Liability and method of discharge of tax by the eligible employees to whom options are granted	Any Tax liability arising out of allotment of the Options or issue of Equity Shares, as the case may be, under this 5paisa ESOS – 2017 will be deducted or paid, from/by the participant in accordance with applicable laws in India and in such other countries as applicable. The participant shall be required to indemnify the Company with respect to any Tax liability arising out of the Grant, Vesting and/or Exercise of Options by such Eligible Employee.
Re-pricing of options	The Board or Nomination and Remuneration Committee may in accordance with the applicable the SEBI (SBEB) Regulations or any other rules/regulations and guidelines issued by SEBI or in terms of Companies Act, 2013, re-price the options granted under 5paisa ESOS – 2017 which are not exercised whether or not they have been vested if such options are rendered unattractive due to fall in price of shares of the company in the market subject to shareholders' approval.
Statement with regard to Disclosure in Director's Report	The disclosures relating to ESOPs required to be made under the provisions of the Companies Act, 2013 and the rules made thereunder and the SEBI (SBEB) Regulations, shall be disclosed at the website of the Company at www.5paisa.com .

5paisa ESOS-2017 will be available for inspection at the Company's Registered Office during business hours on all working days, excluding Saturdays between 11:00 A.M. and 1:00 P.M. upto the date of passing of the above resolutions.

In term of the provisions of relevant regulation of the SEBI (SBEB) Regulations read with Rule 16 of the Companies Rules, consent of the Shareholders is being sought by way of a Special Resolution.

The stock options to be granted under the Scheme shall not be treated as an offer or invitation made to public for subscription to the securities of the Company.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 14 of the Notice.

The Board recommends the Special Resolution set out at Item No. 14 of the Notice for approval by the members.

Item No: 15

As per Section 42 of the Companies Act, 2013 ("Act"), read with the Rules framed there under, a company offering or making an invitation to subscribe to Non-Convertible Debentures (NCD's) on a private placement basis is required to obtain the prior approval of the Members by way of a

Special Resolution. Such an approval can be obtained once a year for all the offers and invitations made for such NCD's during the year.

In order to augment long-term resources for financing, inter-alia, the ongoing expenditure and for business purposes, the Board may, at an appropriate time, offer or invite subscription for secured/ unsecured redeemable NCD's, in one or more series/ tranches on private placement basis, issuable/ redeemable at par.

The approval of the Members is being sought by way of a Special Resolution under Sections 42 and 71 of the Act read with the Rules made there under, to enable the Company to offer or invite subscriptions of NCD's on a private placement basis, in one or more tranches, during the period of one year from the date of passing of the Resolution at Item No. 15, within the overall borrowing limits of the Company, as approved by the Members from time to time.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 15 of the Notice.

The Board recommends the Special Resolution set out at Item No. 15 of the Notice for approval by the Members.

Information Pertaining to Director seeking reappointment as mentioned under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Secretarial Standards.

Details of Director Seeking Appointment at the Annual General Meeting

Particulars	Dr. Archana Hingorani	Mr. Gourav Munjal	Mr. Prakarsh Gagdani
Date of Birth	September 09, 1965	June 16, 1988	September 5, 1981
Nationality	Indian	Indian	Indian
Date of Appointment on the Board	June 07, 2017	January 16, 2020	December 22, 2015
Qualifications	MBA and Ph.D. in Finance	Chartered Accountant and Company Secretary	Bachelor's in Management Studies, Post Graduate Diploma Degree in Business Management
Expertise in specific functional areas	Business Management and Finance	Accounts, Finance and Taxation	Business Management, Corporate Strategy and Retail Equity Broking
Number of shares held in the Company (including Options granted under ESOP)	Nil	40,000 options granted under relevant ESOP Scheme	40 equity shares and 5,00,000 options granted under relevant ESOP Scheme
Directorships held in other companies (excluding foreign companies)	Annexure 1 attached herewith	<ul style="list-style-type: none"> • 5paisa P2P Limited • 5paisa Insurance Brokers Limited • 5paisa Trading Limited 	<ul style="list-style-type: none"> • 5paisa P2P Limited • 5paisa Insurance Brokers Limited • 5paisa Trading Limited
Attendance in number of Board Meetings eligible during the financial year 2020-21	Five of Five	Five of Five	Five of Five
Memberships / Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)	Audit Committee and Stakeholders Relationship Committee	Nil	Stakeholders Relationship Committee
Relationships between Directors inter-se	None	None	None
Remuneration details (Including Sitting Fees & Commission) (Rupees in millions)	₹ 0.42	₹ 4.46	₹ 9.78

For other details such as number of meetings of the Board attended during the year, remuneration drawn and relationship with other Directors and Key Managerial Personnel in respect of above Directors, please refer to the Corporate Governance Report which is a part of this Annual Report.

By Order of the Board of Directors

Namita Godbole

Company Secretary
ACS - 21056

Registered Office: IIFL House,
Sun Infotech Park, Road No. 16V,
Plot No. B-23, Thane Industrial Area,
Wagle estate, Thane -400604
CIN: L67190MH2007PLC289249
e-mail: csteam@5paisa.com
Telephone No. - 022-41035000

Dated: April 20, 2021
Place: Mumbai

ANNEXURE -1

Directorship of Dr. Archana Hingorani

- a) Alembic Pharmaceuticals Limited
 - b) Grindwell Norton Limited
 - c) Den Networks Limited
 - d) Balaji Telefilms Limited
 - e) SBI Mutual Fund Trustee Company Private Limited
 - f) SIDBI Venture Capital Limited
 - g) Agstack Technologies Private Limited
-



INVESTING MADE EASY AND REWARDING



Inside the Report



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Forward-looking statements

This Annual Report contains statements about expected future events and financial and operating results of 5paisa Capital Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Do not place undue reliance on forward looking statements as a number of factors could cause assumptions and actual future results or events to differ materially from those expressed in these forward-looking statements.



Download this report online
or read online at:
www.5paisa.com



Investing Made Easy and Rewarding

5paisa is in the business of nurturing the financial journeys of both existing and first-time investors through a platform that makes investing both easy and rewarding. Our simplified tech-driven platform, five-minute account opening process and multi-language support enables a seamless experience for our customers. Our in-depth research backed by industry experts and incisive advisory equips our

customers with the right tools to meet their financial goals. Our suite of multiple product offerings backed by a unified platform and high levels of customer service provides a holistic experience to our customers.

We remain driven by our unwavering commitment to make investment an effortless and valuable experience.



About 5paisa Capital Limited

5paisa Capital Limited (5paisa) is amongst India's fastest-growing technology-driven financial services company. Established in 2007, the Company commenced operations in the year 2016, and has since then, evolved into a major fintech player. The Company offers a wide range of financial products and services for all investment needs of customers including online discounted stock broking, depository services, research and distribution of mutual funds, peer-to-peer lending, among others. The Company's robust technology platform and vast expertise has earned it a strong customer base.

The Company primarily caters to retail and high-volume traders who actively trade in securities market and seek holistic investment solutions. Reliable and automated DIY (Do-It-Yourself) trading platforms, artificial intelligence powered Robo Advisory tool, and seamless trading processes support the operations of 5paisa and help enhance customer experience. The Company continuously endeavors to enhance digital offerings, improve operational efficiency, and augment customer satisfaction.



₹1,946 Mn

Revenue for
FY 2020-21

80%

Growth in revenue
over previous year

6,992,469

Mobile app
downloads

811,228

Customers acquired
in FY 2020-21

131%

Growth in
customer acquisition



Customer Network

5paisa has created a strong customer base across the country by providing access to diverse investment opportunities through advanced digital platforms.

This map is not to scale and is for illustrative purposes only. Its intention is to provide the reader an understanding of the locations and is not be used as a reference.

Investment and Lending Solutions



Broking and Depository

- Equity/Derivatives
- Currency
- Commodities
- Depository

1.35 Mn Clients with
65% Active Clients



Subscription

35,000 active
Subscribers



Research

- Swing Trader
- Smart Investor
- Portfolio Analyser
- Screeners
- Sensibull
- Smallcase



Mutual Funds

- Direct Funds
- SIP
- Robo Advisory

55,000+ active
Clients with more
than 47,000 SIPs



Commodities

Retail Market Share -
2.46%*

*As of March 31, 2021



Insurance

Compare
& buy from
leading insurers



P2P Lending

Digital
Disbursement



Smallcase

361,000 orders
processed



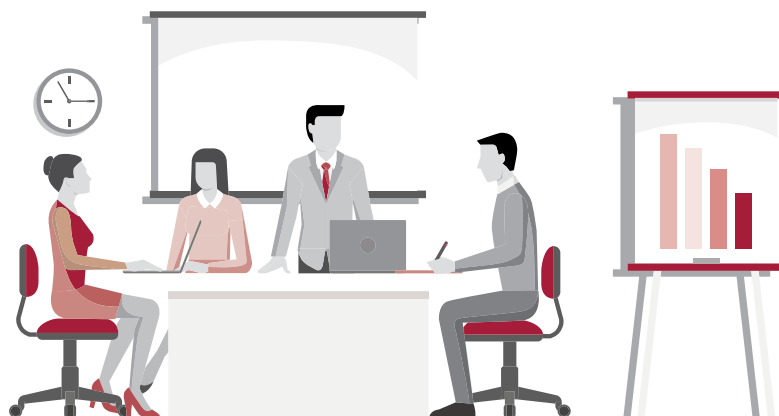
International Investing

1,000+ clients invested
in US stocks



Digital Gold

35,000 transactions
of digital gold



Chairman's Message

Dear Shareholders,

As I write to you, life and lifestyles across the world are undergoing a radical change. The coronavirus pandemic hasn't ended yet; these are difficult times and we must prepare to embrace the radical changes in our lives and the way we work.

The impact of COVID-19 pandemic on both the global and domestic economies has been unprecedented and largely disruptive. The overall business environment remained muted with demand slackening in almost all sectors.



Financial markets also went through extreme volatility owing to stringent lockdowns. However, the second half of the year saw a quicker and remarkable recovery due to unlocking of restrictions, pick-up in economic activity, favorable government reforms, and mass disbursement of vaccines to halt the spread of the virus. Financial markets soared to all-time highs, reflecting improvement in investor sentiment.

As the pandemic spread, our topmost priority was to ensure the safety of our employees and facilitating uninterrupted services and support to our customers. Our technology team played a vital role in providing adequate systems to employees so that they can operate smoothly out of the safety of their homes. We provided remote working technology and protocols, used video calling and virtual meeting platforms to keep our operations running. During the lockdown, our technology platform worked successfully and facilitated in servicing our customers efficiently.

FY 2020-21 has been a remarkable year in terms of growth for the Company. We have not only managed to become profitable, but also increased our customer base multifold. I am happy to state that we are now a family of more than 1.3 million customers. Apart from business expansion and profitability, we have also managed to expand the range of product offerings and enhance our platforms further.

India is amongst the fastest growing fintech markets in the world. The country accounted for the highest fintech adoption rate of 87% of all the emerging markets vis-à-vis the global average adoption rate at 64%. Increased adoption



We are heavily invested in technology, people, and processes. For the coming year, we are focusing on scaling our product portfolio, and communication and branding, with an aim to rank amongst the top three industry players in the country.

of internet and burgeoning digital infrastructure have been driving the fintech market. Fintech companies are at the forefront, especially, due to the current scenario with digital transactions taking place higher than ever in a post-COVID world. The outlook for financial products distribution looks healthy with gradual resumption of economic activities. Retail participation is expected to increase, given the favorable demographics, rising financial literacy, and increasing smartphone and internet penetration. With the ever-increasing demand for financial transactions, the digital payments ecosystem has also been evolving continuously. Demand for cashless transactions in the pandemic-hit economy is expected to create more opportunities for digital wallet operators.

While the market's reaction reflected the initial anxiety of investors to safeguard capital, the situation has eventually settled especially during the lockdown period when retail investors saw an opportunity to enter the market, which led to a surge in trading activity. To cater to the unprecedented trading volume and deliver enhanced trading experiences, broking firms have been adopting innovative technologies such as cloud-based systems and IT-enabled applications that form the industry's backbone. Brokers are increasingly leveraging digital tools and migrating to cloud-based systems to meet the spike in trading volumes and new account openings.

The onset of the COVID-19 pandemic has caused a surge in the digital brokerage industry as more customers moved to trading as a means of saving. We have utilised the opportunity to market our existing products, while focusing on new enhancements and initiatives. We hope to meaningfully engage with our customers and strengthen the core proposition with right tools and information for their trading and investment decisions. Our aim is to become a one-stop investment platform and enhance reach across the country.

1,353,000+

Customers at 5paisa

We have heavily invested in technology, people, and processes. For the coming year, we are focusing on scaling our product portfolio, and communication and branding, with an aim to rank amongst the top three industry players in the country. We continue to invest in technology and mobile platforms to drive efficiencies and enhance customer experience. Robo advisory tool, international investing, peer-to-peer lending and portfolio analyser are some of our notable inventions for seamless trading and customer interface. We are gearing up to fill the gap created by the pandemic and spearhead a new way of investing driven by exponential technologies.

This is how 5paisa is placed and we are confident of a better and sustainable future. I would like to sincerely thank our fellow Board members and our stakeholders for their constant support and the trust reposed in us.

Warm Regards,

Dr. Archana Hingorani

Chairman

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From the Desk of the Whole-Time Director and CEO

Dear Shareholders,

The year gone by threw the world in a bedlam of the novel COVID-19 virus, threatening all that was taken for granted - mobility, safety, and a normal life itself. This, in turn, posed the most formidable economic challenge to India and the world in a century, emanating from the restrictions in economic activities from the lockdowns imposed to contain the pandemic.

Governments and central banks across the world deployed a range of policy tools to support their economies such as lowering key policy rates; monetary policy easing measures; cash transfers and fiscal stimulus measures. The recent uptick in macroeconomic landscape has brightened the outlook along with massive vaccination drives in India. Robust recovery in the services sector as well as rebound

in consumption and investment demand are expected to support the growth estimates. Further, e-commerce and digital technologies are likely to be the bright spots in India's recovery.

In the Indian capital market, digitisation and growing awareness about equities is encouraging more people to shift their savings from traditional instruments such as gold, real estate and bank deposits to stocks. The year saw a record 14.2 million new demat accounts being opened, nearly three times the figure in the previous fiscal.

At 5paisa, we continue to create meaningful value for our customers by making investing easy and rewarding. Underpinning our efforts to make investing easy is our simplified platform, the ease in opening of a new account within 5 minutes, and multi-language support. We are enabling rewarding investment opportunities by providing insightful advice, incisive research from industry experts and multi-product offering on a single platform. By taking our services and offerings to a new level, 5paisa is today no longer just a discount broker but a digital financial platform solving investment needs for investors on a holistic basis.

Our Financial Performance

We posted a revenue of ₹ 1,946 million in FY 2020-21, marking a growth of 80% over ₹ 1,083 million in FY 2019-20. In the fourth quarter, our revenues grew 41% Y-o-Y to ₹ 499 million as against ₹ 354 million in the previous year. This year, we turned profitable with PAT standing at ₹ 147 million as against a loss of ₹ 79 million registered in FY 2019-20.

We plan to raise ₹ 2,500 million from marquee investors and promoters.

Customer Excellence

Customer satisfaction is our top priority and one of the key factors behind our steady progress. In five years of our commercial operations, we have acquired 1,353,000 plus customers, major ones being young and millennial investors from small cities. This bears testament to our strong digital footprint and differentiated products and services.



We plan to raise ₹ 2,500 million from marquee investors and promoters.

Our constant aim is to enhance our offerings through higher-end technology.

What gives us even more confidence is our strong brand presence, active customer engagement, and consistent marketing initiatives. During the year, we achieved a record customer acquisition of over 811,228 marking a growth of 131% over the previous year. We intend to capture a higher wallet share of our client's financial journey and support them with more advisory on financial planning with right tools and products.

Digital Prowess

Our technology infrastructure and digital capabilities are a key differentiator in helping us maintain a competitive edge. The post COVID-19 world is going to be different from the world we are used to. During this outbreak, we have witnessed new ways of operating. Consumers are embracing digitisation at scales nobody has imagined before. It is our intention to deepen our technological edge by investing in advanced capabilities to remain in the forefront.

We continue to invest in our stock broking platforms to deliver valuable insights for our customers. Our significant launches include multiple research-based products, peer-to-peer lending, international investing, Portfolio Analyser, among others. These tools are designed to manage and monitor client's investments and access quality research to maximise returns and guiding customers in the right direction. Our key focus areas going forward are building social and behavioral trading bases and leveraging Artificial intelligence and data analytics. We will continue to invest in technology to upgrade our infrastructure and adopt the latest technology innovations and add new products to our suite.

Additionally, our 360° communication across multiple digital and social media platforms enable us to create strong brand awareness. Our mobile application facilitates customers to instantly open accounts and conduct transactions with ease, speed, and convenience. During the year, we revamped our application and added enhanced features to make it more user-friendly. We launched six new versions of Android and four new versions of iOS applications. All our efforts were rewarded by the user ratings, with 4.0+ stars and 4 stars rating on Android and iOS applications, respectively.

Customer Education

Our customer base largely involves young and first-time investors; thereby, educating them about the capital market is an integral responsibility of 5paisa. Through our YouTube channel, we constantly engage with our customers and educate them on various aspects of investing. It gives me much delight to report that our YouTube channel has now more than 160,000 subscribers. We have garnered almost 4 million monthly views on our channel.

We launched the 5paisa school which provides Stock Market Learning Courses in August 2020. The platform has 205,794 unique learners and has received a favourable response with 89,000+ downloads on the App Store. We have 44 courses on the platform with 23 more scheduled to launch.

Growing Opportunities

The outlook for capital markets as well as for our industry would be strongly influenced by the outcomes pertaining to the COVID-19 pandemic and the duration of recovery. On the positive side, however, there has been a surge in the number of demat accounts and retail participation in the stock market as people were forced to stay home since the outbreak of the pandemic; and this trend is expected to continue in the coming years.

As a proactive Company, we are undertaking every possible measure to remain relevant in the marketplace. In the current environment, investors are looking at sound advice, trusted partner, and a reliable platform, and we feel 5paisa scores high on all these. Our inherent strengths coupled with tailwinds of massive under penetration in our products and services, growing affluence and changing consumer preference towards trusted partners, and digital modes of engagement present a very exciting opportunity for us.

I would like to take this opportunity to thank all our stakeholders for their unstinted support. I thank all my colleagues on the Board for their guidance and leadership in steering 5paisa. I am indeed proud of the collective efforts made by the entire team in facing the challenging times and delivering their best outcomes.

Yours sincerely,

Prakarsh Gagdani

Whole-Time Director and CEO

Empowering Customers with Insightful Research

Our business continuity and success depends on delighting our customers, and they are at the centre of everything we do. With our pool of skilled workforce, market knowledge, insightful and tech-led innovation, and unique offerings and services, we endeavor to develop a superior customer experience. We acquired 811,228 customers in FY 2020-21.

84%

First time investors

Our approach of offering services at a competitive cost, complete paperless trading experience, multi product offering, all under one umbrella, leads to faster growth in customer acquisition. Acquiring more customers will continue to be our key focus area with seamless user experience at the core of our strategy. Further, we also aim to strengthen our existing customer care services to enhance our client experience.

230%

Growth in customer base aged 25 and under



Customer Empowerment

- We are a trusted partner for our customers given our solid track record of offering discounted brokerage fees and seamless processes
- We satiate their needs through our online trading and an entire range of financial products and services under one roof
- We offer research-based advisory assistance for a spectrum of financial products
- We help create an unmatched customer experience through our best-in-class and superior technology platforms

83%

Customers from Tier II and III cities



Customer Testimonials



A.R. Singhal, HUF

I have been among the initial clients of 5paisa as a family since the second half of 2017 and first-time experienced discount broking as a concept, though it has been quite popular in USA and other developed markets. 5paisa implemented this concept sincerely in India and deserves praise for this.

On the practical side, for my delivery-based business of around ₹ 14 crore, I have spent less than ₹ 8,000/- for brokerage to 5paisa, which in any other brokerage firm would have been in the range of ₹ 1.4 lakh to ₹ 3.5 lakh.



Neena Sharma

My association with 5paisa started in 2016 when I opened my trading account. Apprehensions were there with regards to the safety of my investments with an online service provider, but honestly it has been a great experience. Thanks to the entire team that turned out to be a great support system especially during the tough times in March-April 2020. They helped me to bounce back in the share market and making profits.



Vaibhav Sethia

I've been a subscriber to 5paisa for almost 4 years now. I was trading with a major bank for over 10 years, before coming in alliance with 5paisa, but switched just because of the platform and the new UX on the mobile app which is fantastic. Services so far have been very good, and I'd like to thank the CEO who steps in personally, when needed.



Jeevankumar Reddy

I have traded with many brokers till date, but by far 5paisa has provided the best customer service. Their subscription packages offer very low brokerages. For full time traders like me who need good customer service and low brokerages, 5paisa is the best.



Nurul Saiyed

I experimented with a variety of brokers, but at last, got the perfect one, that is 5paisa. Prompt pay-in pay-out, very easy to operate trading platform and industry best charting have brought me peace of mind. Thank you, 5paisa.

Elevating Our Technology Edge

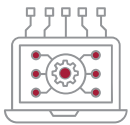
Technology is an important tool for creating consistent business value. Our robust technology-based trading and investment platforms have tools and resources that empower our customers to make right and informed decisions as per their needs. These contribute to enhanced business productivity and superior customer experience.

We are committed to investing in latest technologies so that our product offerings have a competitive edge for our customers to invest smartly with ease. Our technology

platform, be it our website or our mobile application, is robust, secure, and scalable.

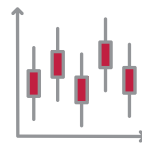
During the year, we revamped our mobile application and added enhanced features to make it more user-friendly. We added multiple trading features like Bracket and Cover Orders in F&O, Buy/Sell buttons actions on the Advanced Charts screen, Microcharts to view intraday moves at a glance, Real-time holdings on watchlist, consolidated views of books, personalised advisory services to the users' basis their investment behavior, and Real-time margin pledge.

Our Digital Platforms



Open API platform

A free-to-use platform which enables the customer to migrate from a manual trading setup to a completely automated one. There is dedicated support and an interactive forum to solve queries. The platform has 5,100 + registered users.



Algo trading platform

Facilitates automated trading decision by leveraging advanced Algo tools.



Portfolio analyser

Innovative and one-of-its-kind tool enabling customers to analyse their investment portfolio.



Cutting-edge tools

Paperless e-KYC, 3-step customer onboarding, mobile trading app, trade station web and trade station EXE for a delightful customer experience.



Our digital infrastructure proved to be excellent even when it came to enabling our employees to work from home during the lockdown. Our Company seamlessly transformed itself to remotely provide unrestricted services to customers, while maintaining customer privacy and information security. We have also laid down several processes and coding standards to ensure that our applications are secure and robust.

Strengthening Digital Prowess

We are implementing future-ready technologies across business functions and processes to achieve superior results, create a scalable growth model and leverage advancements in the evolving ecosystem. We are focusing on enriching the trading product with multiple features such as span margin, margin funding, and real-time funds transfer. In line with the growing digital ecosystem in India, we have implemented various payment features such as IMPS, UPI and common verification services such as e-sign, e-nach, CIBIL, among others.

Launched 5paisa Loans – A Lending Platform

In May 2020, we ventured into a new business segment i.e. peer-to-peer lending (P2P) via our website 5paisaloans.com and mobile app 5Paisa Loans. P2P is aimed at offering the investors yet another investment option to diversify their portfolio and secure higher returns. This initiative makes the end-to-end journey both for borrowing and lending completely online. Presently, the platform has more than 6,173 lenders and 69,825 registered borrowers with a disbursement of ₹ 17 million.

Key Features

- Instant loan eligibility for borrowers and quick loan disbursement
- Curated portfolios for lenders as per lender's risk appetite to maximise return and save time on short listing and investing in individual borrowers
- Lowest processing fee in the market for both borrowers and lenders and no foreclosure or pre-payment charges for borrowers
- Flexible tenure for investment for lenders starting from 3 months to 36 months

Introducing International Investing

One of our significant breakthroughs this year was the introduction of International Investing in alliance with a US-based advisory firm – Vested. International Investing option enables customers to diversify their portfolio by opening new investment avenues. With no paperwork, 5paisa investors will be able to invest in US stocks with zero brokerage. With this tie-up, we intend to provide an online, seamless experience for all our customers to invest in the US stocks and Exchange Traded Funds (ETFs). With Vested, we provide curated pre-built portfolios ready to be invested in for investors with various risk profiles.



Amplifying Brand Visibility and Customer Outreach

Increasing proliferation of technology and rising penetration of smart devices have exposed people to multiple digital channels, leading to greater awareness. Today, digital marketing and social media have become powerful mediums for organisations to enhance brand visibility and customer connect.

Keeping up with the emerging realities, we, at 5paisa, have intensified our digital marketing to augment our brand recall and engage and empower customers across the country. We leverage social media as a two-way communication vehicle to understand customer requirements and fulfil their aspirations with our broad product and service offerings.

Active social media engagement

Followers on social media as on March 2021



108,840

Twitter



21,113

LinkedIn



160,000

YouTube



336,823

Facebook



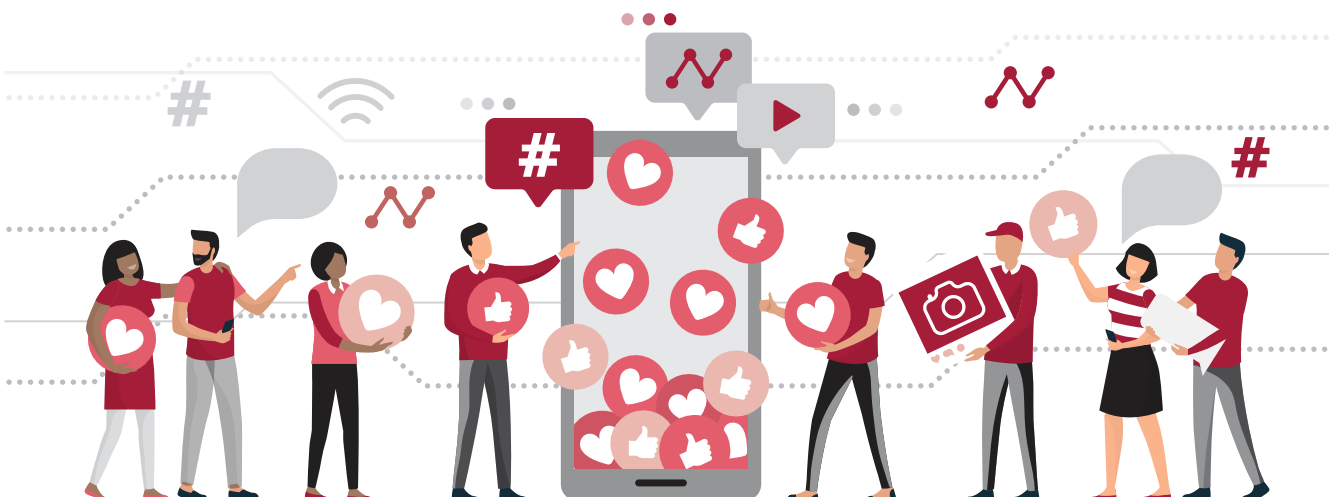
19,234

Instagram



2,600

Quora



Educating customers through digital channels

Our team of experts at 5paisa School have formulated financial education content in the form of learning modules, online videos, and knowledge series. The education series has been designed with pre-defined objectives of creating awareness among users on their investment portfolios. It serves as a toolkit, equipping users with valuable information and empowering them to be confident and informed.

Our curriculum covers topics related to financial market:



Equity Market



Technical Analysis



Mutual Funds



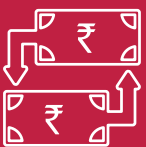
Derivatives



Taxation



Commodities



Currency

4.0+

Rating of 5paisa app
on Play Store

Awards & Accolades



**5paise was listed as
top broker to watch
in 2020 by Insight
Success magazine**





5paisa received the Best Tech platform of the year award at the Internet Entrepreneur Awards



5paisa received the Best Mobile App of the year award at Internet Entrepreneur Awards



5paisa was recognised as India's Fastest Growing Brands in 2019-20



Mr. Prakarsh Gagdani was recognised as India's Greatest Leaders in 2019-20 by AsiaOne

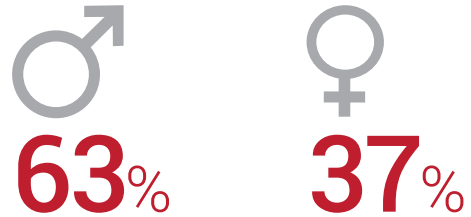


'Brand Excellence in Broking Industry' Award by ABP News, 2019

Strengthening Our Human Capital

Our people are the architects of our future. Their skills, knowledge and competencies underpin our offerings and form the backbone of our success. At 5paisa, we constantly strive to build a distinctive culture and establish a high-performing, inclusive workforce through our purposeful and engaging programmes and activities.

Gender ratio



Employee Engagement Initiatives

We believe in engaging our workforce, nurturing their careers, and grooming them to become leaders of tomorrow. Apart from regular interactive forums like virtual townhalls, skip level communication meetings, etc., we effectively connected with every employee through several initiatives including townhall meetings, rewards and recognition programmes, among others. Other activities like sports events, cultural and festive celebrations, and health and wellness workshops are also regularly conducted to boost employee morale and enhance team bonding.



Being a Responsible Corporate Citizen

The onset of COVID-19 pandemic has disrupted the socio-economic fabric of the world. The underprivileged section of society has been hit hard due to enforced restrictions that have led to loss of livelihoods and consequently the ability to afford meals. We tied up with Give-India.org, a platform working with NGOs for providing nutritious meals to the needy. Our employees contributed ₹ 466,657 towards this noble cause.



₹ 466,657

donated by our employees
towards feeding the needy

Board of Directors



Dr. Archana Hingorani
Independent Director

Dr. Archana Hingorani is the Chairperson and Independent Director of the Company. She holds an M.B.A and Ph.D. in finance from the University of Pittsburgh, United States. She has over thirty one (31) years of experience in the asset management business, teaching and research. In the recent past, she was associated with IL&FS Group until 2017 in various capacities, including being the CEO of IL&FS Investment Managers Limited. She has rich experience in fund raising, investing, nurturing investments through four different economic cycles and carving exit paths, among others. She has also been involved in mentoring and nurturing smaller start-ups in the technology, education, financial inclusion and encouraging start-ups run by women entrepreneurs. She has been named as the most influential woman in India by various publications, including Business Today in the years 2011, 2012 and 2013, Asian Investor in the year 2014, and Fortune India in years 2014, 2015 and 2016. She is a member of the Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee of the Company.



Mr. Prakarsh Gagdani
Whole-Time Director & Chief Executive Officer

Mr. Prakarsh Gagdani is the Whole-Time Director and Chief Executive Officer of the Company. He holds a Post Graduate Diploma Degree in Business Management from Pondicherry University and has done his bachelor's in Business Management from Mulund College of Commerce, Mumbai University. He has more than eighteen (18) years of cross-functional experience in sales, advisory, product development and business development. In the past, he was associated with Angel Broking Limited for about twelve (12) years. He is a member of the Stakeholder Relationship Committee of the Company.



Mr. Gourav Munjal
Whole-Time Director & Chief Financial Officer

Mr. Gourav Munjal is the Whole-Time Director and Chief Financial Officer of the Company. He holds a bachelor's degree in Commerce from Kurukshetra University and is a qualified Chartered Accountant, Company Secretary, and a diploma holder in IFRS from the Association of Chartered Certified Accountants (ACCA). He has ten (10) years of experience in the field of accounts and finance. Before joining the Company, he was associated with the IIFL Group and has handled finance and accounts functions in the Company.



Ms. Nirali Sanghi
Independent Director

Ms. Nirali Sanghi is the Independent Director of the Company. She founded India Parenting Private Limited in 1999 and serves as its Chief Executive Officer and President. Prior to that, she served at Erstwhile Baring Brothers (New York), Citibank (New York and Mumbai) and The Boston Consulting Group (Mumbai). Ms. Sanghi spent nine (9) years in the United States where she received her bachelor's in Economics and Computer Science from Barnard College, Columbia University (New York, USA) and M.B.A. in Finance and Marketing from Columbia Business School (New York, USA). She is a member of the Audit Committee, Chairperson of Nomination & Remuneration Committee and Stakeholder Relationship Committee of the Company.



Mr. Milin Mehta
Independent Director

Mr. Milin Mehta is a Chartered Accountant and a senior partner of K. C. Mehta & Co., Chartered Accountants (Baroda, Mumbai, Ahmedabad, and Bangalore) for the past three decades. He is a fellow member of the Institute of Chartered Accountants of India. He is also a Law Graduate and has obtained a master's degree in Commerce. Mr. Mehta has also been invited as a special invitee to the Committee of the Institute of Chartered Accountants for making representation before the Central Board of Direct Taxes / Standing Committee of the Parliament on formation of new Direct Tax Code. He has held the position of Treasurer and Vice Chairman of the Western India Regional Council of the Institute of Chartered Accountants of India covering Gujarat, Maharashtra, and Goa. He has also co-authored a book on "Minimum Alternate Tax" published by the Bombay Chartered Accountants' Society. He is a Chairman of the Audit Committee and member of Nomination & Remuneration Committee of the Company.



Mr. Ravi Garikipati
Independent Director

Mr. Ravi Garikipati is an entrepreneur and technologist with over 30 years of experience mostly in technology and executive leadership roles. He is a board member and advisor to many late-stage startups and an active angel investor in deep tech, fintech, and consumer tech startups. He has recently co-founded a fintech startup Davinta Finserv, focusing on financial inclusion for the bottom of the pyramid. Prior to co-founding Davinta, Mr. Garikipati, as a CTO at Flipkart, defined and executed technology vision and roadmap to transform commerce. He also founded fintech as a new vertical with a mission to offer financial products to hundreds of millions of underserved and unserved Indians by leveraging data, digital distribution, and technology. Prior to Flipkart, he was the President and Chief Technology Officer at [24]7.ai, a Sequoia funded company where he led global product and technology groups to build one of the largest omni-channel customer acquisition and engagement platform. He has also held various senior engineering management positions at Oracle and Covansys, where he gained extensive experience in building scalable enterprise application architectures and services. He is a member of the Nomination and Remuneration Committee of the Company.

Directors' Report

Dear Members,

Your Company's Board of Directors ("Board") are pleased to present the Fourteenth Annual Report of 5paisa Capital Limited ('your Company') along with the Audited Financial Statements for the financial year ended March 31, 2021 ("year under review" or "year" or "FY 2020-21"). The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

In compliance with the applicable provisions of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), this report covers the Financial Results and other developments during the financial year ended March 31, 2021 and upto the date of the Board Meeting held on April 20, 2021 to approve this report, in respect of 5paisa Capital Limited.

1. FINANCIAL RESULTS

A summary of the Consolidated and Standalone financial performance of your Company, for the financial year ended March 31, 2021, is as under:

(₹ in millions)

Particulars	Consolidated Financial Results		Standalone Financial Results	
	2020-2021	2019-2020	2020-2021	2019-2020
Gross total income	1945.75	1082.76	1938.59	1081.36
Profit/(Loss) before interest, depreciation and taxation	444.52	93.02	472.57	93.55
Interest and financial charges	199.50	151.12	199.50	151.51
Depreciation	46.07	38.41	39.15	38.41
Profit/(Loss) before tax	198.96	(96.50)	233.92	(96.37)
Taxation - Current	-	-	-	-
- Deferred	52.06	(17.54)	60.72	(17.42)
- Short or excess	-	-	-	-
Net profit/ (Loss) for the year	146.90	(78.96)	173.20	(78.95)
Less: Appropriations	-	-	-	-
Add: Balance brought forward from the previous year	(640.15)	(561.19)	(639.83)	(560.88)
Balance to be carried forward	(493.25)	(640.15)	(466.63)	(639.83)

Note: Previous periods figures have been regrouped / rearranged wherever necessary

The Statement containing extract of subsidiaries financial statement are provided on the website of the Company at <https://www.5paisa.com/investor-relations>.

2. CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements of your Company for the FY 2020-21 are prepared in compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), Indian Accounting Standards ('Ind AS') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations") which shall also be made available to the Members in their forthcoming Annual General Meeting ("AGM").

3. COVID -19

During the last month of FY 2020, the COVID-19 pandemic developed rapidly globally thereby forcing

the government to enforce complete lock-down since March 24, 2020, of almost all economic activities except essential services which were allowed to operate with limited staff strength. As capital markets and banking services were declared as essential services, your Company continued its operations by strictly adhering to the minimal staff strength requirement and maintaining social distancing and other precautions as per the Government directions. In order to ensure health and well being of the employees, all the other employees were encouraged to work from home and were provided necessary infrastructure to ensure efficient functioning. All operations and servicing of clients were smoothly

Directors' Report (Contd.)

ensured without any interruptions as the activities of trading, settlement, Stock Exchanges and depository functions are fully-automated and seamless. Based on the facts and available figures, the Company has been operating in the normal course and there have been no adverse impact on the liquidity, revenues or operational parameters during the year ended March 31, 2021.

4. REVIEW OF BUSINESS AND OPERATIONS AND STATE OF YOUR COMPANY'S AFFAIRS

5paisa has built a sustainable foundation to accelerate its growth. Its customer-centric products; transparency in operations; relentless focus on customer convenience; and investment in technology has helped it build a family of 13,53,330 happy customers in just 5 full years of operations.

5paisa is in the business of fostering the financial journeys of both prevailing and first-time investors. It provides a digital platform with various features that helps investors to educate themselves about the world of investments, authorize them to take measured decisions, invest through its mobile application and elevate their participation and gains from the financial market.

The overall business environment remained muted with demand slackening in almost all sectors. The financial markets also went through extreme volatility owing to stringent lockdowns. Your Company overcame the challenges posed by the pandemic and performed well during the FY 2020-21. This was achieved through leveraging the market opportunities bought by the growing trend of financialisation of savings and offering quality service to attract organic customers. With a resolution to provide best-in-class investment platform at the lowest cost, your Company delivered strong growth over the previous year.

Your Company's customer acquisition increased to 131% in the current year. During the year, the total income of your Company went up from ₹ 1,081.36 million to ₹ 1,938.59 million. Your Company reported an average annual daily turnover of ₹ 5,28,980 million and its market share further improved.

During the year, your Company focused on leveraging technology to strengthen its business processes, ensure deeper market penetration and deliver a superior customer experience. As a result, your Company appeared as a strong player in the discount broking space offering superior products and services.

Your Company also ascended to the No. 2 position in the discount broking segment.

The growing penetration of internet and smart phone in the country has helped your Company expand its customer base. Your Company leveraged an integrated investment platform to capitalise on the opportunity. Its mobile application/web platform has helped individuals to trade across equity, F&O, commodity, currency segments; invest in mutual fund and insurance; or facilitate algorithm based robo advisory services.

As capital market participation remains low in India when compared to the other developed nations, there is an enormous opportunity for growth. The outlook for financial products distribution looks healthy with gradual resumption of economic activities. Retail participation is expected to increase, given the favorable demographics, rising financial literacy and increasing smart phone and internet penetration. With the ever-increasing demand for financial transactions, the digital payments ecosystem has also been evolving continuously. These factors will enable us in fuelling your Company's growth journey.

5. MACRO-ECONOMIC OVERVIEW

Amidst a weak environment for global manufacturing, trade and demand, Indian economy emerged as one of fastest growing major economy as compared to the advanced and emerging nations in FY 2020-21. However, the growth was subdued as compared to the previous fiscal mainly due to the COVID-19 impact. The deceleration was also most evident in the manufacturing and agriculture sectors, whereas government-related services sub-sectors received significant support from public spending. Though there was rise in government spending, sharp slowdowns in household consumption and investment offset the same. The economy had shown signs of recovery in the third quarter of fiscal 2020 with the rise in purchasing managers index (PMI) in manufacturing hitting an eight year high of 55.3 in January 2020. However, with the onset of COVID-19 pandemic and the resultant lockdown, the revival came to a standstill in March 2020. India's GDP growth for FY20 has been recorded at 4.0% (Source: IMF WEO April 2021). The overall negative impact on the economy in FY21 will depend on future extent and the resultant outcome of the second wave of COVID-19. Weakness in income growth and a rising unemployment rate is also expected to undermine consumer sentiment. Further, rolling out of vaccination drive across the globe to combat the pandemic is expected to boost economic recovery.

Directors' Report (Contd.)

6. INDUSTRY OVERVIEW

The Indian financial services industry is vast and diverse consisting of banks, NBFCs, capital markets, insurance sector and the new payment banks. India's gross national savings (GNS) as a percentage of Gross Domestic Product (GDP) stood at 30.5% in 2019. With increasing finance penetration, the opportunity in India is very high especially in the rural areas for moving from physical savings to financial savings. With increasing internet penetration and financial literacy, the future growth prospects of financial service industry in India is very bright.

7. KEY INITIATIVES / DEVELOPMENTS

The Board of Directors in their meeting held on September 03, 2020 had approved raising further capital through issue of shares through one or more modes and the said proposal was duly approved by the Members through Postal Ballot on October 05, 2020.

Further, the Board of Directors in their meeting held on April 13, 2021 and subject to the approval of Members through postal ballot, has approved the raising of funds through issue of 3,817,400 equity shares on preferential basis, fully paid-up, at the price of ₹ 500 per Equity Share (including a premium of ₹ 490 per Equity Share), aggregating up to ₹ 1,908.70 million, being 898,816 Equity Shares aggregating to ₹ 449.41 million to FIH Mauritius Investments Limited, 301,184 Equity Shares aggregating to ₹ 150.59 million to HWIC Asia Fund Class A Shares, 240,000 Equity Shares aggregating to ₹ 120.00 million to RIMCO India Limited and 2,377,400 Equity Shares aggregating to ₹ 1,188.70 million to WF Asian Reconnaissance Fund Limited and further issue of 12,00,000 share warrants, being 480,000 Warrants aggregating to ₹ 240.00 million to Mr. Nirmal Bhanwarlal Jain, 480,000 Warrants aggregating to ₹ 240.00 million to Mrs. Madhu N. Jain and 240,000 Warrants aggregating to ₹ 120 million to Mr. Venkataraman Rajamani, belonging to the Promoter and Promoter group of the Company, exercisable (convertible) in one or more tranches, anytime within period of eighteen months into equal number of equity shares of face value of ₹ 10/- each of the Company on a preferential basis for cash.

The said transaction is subject to approval of Members through postal ballot and other regulatory approvals and is expected to close during the first quarter of 2021.

Your Company has grown its product offering to customers over the years which currently include broking, mutual funds, insurance, peer-to-peer lending,

international stocks, gold investing and margin funding. The Company is now looking forward to adding more products in its product offerings to customers. The availability of these funds will, thus help your Company accelerate its investment in customer centric technology and sustain the pace of growth.

8. RETURN TO INVESTORS (DIVIDEND)

The Board of Directors of the Company has approved the Dividend Distribution Policy in their meeting held on April 20, 2021 in line with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy is uploaded on the website of the Company at <https://www.5paisa.com/investor-relations>.

However, in view of the accumulated losses, your Directors have not recommended any dividend on Equity Shares for the year under review.

9. TRANSFER TO GENERAL RESERVE:

During the year under review, your Company proposes to transfer ₹ 7.97 millions to General Reserve.

10. TRANSFER OF FUNDS TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

Pursuant to applicable provisions of the Companies Act, 2013 ("Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund ("IEPF" or "Fund") established by the Central Government, after completion of seven years from the date the dividend is transferred to unpaid/unclaimed account. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.

During FY 2020-21, the company had not transferred any shares to Investor Education and protection Fund ("IEPF").

As on the March 31, 2021, ₹ 0.18 million is lying as the unclaimed fractional entitlements in the unpaid fractional shares account.

11. AWARDS AND RECOGNITIONS:

During the year under review, your Company received numerous awards and accolades which were conferred by reputable organizations and is designed to honour

Directors' Report (Contd.)

the efforts made by the companies and the details of the same are given herein below:

- **Fastest Growing Brands by CNBC TV 18:**

5paisa Capital Limited was recognised as one of the FASTEST GROWING Brands, 2019-20 by AsiaOne CNBC TV18.

- **10 Best Stock Broker Companies to watch in 2020 by Insight Success**

5paisa Capital Limited was recognised as 10 Best Stock Broker Companies to watch in 2020 by Insight Success.

- **India's Greatest Leaders 2019-20 by CNBC TV 18**

Great leaders are behind great businesses. Our CEO, Mr. Prakarsh Gagdani has been featured in Asia One's list of India's Greatest Leaders of 2019-2020

12. SHARE CAPITAL

The paid up equity share capital of the company as on March 31, 2021 was ₹ 255,159,180/- divided into 25,515,918 equity shares of ₹ 10/- each as compared to ₹ 254,776,680/- divided into 25,477,668 equity shares of ₹ 10/- each as on March 31, 2020.

The increase in the share capital was pursuant to exercise of 38,250 ESOPs granted under the 5paisa Capital Limited Employee Stock Option Scheme 2017, by eligible employees, which were converted into equity shares ₹ 10 each.

13. EMPLOYEES STOCK OPTION SCHEMES (ESOS)

The Company has in force the following Schemes which are prepared as per the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014:

- 1) 5paisa Capital Limited Employee Stock Option Scheme 2017 ("**5PCL ESOS 2017**")
- 2) 5paisa Capital Limited Employee Stock Option Trust Scheme 2017 ("**5PCL ESOTS 2017**")

Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time are provided in notes to financial statements.

Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time are provided in notes to financial statements.

During the financial year, two schemes, details of which are provided below were in place for grant under 5PCL ESOS 2017 and 5PCL ESOTS 2017. The Nomination and Remuneration Committee approved allotment of 38,250 equity shares, the bifurcation of which is provided hereinbelow pursuant to exercise of the stock options by eligible employees respectively to the eligible under 5paisa Capital Limited Employee Stock Option Scheme 2017 ("5PCL ESOS 2017").

The details of the exercise of stock options during FY 2020-21 are as follows:

Sr No.	Number of equity shares allotted	Date of Allotment
1.	500 Equity shares of ₹ 10/- each	November 11, 2020
2.	3,750 Equity shares of ₹ 10/- each	November 25, 2020
3.	29,500 Equity shares of ₹ 10/- each	February 02, 2021
4.	1,500 Equity shares of ₹ 10/- each	February 09, 2021
5.	3,000 Equity shares of ₹ 10/- each	March 09, 2021

Particulars of options granted by the Company upto March 31, 2021 are given under:

Particulars	5PCL ESOS 2017	5PCL ESOTS 2017
Options granted till March 31, 2021	900,000	NIL
Options forfeited/lapsed	96,000	Nil
Options vested but not exercised	289,250	Nil
Options exercised	38,250	Nil
Options Not vested	572,500	Nil
Total number of options in force	765,750	Nil
Number of shares allotted pursuant to exercise of options	38,250	Nil
Extinguishment or modifications of options	Nil	Nil
Amount realised by exercise of options (₹ million)	7.329	Nil

There is no material change in Employees' Stock Option Scheme ("ESOP") during the year under review and the Scheme is in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"). The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SBEB Regulations and the resolution passed by

Directors' Report (Contd.)

the Members. The certificate would be made available to the Members during Annual General Meeting for inspection. The disclosures relating to ESOPs required to be made under the provisions of the Companies Act, 2013 and the rules made thereunder and the SEBI (Share Based Employee Benefits) Regulations, 2014 are provided on the website at <https://www.5paisa.com/investor-relations> and the same is available for inspection by the Members at the Registered Office of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a soft copy would be sent at the registered email address of the Member.

Pursuant to recommendation of Nomination and Remuneration Committee and subject to approval of members at the ensuing Annual General Meeting (AGM), the Board of Directors in their meeting held on April 20, 2021, approved the increase in size of ESOP Pool for grant of options to eligible employees under the Employee Stock Option Scheme-2017, from 9,00,000 options to 15,00,000 options convertible into equity shares of ₹ 10/ each of the Company.

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Disclosure on details of loans, guarantees and investments pursuant to the provisions of Section 186 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in the financial statements.

15. DEPOSITS

The Company has not accepted any deposits from public within the meaning of Section 73 of the Companies Act, 2013 and the rules made thereunder and as such, no amount on account of principal or interest on deposits from public was outstanding as on the Balance Sheet date.

Further, the Company does not intend raising any public deposits, in terms of its declaration to the Reserve Bank of India.

16. SUBSIDIARY COMPANIES

• 5paisa P2P Limited

During the year under review, the company commenced its operations as P2P NBFC however given the COVID situation, the lending and borrowing activities on the said platform were carried out conservatively. The company is however in the process of building necessary infrastructure and recruiting experienced personnel and suitable products so that as soon as the COVID situation

is eased, the company can commence its lending and borrowing activities aggressively thereafter..

• 5paisa Insurance Brokers Limited

The Company has filed an application for registration as Insurance Broker with Insurance Regulatory and Development Authority and the approval for the same is awaited. On receipt of the approval, 5paisa Insurance Brokers Limited will commence the operations.

17. CONSOLIDATED FINANCIAL STATEMENTS

As per the provisions of section 134 and 136 of the Companies Act, 2013 read with applicable Rules, Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards, the Board of Directors had in their meeting held on April 20, 2021 approved the consolidated financial statement of the Company along with the Standalone Financial Statements. Copies of the Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Report of the Auditors of the subsidiary company are not attached to the accounts of the Company for the financial year 2020-21. The Company will arrange for soft copies of these documents/details upon request by any member of the Company and dispatch the same on the registered email address of the member.

These documents/details will also be available for inspection by any member of the Company at its registered office and at the registered offices of the concerned subsidiary during the business hours on working days i.e. except on Saturdays, Sundays and Public Holidays. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a soft copy of the same would be sent to the registered email address of the member. The Annual Report of subsidiaries is uploaded on the website of the Company at <https://www.5paisa.com/investor-relations>. As required by Companies Act, 2013 and Accounting Standard - 21 (AS 21) issued by the Institute of Chartered Accountants of India, the Company's consolidated financial statements included in this Annual Report incorporate the accounts of its subsidiaries. A report on the performance and financial position of the subsidiaries is provided in the prescribed form AOC-1 as "Annexure-I", which forms part of this Report.

The policy on determining the material subsidiary is available on the website of the Company at <https://www.5paisa.com/investor-relations>.

Directors' Report (Contd.)

18. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report forms part of this report.

19. BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2) of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/10/2015 dated November 4, 2015, the Business Responsibility Report describing the initiatives taken by the Company, from an environmental, social and governance perspective, forms part of this Annual Report.

20. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Directors:

The Board comprises of Mr. Prakarsh Gagdani (DIN: 07376258) and Mr. Gourav Munjal (DIN: 06360031) as the Whole-Time Directors and Dr. Archana Hingorani (DIN: 00028037), Mr. Milin Mehta (DIN: 01297508), Mr. Ravindra Garikipati (DIN: 00984163) and Ms. Nirali Sanghi (DIN: 00319389) as the Non – Executive Independent Directors of the Company.

Changes in Board Composition

Changes in Board Composition during FY 2020-21 and up to the date of this report is furnished below:

Appointment

Mr. Milin Mehta (DIN: 01297508) was appointed as an Additional Director in the capacity of Independent Director by the Board of Directors pursuant to recommendation by the Nomination and Remuneration Committee vide Circular Resolution dated April 01, 2020, and the Members at the Annual General Meeting held on June 29, 2020, approved the appointment of Mr. Milin Mehta as a Non-Executive Independent Director for a period of five years, w.e.f. April 01, 2020.

Mr. Ravindra Garikipati (DIN: 00984163) was appointed as an Additional Director in the capacity of Independent Director by the Board of Directors pursuant to recommendation of the Nomination and Remuneration Committee at its meeting held on September 03, 2020.

The Members via postal ballot which was completed on October 05, 2020 approved the appointment of Mr. Ravindra Garikipati (DIN: 00984163) as a Non-Executive Independent

Director for a period of five years w.e.f. September 03, 2020.

Resignation

Mr. Santosh Jayaram (DIN: 07955607) ceased to hold office as a Whole-Time Director with effect from February 28, 2021 pursuant to his resignation. Your Board took note of the same with regret.

Your Directors further, wish to place on record their appreciation for the invaluable contributions made by Mr. Santosh Jayaram during his tenure as a Whole-Time Director of the Company.

Retirement by Rotation

In accordance with Section 152 of the Companies Act, 2013 ("Act") read with Article 157 of the Articles of Association of the Company, Mr. Gourav Munjal (DIN: 06360031), Whole-Time Director and Chief Financial Officer of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment. The Board recommends the same for the approval of Members.

Re-appointment

Mr. Prakarsh Gagdani (DIN: 07376258) was appointed as a Whole-Time Director of the Company at the Annual General Meeting (AGM) of the Company held on July 17, 2018, for a period of 3 years w.e.f. December 22, 2018 ending on December 21, 2021. As part of the initiative to create enduring guidance for the Company, the management pursuant to recommendation of the Nomination and Remuneration Committee has proposed the re-appointment of Mr. Prakarsh Gagdani as Whole-Time Director at its meeting held on April 20, 2021 for a period of 5 years commencing from December 22, 2021 on the terms and conditions and remuneration as may be approved by the Board and subject to approval of Members at the ensuing Annual General Meeting.

Dr. Archana Hingorani (DIN: 00028037) was appointed as Non-Executive Independent Director of the Company at the Annual General Meeting of the Members of the Company held on July 19, 2017, for a period of 5 years w.e.f. June 07, 2017 ending on June 06, 2021. As part of the initiative to create enduring guidance for the Company, the management pursuant to recommendation of Nomination and Remuneration Committee has approved the re-appointment of

Directors' Report (Contd.)

Dr. Archana Hingorani (DIN: 00028037) as an Independent Director for a period of 5 years commencing June 07, 2021 on the terms and conditions and remuneration as may be approved by the Board and subject to approval of Members at the ensuing Annual General Meeting.

There was no change in the composition of the Board of Directors and Key Managerial Personnel during the year under review, except as stated above.

b. Key Managerial Personnel (KMP):

Pursuant to the provisions of Section 203 of the Companies Act, 2013 and rules made thereunder, the Key Managerial Personnel (KMP) of the Company as on March 31, 2021 are:

Mr. Prakarsh Gagdani - Whole-Time Director and Chief Executive Officer,

Mr. Gourav Munjal –Whole-Time Director and Chief Financial Officer and

Mrs. Namita Godbole – Company Secretary and Compliance Officer.

During the year under review, Mr. Santosh Jayaram (DIN: 07955607), Whole-Time Director of the Company resigned w.e.f. February 28, 2021.

The Remuneration and other details of the Key Managerial Personnel for the year ended March 31, 2021 are mentioned in the Extract to the Annual Return in Form MGT-9 which is attached as "Annexure - II" and forms a part of this report of the Directors.

21. MEETING OF DIRECTORS & COMMITTEE/BOARD EFFECTIVENESS

➤ Meetings of the Board of Directors

The Board met Five (5) times during the year to discuss and approve various matters including financials, raising of funds, review of audit reports and other businesses. For further details please refer to the report on Corporate Governance.

➤ Committees of the Board of Directors

In accordance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board constituted the following Committees:

- Audit Committee
- Nomination and Remuneration Committee

- Stakeholders Relationship Committee
- Finance Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

• Audit Committee

During the year, the Audit Committee met Five (5) times in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. At present, the Committee comprises of Mr. Milin Mehta as the Chairman, Ms. Nirali Sanghi and Dr. Archana Hingorani as the Members of the Audit Committee.

During the year under review, Mr. Milin Mehta was appointed as the Chairman of the Audit Committee in place of Dr. Archana Hingorani.

The role, terms of reference and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee met during the year under review and discussed on various matters including financials and audit reports. During the period under review, the Board of Directors of the Company accepted all the recommendations of the Audit Committee.

The terms of reference of Audit Committee and details of Committee Meeting are provided in the Corporate Governance Report.

• Nomination and Remuneration Committee

During the year, the Nomination and Remuneration Committee met Four (4) times. At present, the Committee comprises of Ms. Nirali Sanghi as the Chairperson, Dr. Archana Hingorani, Mr. Ravi Garikipati and Mr. Milin Mehta as Members of the Committee.

Mr. Ravindra Garikipati was appointed as member of Nomination and Remuneration Committee pursuant to his appointment on the Board of the company w.e.f. September 03, 2020.

The role, terms of reference and powers of the Nomination and Remuneration Committee are in conformity with the requirements of

Directors' Report (Contd.)

the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of Nomination and Remuneration Committee and details of Committee Meeting are provided in the Corporate Governance Report. The Board has, on the recommendation of the Nomination & Remuneration Committee framed a Nomination and Remuneration policy in compliance with the aforesaid provisions for selection and appointment of Directors, Key Managerial Personnel (KMP), Senior Managerial Personnel (SMP) of the company. The said policy is stated in the Corporate Governance Report of the Company and also it is available on the website at <https://www.5paisa.com/investor-relations>. The details of Committee Meeting are provided in the Corporate Governance Report.

- **Stakeholders Relationship Committee**

During the year, the Stakeholders Relationship Committee met Once (1) in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. The Committee comprises of Ms. Nirali Sanghi as the Chairperson, Dr. Archana Hingorani and Mr. Prakarsh Gagdani as the Members of the Committee.

The role, terms of reference and powers of the Stakeholders Relationship Committee are in conformity with the requirements of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of Stakeholder Relationship Committee and details of Committee Meeting are provided in the Corporate Governance Report.

During the year under review, the Company had not received any complaints on the scores portal. The details of the Meeting are given in the Corporate Governance Report.

- **Finance Committee**

During the year, the Finance Committee met Five (5) times. The Committee comprises of Mr. Prakarsh Gagdani, as the Chairman,

Mr. Santosh Jayaram and Mr. Gourav Munjal as the members of the Committee.

Further, pursuant to the resignation of Mr. Santosh Jayaram, the committee was reconstituted and as on the end of the Financial Year, the committee comprised of Mr. Prakarsh Gagdani as the Chairman and Mr. Gourav Munjal as the member of the Committee.

The terms of reference of Finance Committee and details of Committee Meeting are provided in the Corporate Governance Report.

- **Risk Management Committee**

The Company is exposed to a lot of inherent uncertainties owing to the sector in which it operates. A key factor in ascertaining a company's capacity to maintain its sustainable value is the risks that it is willing to take at both - strategic and operational levels and its ability to manage them effectively.

The Company's Risk Management processes focus on ensuring that the risks to which is the company is exposed to, at all times, are identified on a timely basis and addressed with appropriate solutions. Further, pursuant to Press Release o. 15/2021 issued by SEBI dated March 25, 2021, which are now applicable to top 1000 companies instead of top 500 companies (based on their market capitalization as on March 31, 2021), your Board of Directors, in its meeting held on April 20, 2021, has constituted a Risk Management Committee. The Committee has adopted a Risk Management policy which outlines the role, responsibilities and powers of the Committee and the procedure and periodicity for organising the meeting of the Committee. The purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to enterprise risk management. The Committee shall review the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring, mitigation and reporting of key risks while at the same time trying to achieve its business objectives. Further, the Committee shall endeavour to assist the Board in framing, implementing and monitoring the risk management plan for the Company and reviewing and guiding the risk policy.

Directors' Report (Contd.)

The Committee comprises of Dr. Archana Hingorani as Chairperson, Mr. Prakash Gagdani and Mr. Gourav Munjal as Members of the Committee. This Committee shall have the primary responsibility of implementing the Risk Management Policy of the Company and achieving the stated objective of developing a risk mitigated culture that supports decision making and helps improve the Company's performance.

The role and terms of reference of the Risk Management Committee are in conformity with the requirements of the Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of Risk Management Committee are provided in the Corporate Governance Report.

- **Corporate Social Responsibility Committee**

Pursuant to Section 135 of the Companies Act, 2013, every company having net worth of ₹ 500 Crore or more, or turnover of ₹ 1000 Crore or more or net profit of ₹ 5 Crore or more during any financial year is required to:

1. Constitute Corporate Social Responsibility Committee consisting of three Directors, out of which at least one Director should be Independent Director and
2. Approve Corporate Social Responsibility Policy indicating activities to be undertaken as specified in Schedule VII of the Act.

The Board of Directors, in its meeting held on April 20, 2021 has framed and adopted the Corporate Social Responsibility (CSR) policy, which is available on the website of the Company at www.5paisa.com and approved the constitution of Corporate Social Responsibility Committee comprising of Mr. Milin Mehta, its Chairman and Mr. Prakash Gagdani and Mr. Gourav Munjal, as Members of the committee.

The role and terms of reference of the Corporate Social Responsibility Committee are in conformity with the requirements of the Companies Act, 2013.

The terms of reference of Corporate Social Responsibility Committee are provided in the Corporate Governance Report.

- **Board Effectiveness**

- **Familiarisation Program for the Independent Directors**

In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a Familiarisation Programme for Independent Directors to familiarise them with the working of the Company, their roles, rights and responsibilities vis-à-vis the Company, the industry in which the Company operates business model etc. Details of the Familiarisation Programme are explained in the Corporate Governance Report and are also available on the Company's website at <https://www.5paisa.com>.

- **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular no SEBI/CFD/CMD/CIR/P/2017/004 dated January 05, 2017, the Board of Directors have carried out an annual performance evaluation of its own performance, its Committees, the Directors individually including Independent Directors (wherein the concerned Director being evaluated did not participate) based out of the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by Nomination and Remuneration Committee ("NRC"). The evaluation process, manner and performance criteria for independent directors in which the evaluation has been carried out by is explained in the Corporate Governance Report which forms a part of this report. The Board is responsible to monitor and review the evaluation framework.

The Board considered and discussed the inputs received from the Directors. Also, the Independent Directors at their meeting held on March 23, 2021 reviewed the following:

- Performance of Non-Independent Directors and the Board and the Committee as a whole.
- Performance of the Chairperson of the Company.
- Assessed the quality, quantity and timeliness of flow of information between the Company's Management

Directors' Report (Contd.)

and the Board, which is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors expressed their satisfaction with overall functioning and implementations of their suggestions.

The evaluation process endorsed the Board Members confidence in the ethical standards of the Company, the cohesiveness that exists amongst the Board Members, the two-way candid communication between the Board and the Management and the openness of the Management in sharing strategic information to enable Board Members to discharge their responsibilities.

- **Statement on declaration given by the Independent Directors**

The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act. The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and rule 5 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and as well as under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Regulations") and there has been no change in the circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact the ability of Independent Directors to discharge their duties with an objective independent judgment and without any external influence.

The above declarations were placed before the Board and in the opinion of the Board all the Independent Director fulfils the conditions specified under the Act and the SEBI Regulations and are Independent to the Management.

22. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Sections 134(3) (c) and 134(5) of the Companies Act, 2013, your Board of Directors, to the best of its knowledge and ability, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been

followed along with proper explanation relating to material departures;

- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) they have taken proper and sufficient care for the 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 fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

23. INTERNAL FINANCIAL CONTROLS SYSTEMS AND THEIR ADEQUACY

Your Company has in place adequate internal controls with reference to financial statements and operations and the same are operating effectively. The Internal Auditors tested the design and effectiveness of the key controls and no material weaknesses were observed in their examination. Further, Statutory Auditors verified the systems and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the Audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2021.

Directors' Report (Contd.)

24. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company has put in place a policy for Related Party Transactions (RPT Policy), which has been approved by the Board of Directors. The policy provides for identification of RPTs, necessary approvals by the Audit Committee/Board/Members, reporting and disclosure requirements in compliance with Companies Act, 2013 and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All transactions with Related Parties are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are foreseeable and of a repetitive nature. The transactions entered into pursuant to the approvals so granted are subjected to audit and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors on a quarterly basis. The statement is supported by a certificate from Independent Chartered Accountant.

All contracts executed by the Company during the financial year with related parties were on arm's length basis and in the ordinary course of business. All such Related Party Transactions were placed before the Audit Committee/Board for approval, wherever applicable.

During the year, the Company has entered into any contract / arrangement / transaction with related parties, which are considered as material in accordance with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same was also approved by the members in the Annual General Meeting held on June 29, 2020. The policy for determining 'material' subsidiaries and the policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website at <https://www.5paisa.com/investor-relations>. You may refer to Note no. 33 to the financial statement, which contains related party disclosures.

The Company had not entered into any contracts or arrangements or transactions under sub-section (1) of section 188 of the Act. Hence, Form AOC-2 disclosure is not required to be provided.

None of the Directors and the Key Managerial Personnel has any pecuniary relationships or transactions vis-à-vis the Company.

25. EXTRACT OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the Annual Return for FY 2020-21 is given in "Annexure – II" in the prescribed Form No. MGT-9, which is a part of this report. The extract of Annual Return of the Company has been placed and can be accessed at website at <https://www.5paisa.com/investor-relations>.

26. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Annual Report.

27. SECRETARIAL AUDIT AND COMPLIANCE WITH SECRETARIAL STANDARDS

The Board has appointed M/s. Nilesh Shah & Associates, Practicing Company Secretary to conduct Secretarial Audit of the Company for the financial year 2020-21. The Auditor had conducted the audit and their report thereon was placed before the Board. The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board and its Committees which have mandatory application. There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report for the Financial Year 2020-21. The Secretarial Auditor's report is appended as "Annexure – III" and forms part of this Report.

28. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The additional information on energy conservation, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is appended as "Annexure – IV" and forms part of this Report.

29. RISK MANAGEMENT

Your Company has set up a Risk Management Committee. Your Company has also adopted a Risk Management Policy, the details of which are given in the Corporate Governance Report that forms part of this Annual Report.

Your directors, on a regular basis:

- (a) oversee and approve the Company's enterprise wide risk management framework; and

Directors' Report (Contd.)

- (b) oversee that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

Your company has in place various policies and procedures covering the business, operations, employees, finance & accounting, customer services which are approved by the Board.

Your Company has in place specialized internal audits on Broking and Depository Participant business as per the SEBI / Exchanges/ Depositories norms. The findings on Audit Reports are reviewed by the Audit Committee / Board at their periodical meetings and the reports are submitted to the Exchanges / Depositories.

Your company's management monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

The Company's management systems, organisational structures, processes, standards and code of conduct together form the risk management governance system of the Company and management of associated risks.

30. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

In compliance of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle Blower Policy. The Company's Vigil Mechanism / Whistle Blower Policy aims to provide the appropriate platform and protection for Whistle blowers to report instances of any actual or suspected incidents of unethical practices, violation of applicable laws and regulations including the Company's code of conduct or ethics policy or Code of Conduct for Prevention of Insider Trading in the company, Code of Fair Practices and Disclosure. The Company has disclosed the policy at the website at <https://www.5paisa.com/investor-relations>.

Your Company investigates such complaints speedily, confidentially and in an impartial manner and takes appropriate action to ensure that the requisite standards of professional and ethical conduct are always maintained.

During the financial year 2020-21, no cases under this mechanism were reported to the Company and/or to any of its subsidiaries.

31. PREVENTION OF SEXUAL HARASSMENT

Your Company recognises its responsibility and provides equal opportunities and is committed to creating a healthy working environment that enables all our employees to work with equality and without fear of discrimination, prejudice, gender bias or any form of harassment at workplace. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has put in place a Policy on prevention of Sexual Harassment of Women at workplace. The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy is frequently communicated at regular intervals through various assimilation programs to all the employees.

Your Directors further state that the during the financial year 2020-21, there were no complaints pending pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The following is reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- Number of complaints received in the year : Nil
- Number of complaints disposed off during the year : Nil
- Number of cases pending more than ninety days: Nil
- Number of workshops or awareness programme against sexual harassment carried out:

The Company has conducted an online training for creating awareness against the sexual harassment against the women at work place.
- Nature of action taken by the employer or district officer: Not Applicable.

Further, following are some of the awareness programs imparted to train the employees and Internal Complaints Committee (ICC) during the year:

- Every employee of the company has to undergo mandatory e-learning module on "Prevention of Sexual Harassment" at workplace.
- Every new joiner is trained on Prevention of Sexual Harassment during induction program.
- The ICC is appropriately trained when the Committee Members are on-boarded to the Committee.

Directors' Report (Contd.)

4. Policy of "Prevention of Sexual Harassment" at workplace is available on the intranet portal to access as and when required. Further, your company has setup an ICC which has equal representation of men and women and is chaired by senior woman and has an external women representation.

32. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in "Annexure – V".

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rules 5(2) and 5(3) of the aforesaid Rules, shall be available for inspection during Annual General Meeting (AGM) of the Company. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and Accounts are being sent to the Members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by any member of the Company during the business hours on working days except on Saturdays, Sundays and Public Holidays. Any Member interested in obtaining a copy of the same may write to the Company Secretary, whereupon a soft copy would be sent to the Member.

33. STATUTORY AUDITORS AND AUDITORS REPORT

M/s. V Sankar Aiyar & Co, Chartered Accountants, Mumbai (Firm Registration Number: 109208W) were appointed as Statutory Auditor of the Company at the 10th Annual General Meeting held on July 19, 2017 to hold office from the conclusion of the said Meeting till the conclusion of the 15th Annual General Meeting to be held in the fiscal year 2022 subject to ratification of their appointment by the Members at every intervening Annual General Meeting held thereafter. The requirement for the annual ratification of auditor's appointment at the Annual General Meeting has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018. Hence the resolution seeking ratification of the Members for their appointment is not being placed at the ensuing Annual General Meeting. The Statutory Auditors have confirmed that they satisfy the independence criteria as required under the Act.

The notes on the financial statement referred in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer for the Financial Year 2020-21.

34. REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditor and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

35. CORPORATE GOVERNANCE

The Company has a strong legacy of following fair, transparent and ethical governance practices and is committed to maintain the highest standards of Corporate Governance and strictly adheres to the Corporate Governance requirements set out by SEBI. The Company's Corporate Governance policy is based on the belief that good governance is an essential element of business, which helps the Company to fulfill its responsibilities towards all its stakeholders. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations") forms an integral part of this Report. The requisite Auditor's Certificate on Corporate Governance obtained from M/s. V Sankar Aiyar & Co, Chartered Accountants (Firm Registration Number: 109208W) for compliance with SEBI Regulations is attached to the report on Corporate Governance.

36. MAINTENANCE OF COST RECORDS

The maintenance of cost records, for the services rendered by the Company is not required pursuant to Section 148(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Cost records and Audit) Rules, 2014.

37. GENERAL

Your Directors state that during the financial year 2020-21:

1. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
2. The Company has not issued any sweat equity shares during the year.
3. There are no significant and material orders passed against the Company by the Regulators or Courts or Tribunals during the year ended March 31, 2021 which would impact the going concern status of the Company and its future operations.
4. The Whole-Time Directors of the Company do not receive any remuneration or commission from any of its subsidiaries.

Directors' Report (Contd.)

The Company is in regular compliance of the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

No material changes and commitments have occurred after the closure of the Financial Year 2020 till the date of this Report, which would affect the financial position of your Company.

38. APPRECIATION

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Government, Regulators, Stock Exchanges, Depositories, other statutory bodies and Company's Bankers for the assistance, cooperation and encouragement extended to the Company.

Your Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members,

dealers, vendors, banks and other business partners for the excellent support received from them during the year. Our employees are instrumental in the Company to scale new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement as members is also greatly valued. Your Directors look forward to your continuing support.

For and on behalf of the Board

Prakarsh Gagdani
Whole-Time Director &
Chief Executive Officer
DIN: 07376258

Gourav Munjal
Whole-Time Director &
Chief Financial Officer
DIN: 06360031

Date: April 20, 2021
Place: Mumbai

1

Corporate Overview

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Statutory Reports

3

Financial Statements

Annexure – I to Directors' Report

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts ₹ in millions)

Sl. No.	Particulars	Details		
		5paisa P2P Limited	5paisa Insurance Brokers Limited	5paisa Trading Limited
1.	Name of the subsidiary			
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2020 to March 31, 2021	April 01, 2020 to March 31, 2021	April 01, 2020 to March 31, 2021
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR
4.	Share capital	72.5	0.50	0.50
5.	Reserves & surplus	(26.59)	(0.13)	(0.01)
6.	Total Assets	82.94	0.40	0.50
7.	Total Liabilities	37.02	0.03	0.01
8.	Investments	33.76	-	-
9.	Turnover	7.14	0.005	0.01
10.	Profit before taxation	(34.85)	(0.11)	(0.003)
11.	Provision for taxation- Deferred tax	8.64	0.03	0.001
12.	Profit after taxation	(26.21)	(0.08)	(0.002)
13.	Proposed Dividend	0	0	0
14.	% of shareholding	0	0	0

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – **5paisa Insurance Brokers Limited and 5paisa Trading limited**
- Names of subsidiaries which have been liquidated or sold during the year. - **Nil**

Annexure – I to Directors' Report (Contd.)

PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures - Not Applicable

Sr. No.	Name of associates/Joint Ventures	
1.	Latest audited Balance Sheet Date	
2.	Shares of Associate/Joint Ventures held by the company on the year end No. Amount of Investment in Associates/Joint Venture Extend of Holding%	
3.	Description of how there is significant influence	NOT APPLICABLE
4.	Reason why the associate/joint venture is not consolidated	
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	
6.	Profit/Loss for the year I. Considered in Consolidation II. Not Considered in Consolidation	

1. Names of associates or joint ventures which are yet to commence operations - **Not Applicable**

2. Names of associates or joint ventures which have been liquidated or sold during the year- **Not Applicable**

For and on behalf of the Board

Prakarsh Gagdani

Whole-Time Director
& Chief Executive Officer
DIN: 07376258

Gourav Munjal

Whole-Time Director
& Chief Financial Officer
DIN: 06360031

Namita Godbole

Company Secretary

Date: April 20, 2021

Place: Mumbai

Annexure – II to Directors' Report

FORM NO. MGT-9

Extract of Annual Return

as on the financial year ended on March 31, 2021

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

I. REGISTRATION AND OTHER DETAILS:

CIN	L67190MH2007PLC289249
Registration Date	July 10, 2007
Name of the Company	5paisa Capital Limited
Category / Sub-Category of the Company	Public Company Limited by shares
Address of the Registered office and contact details	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane-400604 Tel No.: 022-41035000 Fax No.: 022- 25806654
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	For physical and de-materialised securities Link Intime India Private Limited C101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 49186000 Fax: +91 22 2594 6969 E-mail : rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below:-

Name and Description of main products/ services	NIC Code of the Product/ service*	% to total turnover of the company
Stock Broking	66120	99.40
Fund based Activities and distribution of financial products	66190	0.60

* As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

Sr. No.	Name of the company	Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held*	Applicable section
1	5paisa P2P Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604.	U67120MH2017PLC302564	Wholly Owned Subsidiary	100	2(46)
2	5paisa Insurance Brokers Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604.	U66020MH2018PLC316449	Wholly Owned Subsidiary	100	2(46)
3	5paisa Trading Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604.	U52609MH2020PLC338333	Wholly Owned Subsidiary	100	2(46)

* Representing aggregate percentage of equity shares held by the Company and / or its subsidiaries.

Annexure – II to Directors' Report (Contd.)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (As on April 01, 2020)				No. of Shares held at the end of the year (As on March 31, 2021)				% Change during the year*
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Shareholding of Promoter and Promoter Group										
[1] Indian										
(a)	Individuals / Hindu Undivided Family	8,650,698	Nil	8,650,698	33.95	8,650,698	Nil	8,650,698	33.90	(0.05)
(b)	Central Government / State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (Specify) Persons Acting in Concert	160,000	Nil	160,000	0.63	160,000	Nil	160,000	0.64	0.01
Sub Total (A)(1)		8,810,698	Nil	8,810,698	34.58	8,810,698	Nil	8,810,698	34.54	(0.04)
[2] Foreign										
(a)	NRI – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Banks/ FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total (A)(2)		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(A) Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		8,810,698	Nil	8,810,698	34.58	8,810,698	Nil	8,810,698	34.54	(0.04)
(B) Public Shareholding										
[1] Institutions										
(a)	Mutual Funds / UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i)	Foreign Portfolio Investor	4,596,127	Nil	4,596,127	18.04	4,453,651	Nil	4,453,651	17.45	(0.59)
(j)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(k)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(l)	Provident Funds/ Pension Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(m)	Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):-		4,596,127	Nil	4,596,127	18.04	4,453,651	Nil	4,453,651	17.45	(0.59)
2 Central Government/ State Government(s)/ President of India		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Annexure – II to Directors' Report (Contd.)

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (As on April 01, 2020)				No. of Shares held at the end of the year (As on March 31, 2021)				% Change during the year*
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
3	Non-Institutions									
a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	1,124,249	2406	1,126,655	4.42	1,372,251	2,406	1,374,657	5.39	0.97
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,994,249	Nil	2,994,249	11.75	2,724,893	0	2,724,893	10.68	(1.07)
b)	NBFCs registered with RBI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)	Any Others									
	Trusts	3,059	Nil	3,059	0.01	3,059	Nil	3,059	0.01	Nil
	Hindu Undivided Family	137,892	Nil	137,892	0.54	112,510	Nil	112,510	0.44	(0.10)
	NRI (Repat)	486,056	9,000	495,056	1.94	450,830	9,000	459,830	1.80	(0.14)
	NRI(Non Repat)	352,131	Nil	352,131	1.38	327,301	Nil	327,301	1.28	(0.10)
	Foreign Nationals	5,000	Nil	5,000	0.02	200	Nil	200	Negligible	(0.02)
	Clearing Member	8,146	Nil	8,146	0.03	38,747	Nil	38,747	0.15	0.12
	Bodies Corporate	6,948,655	Nil	6,948,655	27.29	7,207,725	Nil	7,207,725	28.25	0.96
	Foreign Portfolio Investor (Individual)	Nil	Nil	Nil	Nil	2,647	Nil	2,647	0.01	0.01
	Sub Total (B)(3)	12,059,437	11,406	12,070,843	47.38	12,240,163	11,406	12,251,569	48.01	0.63
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	16,655,564	11,406	16,666,970	65.42	16,693,814	11,406	16,705,220	65.46	0.04
(C)	Non Promoter - Non Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (C)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (A)+(B)+(C)	25,466,262	11,406	25,477,668	100	25,504,512	11,406	25,515,918	100	Nil

*There was no change in the shareholding of Promoters or Promoter Group. However, the percentage in shareholding was diluted due to issue of 38,250 Equity shares to employees pursuant to exercise of ESOP under Employee Stock Option Scheme 2017.

ii) Shareholding of Promoters:-

Shareholder's Name	Shareholding at the beginning of the year (As on April 01, 2020)			Shareholding at the end of the year (As on March 31, 2021)			% change in share holding during the year*
	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
Mr. Nirmal Jain	5,600,088	21.98	Nil	5,600,088	21.95	Nil	(0.03)
Mr. Venkataraman Rajamani	949,594	3.73	Nil	949,594	3.72	Nil	(0.01)
Mrs. Madhu N Jain	1,365,016	5.36	Nil	1,365,016	5.35	Nil	(0.01)
Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	720,000	2.83	Nil	720,000	2.82	Nil	(0.01)
Ardent Impex Pvt Ltd	108,000	0.42	Nil	108,000	0.42	Nil	Nil
Orpheus Trading Pvt. Ltd.	52,000	0.20	Nil	52,000	0.20	Nil	Nil
Mrs. Aditi Athavankar	16,000	0.06	Nil	16,000	0.06	Nil	Nil
Total	8,810,698	34.58	Nil	8,810,698	34.52	Nil	0.06

*There was no change in the shareholding of Promoters or Promoter Group. However, the percentage in shareholding was diluted due to issue of 38,250 Equity shares to employees pursuant to exercise of ESOP under Employee Stock Option Scheme 2017.

Annexure – II to Directors' Report (Contd.)

iii) Change in Promoters Shareholding

Particulars	Shareholding		Cumulative Shareholding	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company*
At the beginning of the year (April 01, 2020)	8,810,698	34.58	---	---
Date wise Increase / Decrease in Promoters Shareholding during the year, specifying the reasons for the increase / decrease (transfer / bonus/ sweat equity, etc.)	NA	NA	---	---
At the end of the year (March 31, 2021)	8,810,698	34.52	8,810,698	34.52

*There was no change in the shareholding of Promoters or Promoter Group. However, the percentage in shareholding was diluted due to issue of 38,250 Equity shares to employees pursuant to exercise of ESOP under Employee Stock Option Scheme 2017.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of shareholders	Shareholding at the beginning of the year - 2020		Transactions during the year	Cumulative Shareholding at the end of the year - 2021	
		No. of shares	% of total shares of the Company*		No. of shares	% of total shares of the Company*
1	FIH Mauritius Investments Ltd					
	At the Beginning of the year	6,771,314	26.58	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Sold during the year	Nil	Nil	Nil	Nil	Nil
	At the end of the year	6,771,314	26.54	Nil	6,771,314	26.54
2	HWIC Asia Fund Class A Shares					
	At the Beginning of the year	2,269,002	8.91	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Sold during the year	Nil	Nil	Nil	Nil	Nil
	At the end of the year	2,269,002	8.89	Nil	2,269,002	8.89
3	Bank Muscat India Fund					
	At the Beginning of the year	1,007,856	3.96	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Sold during the year	Nil	Nil	Nil	Nil	Nil
	At the end of the year	1,007,856	3.95	Nil	1,007,856	3.95
4	Mr. Parajia Bharat Himatlal					
	At the Beginning of the year	615,471	2.42	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Sold during the year	Nil	Nil	Nil	Nil	Nil
	At the end of the year	615,471	2.41	Nil	615,471	2.41
5	WF Asian Reconnaissance Fund Limited					
	At the Beginning of the year	528,506	2.07	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Sold during the year	Nil	Nil	Nil	Nil	Nil
	At the end of the year	528,506	2.07	Nil	528,506	2.07
6	Lobco Limited					
	At the Beginning of the year	433,444	1.70	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Sold during the year	Nil	Nil	Nil	Nil	Nil
	At the end of the year	433,444	1.70	Nil	433,444	1.70

Annexure – II to Directors’ Report (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year - 2020		Transactions during the year	Cumulative Shareholding at the end of the year - 2021	
		No. of shares	% of total shares of the Company*	No. of shares	No. of shares	% of total shares of the Company*
7	Mr. Aniruddha Dange					
	At the Beginning of the year	284,905	1.12	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Sold during the year	Nil	Nil	Nil	Nil	Nil
	At the end of the year	284,905	1.12	Nil	284,905	1.12
8	Mr. Vasudev Jagannath Nuggehalli					
	At the Beginning of the year	281,160	1.10	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Sold during the year	Nil	Nil	Nil	Nil	Nil
	At the end of the year	281,160	1.10	Nil	281,160	1.10
9	Mr. Girish Kulkarni					
	At the Beginning of the year	147,000	0.58	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Sold during the year	Nil	Nil	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Transfers during the year	75,787	0.30	75,787	222,787	0.88
	At the end of the year	222,787	0.88	75,787	222,787	0.88
10	Mr. Mansukh Jain					
	At the Beginning of the year	217,004	0.85	Nil	Nil	Nil
	Bought during the year	Nil	Nil	Nil	Nil	Nil
	Sold during the year	Nil	Nil	Nil	Nil	Nil
	Transfers during the year	3,040	0.01	3,040	220,044	0.86
	At the end of the year	220,044	0.86	3,040	220,044	0.86

*There was no change in the shareholding of Promoters or Promoter Group. However, the percentage in shareholding was diluted due to issue of 38,250 Equity shares to employees pursuant to exercise of ESOP under Employee Stock Option Scheme 2017.

v) Shareholding of Directors and Key Managerial Personnel (KMP):

Name of Directors/Key Managerial Personnel	Shareholding at the beginning of the year (As on April 01, 2020)		Change in Shareholding (No. of Shares)		Shareholding at the end of the year (As on March 31, 2021)	
	No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company#
Dr. Archana Hingorani	Nil	Nil	Nil	Nil	Nil	Nil
Ms. Nirali Sanghi	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Prakarsh Gagdani	30,490	0.12	Nil	30,450	40	Negligible
Mr. Santosh Jayaram\$	Nil	Nil	14,255	Nil	14,255	0.06
Mr. Milin Mehta^	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Ravindra Garikipati *	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Gourav Munjal	Nil	Nil	Nil	Nil	Nil	Nil
Mrs. Namita Godbole	Nil	Nil	Nil	Nil	Nil	Nil

Note:-

^ Mr. Milin Mehta was appointed as an Independent Director w.e.f. April 01, 2020.

* Mr. Ravindra Garikipati was appointed as an Independent Director w.e.f. September 03, 2020.

\$ Mr. Santosh Jayaram ceased to be Whole-Time Director w.e.f. February 28, 2021. The change in the shareholding is on account of exercise of 26,500 ESOP and subsequent sale of the same.

Annexure – II to Directors' Report (Contd.)

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payments

Particulars				(₹ in millions)
				Total Indebtedness
Indebtedness at the beginning of year as on April 01, 2020				
(i) Principal amount	1,191.93	1,000	Nil	2,191.93
(ii) Int. due but not paid	Nil	Nil	Nil	Nil
(iii) Int. accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	1,191.93	1,000	Nil	2,191.93
Changes in Indebtedness during the year				
Addition	14,591.32	7,600	Nil	22,191.32
Reduction	13,443.96	8,600	Nil	22,043.96
Net Change	1,147.36	1,000	Nil	147.36
Indebtedness at the end of the financial year March 31, 2021				
(i) Principal amount	2,339.29	Nil	Nil	2,339.29
(ii) Int. due but not paid	Nil	Nil	Nil	Nil
(iii) Int. accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	2,339.29	Nil	Nil	2,339.29

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Particulars of Remuneration	Name of MD/WTD/ Manager			Total
	Mr. Prakarsh Gagdani	Mr. Santosh Jayaram#	Mr. Gourav Munjal	
(₹ in millions)				
Name of MD/WTD/Manager				
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	9.75	3.25	4.46	17.46
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	Nil	Nil	0.03
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
Stock Option (in quantity)*	0.5	0.1	0.04	0.64
Sweat Equity	Nil	Nil	Nil	Nil
Commission				
- as % of profit				
- others, specify	Nil	Nil	Nil	Nil
Others[Provident Fund, pension fund and NPS]	Nil	Nil	Nil	Nil
Total (A)	9.78	3.25	4.46	17.49

Mr. Santosh Jayaram ceased to be Whole-Time Director w.e.f. February 28, 2021.

* The Stock Options are in actual quantities and not in rupees in millions.

Annexure – II to Directors' Report (Contd.)

B. Remuneration to other directors:

(₹ in millions)

Particulars of Remuneration	Name of Directors				Total
	Dr. Archana Hingorani (Independent Director)	Ms. Nirali Sanghi (Independent Director)	Mr. Milin Mehta (Independent Director)#	Mr. Ravindra Garikipati (Independent Director)*	
Independent Directors					
- Fees for attending board/ committee meetings	0.42	0.42	0.36	0.08	1.28
- Commission	N.A	N.A	N.A	N.A	
- Other	N.A	N.A	N.A	N.A	
Total (1)	0.42	0.42	0.36	0.08	1.28
Other Non-Executive Directors					
- Fees for attending board/ committee meetings	Nil	Nil	Nil	Nil	Nil
- Commission	Nil	Nil	Nil	Nil	Nil
- Others	Nil	Nil	Nil	Nil	Nil
Total (2)	Nil	Nil	Nil	Nil	Nil
Total (B)=(1+2)	0.42	0.42	0.36	0.08	1.28
Total Managerial Remuneration					1.28
Overall Ceiling as per the Act	Overall Ceiling as per the Companies Act, 2013 for sitting fees is upto ₹ 1.00 Lac to be paid to directors for attending the each Board or Committee meetings.				

Mr. Milin Mehta was appointed as Independent Director w.e.f. April 01, 2020.

* Mr. Ravindra Garikipati was appointed as Independent Director w.e.f. September 03, 2020.

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

(Amount in ₹)

Particulars of Remuneration	Key Managerial Personnel			Total
	Mr. Gourav Munjal (Chief Financial Officer)	Mr. Prakarsh Gagdani (Chief Executive Officer)	Mrs. Namita Godbole (Company Secretary)	
Gross Salary				
a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4.46	9.75	4.12	18.33
b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	0.03	Nil	0.03
c. Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	Nil		Nil	Nil
Stock Option (in quantity) *	0.04	0.05	Nil	0.54
Sweat Equity	Nil	Nil	Nil	Nil
Commission - as % of profit	Nil	Nil	Nil	Nil
Others, please specify [Provident Fund and pension fund]	Nil	Nil	0.18	0.18
Total	4.46	9.78	4.30	18.54

* The Stock Options are in actual quantities and not in rupees in millions.

Annexure – II to Directors' Report (Contd.)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Prakarsh Gagdani
Whole-Time Director &
Chief Executive Officer
DIN: 07376258

Gourav Munjal
Whole-Time Director &
Chief Financial Officer
DIN: 06360031

Date: April 20, 2021
Place: Mumbai

Annexure -III to Directors' Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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,

Spaisa Capital Limited

IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area,
Wagle Estate, Thane – 400 604

Dear Sir / Madam,

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

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended **31st March, 2021**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We further report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) 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 (Listing Obligations and Disclosure Requirement) Regulations, 2015;
- (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

(v) Considering activities, the Company is also subject to compliance of the following laws specifically applicable to the Company:

- (a) The Securities and Exchange Board of India (Depository & Participant) Regulations, 2018;
- (b) The Securities and Exchange Board of India (Stock-Brokers and Sub-Brokers) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Research Analyst) Regulations, 2014; NO ACTIVITIES DURING THE YEAR.
- (d) The Securities and Exchange Board of India (Investment Advisors) Regulations, 2013; NO ACTIVITIES DURING THE YEAR.

We have verified systems and mechanism which is in place and followed by the Company to ensure Compliance of these specifically applicable Laws (in addition to the above mentioned Laws (i to iv) and applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the of the same.

Annexure - III to Directors' Report (Contd.)

We have also examined compliance with the applicable clauses of:

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013;
- (b) Listing Agreement(s) entered with stock exchanges.

We further Report that, during the year, it was not mandatory on the part of the Company to comply with the following Regulations / Guidelines:

- (a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has complied with the provisions of the above-mentioned Act/s including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have no observation of instances of non compliance in respect of the same.

We further report that:

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

We also report that adequate notice was given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and short notice in case of urgency and a system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the representation made by the Company and its Officers, we herewith report that majority decisions are carried through and proper system is in place which facilitates / ensure to capture and record, the dissenting member's views, if any, as part of the minutes.

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of Acts, Laws and Regulations applicable to the Company, we report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

There were no events / actions having major bearing on the Company's affairs during the financial year under review.

Note: This Report is to be read along with attached Letter provided as "Annexure - A".

Date: April 20, 2021
Place: Mumbai
UDIN: F004554C000135817

Signature:-
Name: Nilesh Shah
For Nilesh Shah & Associates
Company Secretaries
FCS : 4554
C.P. : 2631

Annexure - III to Directors' Report (Contd.)

'ANNEXURE A'

To
The Members,

5paisa Capital Limited
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area,
Wagle Estate, Thane – 400 604

Dear Sir / Madam,

Sub: Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and we rely on Auditors Independent Assessment on the same.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
6. Due to COVID-19 outbreak and Lockdown situation, in respect of part of the Audit, we have relied on the information, details, data, documents and explanation as provided by the Company and its officers and agents in electronic form without physically verifying their office.
7. 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.

Date: April 20, 2021
Place: Mumbai
UDIN: F004554C000135817

Signature:-
Name: Nilesh Shah
For Nilesh Shah & Associates
Company Secretaries
FCS : 4554
C.P. : 2631

Annexure – IV to Directors' Report

Information relating to conservation of energy, technology absorption and innovation and foreign exchange earnings/outgo forming part of the Directors' Report in terms Section 134(3)(m) of the Companies Act, 2013.

CONSERVATION OF ENERGY

The Company is engaged in stock broking and trading and so there were no activities in the nature of research and development involved in the business. However, the Company is taking all possible measures to conserve energy. Several environment friendly measures were adopted by the Company such as:

- Installation of capacitors to save power;
- Installed Thin Film Transistor (TFT) monitors that saves power;
- Light Emitting Diode (LED) lights;
- Automatic power shutdown of idle monitors;
- Creating environmental awareness by way of distributing the information in electronic form;
- Minimising air-conditioning usage;
- Shutting off all the lights when not in use and
- Education and awareness programs for employees.

The Management frequently puts circulars on corporate intranet, IWIN for the employees educating them on ways and means to conserve the electricity and other natural resources and ensures strict compliance of the same.

Technology

Technology is a driving force at 5paisa. At every level we leverage technology to drive change across the organisation. Whether it is to improve a customer's account opening experience, or her ability to pick the right investment strategies, or to ease the life of our internal employees and departments, we use technology to continuously better our processes to achieve these goals.

Below mentioned are the key achievements of FY2021.

Driving Experience

The past year has seen several enhancements in the trading journey of the customer across web and mobile platforms. We have been one of the pioneers in the industry to equip the customer with powerful tools like Portfolio Analyser which allows users to analyse their every decision and monitor their portfolio smartly to take the better decisions. Tools like screeners and DVM Score help customer discover opportunities in the market.

Driving Engagement

Over the past year we have been able to customise our interactions with customers through smart journeys created that facilitate customers with the right information at the right time to provide them a smooth investing experience on the app. This gives users an almost tailor-made experience that helps them get the right support when they need it most. With instructional communications, videos and gifs served at the right time we have been able to assist customers through processes that are new to them.

Driving Growth

One of our key focus areas has been to drive growth of customers and revenue on the 5paisa platform. We have been able to drive this through regular addition of features and products. Our enhanced new native account opening journey and our launch of the subscription products among several other functionalities have help us significantly to achieve this growth. The subscription plans have bundled several useful research features and benefits in charges into highly lucrative monthly and yearly plans.

Driving Efficiencies

The upsurge in customer acquisitions and transaction volumes turned our attention to several internal processes that had potential for automation. We have spent a considerable effort in getting our internal processes streamlined to increase efficiencies and reduce overheads across multiple areas.

Driving Transformation

We have been working towards driving a fully mobile workforce that can operate remotely and assist our customers in processes like account opening and customers support. A good part of this has also gone towards building apps to support employees and partners who can engage with customers and assist them. Our development efforts towards such changes were instrumental in helping us quickly adapt to the work-from-home environment during the lockdown situation.

FOREIGN EXCHANGE EARNINGS/OUTGO OF THE STANDALONE COMPANY

- a) The foreign exchange earnings: NIL
- b) The foreign exchange expenditure: ₹ NIL

RESEARCH AND DEVELOPMENT (R & D)

The Company is engaged in stock broking and trading and so there were no activities in the nature of research and development involved in the business.

Amount of expenditure incurred on Research and Development:

Particulars	March 31, 2021	March 31, 2020
Capital	Nil	Nil
Revenue	Nil	Nil

For and on behalf of the Board

Prakarsh Gagdani
Whole-Time Director &
Chief Executive Officer
DIN: 07376258

Gourav Munjal
Whole-Time Director &
Chief Financial Officer
DIN: 06360031

Date: April 20, 2021
Place: Mumbai

Annexure – V to Directors' Report

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirement	Disclosure																										
I	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	<table border="1"> <tr> <td>Mr. Prakarsh Gagdani – WTD & CEO</td> <td>30.82</td> </tr> <tr> <td>Mr. Santosh Jayaram – WTD**</td> <td>10.24</td> </tr> <tr> <td>Mr. Gourav Munjal-WTD & CFO</td> <td>14.05</td> </tr> <tr> <td colspan="2">Non-Executive Director@</td> </tr> <tr> <td>Dr. Archana Hingorani</td> <td>NA</td> </tr> <tr> <td>Mr. Milin Mehta#</td> <td>NA</td> </tr> <tr> <td>Ms. Nirali Sanghi</td> <td>NA</td> </tr> <tr> <td>Mr. Ravindra Garikipati*</td> <td>NA</td> </tr> </table>	Mr. Prakarsh Gagdani – WTD & CEO	30.82	Mr. Santosh Jayaram – WTD**	10.24	Mr. Gourav Munjal-WTD & CFO	14.05	Non-Executive Director@		Dr. Archana Hingorani	NA	Mr. Milin Mehta#	NA	Ms. Nirali Sanghi	NA	Mr. Ravindra Garikipati*	NA										
Mr. Prakarsh Gagdani – WTD & CEO	30.82																											
Mr. Santosh Jayaram – WTD**	10.24																											
Mr. Gourav Munjal-WTD & CFO	14.05																											
Non-Executive Director@																												
Dr. Archana Hingorani	NA																											
Mr. Milin Mehta#	NA																											
Ms. Nirali Sanghi	NA																											
Mr. Ravindra Garikipati*	NA																											
II	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	<table border="1"> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>Mr. Prakarsh Gagdani – WTD & CEO</td> <td>0%</td> </tr> <tr> <td>Mr. Santosh Jayaram –WTD**</td> <td>0%</td> </tr> <tr> <td>Mr. Gourav Munjal-WTD & CFO</td> <td>28%</td> </tr> <tr> <td colspan="2">Non-Executive Director@</td> </tr> <tr> <td>Dr. Archana Hingorani</td> <td>NA</td> </tr> <tr> <td>Mr. Milin Mehta#</td> <td>NA</td> </tr> <tr> <td>Ms. Nirali Sanghi</td> <td>NA</td> </tr> <tr> <td>Mr. Ravindra Garikipati*</td> <td>NA</td> </tr> <tr> <td colspan="2">CFO, CEO and CS</td> </tr> <tr> <td>Mr. Prakarsh Gagdani – WTD & CEO</td> <td>0%</td> </tr> <tr> <td>Mr. Gourav Munjal – WTD & CFO</td> <td>28%</td> </tr> <tr> <td>Mrs. Namita Godbole- CS</td> <td>0%</td> </tr> </table>	Executive Directors		Mr. Prakarsh Gagdani – WTD & CEO	0%	Mr. Santosh Jayaram –WTD**	0%	Mr. Gourav Munjal-WTD & CFO	28%	Non-Executive Director@		Dr. Archana Hingorani	NA	Mr. Milin Mehta#	NA	Ms. Nirali Sanghi	NA	Mr. Ravindra Garikipati*	NA	CFO, CEO and CS		Mr. Prakarsh Gagdani – WTD & CEO	0%	Mr. Gourav Munjal – WTD & CFO	28%	Mrs. Namita Godbole- CS	0%
Executive Directors																												
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Mr. Prakarsh Gagdani – WTD & CEO	0%																											
Mr. Gourav Munjal – WTD & CFO	28%																											
Mrs. Namita Godbole- CS	0%																											
III	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 13%. The calculation of % increase in Median Remuneration is done based on comparable employees. For this the employees who were not eligible for any increment have been excluded.																										
IV	The number of permanent employees on the rolls of the Company	The Company had 425 employees on the rolls as on March 31, 2021.																										
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	In Financial Year 2020-21, there is an average increase of 10% in the remuneration other than managerial personnel as compared to increase of 3% in the remuneration of managerial personnel.																										
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes it is confirmed																										

Note:

Mr. Milin Mehta was appointed as Independent Director w.e.f. April 01, 2020.

* Mr. Ravindra Garikipati was appointed as Independent Director w.e.f. September 03, 2020.

** Mr. Santosh Jayaram resigned as Whole-Time Director w.e.f. February 28, 2021.

@ Sitting fees is not forming part of remuneration in aforesaid calculation and there is no remuneration paid to Independent Director and Non-Executive Director.

WTD- Whole Time Director, CEO- Chief Executive Officer, CFO- Chief Financial Officer, CS – Company Secretary.

For and on behalf of the Board

Prakarsh Gagdani
Whole-Time Director &
Chief Executive Officer
DIN: 07376258

Gourav Munjal
Whole-Time Director &
Chief Financial Officer
DIN: 06360031

Date: April 20, 2021
Place: Mumbai

Business Responsibility Report

This section is as per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended from time to time), top 1000 listed entities (based on market capitalization) on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") are required to include a Business Responsibility Report ("BRR") in their Annual Report. Our Business Responsibility Report includes our responses to questions on our practices and performance on key principles defined by Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, covering topics across environment, governance, and stakeholder relationships. In keeping with the guiding principles of integrated reporting, we have provided cross-references to the reported data within the main sections of this Annual Report for all aspects that are material to us and to our stakeholders.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY:

Sr. No.	Particulars	Details						
1.	Corporate Identity Number (CIN) of the Company	L67190MH2007PLC289249						
2.	Name of the Company	5paisa Capital Limited						
3.	Registered Address	IIFL House, Sun Infotech Park, Road No. 16, Plot No. B-23, MIDC, Wagle Estate, Thane - 400604						
4.	Website	www.5paisa.com						
5.	Email id	csteam@5paisa.com						
6.	Financial Year reported	April 01, 2020 - March 31, 2021						
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	<table border="1"> <thead> <tr> <th>Nature of Activity</th> <th>NIC Code of Product/Service</th> </tr> </thead> <tbody> <tr> <td>Stock Broking</td> <td>66120</td> </tr> <tr> <td>Depository Participant</td> <td>66190</td> </tr> </tbody> </table>	Nature of Activity	NIC Code of Product/Service	Stock Broking	66120	Depository Participant	66190
Nature of Activity	NIC Code of Product/Service							
Stock Broking	66120							
Depository Participant	66190							
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Stock Broking, Depository Participant and distribution of other financial products						
9.	Total number of locations where business activity is undertaken by the Company							
	i. Number of international locations	Nil						
	ii. Number of National locations	5paisa Capital Limited has its Registered Office at Thane and Branch Offices in Bangalore and Ahmedabad. However, the Accounts are opened of clients located across the nation.						
10.	Markets served by the Company- Local/State/ National/International	National						

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Details
1.	Paid up Capital of the Company (₹)	255,159,180
2.	Total Turnover (₹ in million)	Consolidated: 1945.75 Standalone: 1938.59
3.	Total profits/loss after taxes (₹ in million)	Consolidated: 146.61 Standalone: 172.98
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company has constituted the CSR Committee in lines with the CSR Policy adopted, in compliance with the extant regulations. The spending on CSR activities for FY 2020-21 was not applicable to the company.
5.	List of activities in which expenditure in 4 above has been incurred	Nil

Business Responsibility Report (Contd.)

SECTION C: OTHER DETAILS

1. Does the Company have any subsidiary Company/ companies?

Yes, 5paisa Capital Limited has 3 Wholly Owned Subsidiaries viz. 5paisa P2P Limited, 5paisa Insurance Brokers Limited and 5paisa Trading Limited. Please refer to "Annexure I of Director's Report".

2. Do the subsidiary company / companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).

Yes, 3 subsidiaries namely 5paisa P2P Limited, 5paisa Insurance Brokers Limited and 5paisa Trading Limited participate in the activity of the company.

3. Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities (Less than 30%, 30%, 60%, More than 60%).

No, other business partners of the Company do not directly participate in the Company's BR initiatives. The Company endeavors to encourage its Franchisees/suppliers / distributors (wherever possible) to participate in the initiatives towards BR and to adopt practices which would help them to carry out business in a fair manner.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

1	DIN Number	07376258
2	Name	Mr. Prakarsh Gagdani
3	Designation	Whole-Time Director and Chief Executive Officer

b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	06360031
2	Name	Mr. Gourav Munjal

No.	Particulars	Details
3	Designation	Whole-Time Director and Chief Financial Officer
4	Telephone number	+91 89766 89766
5	E-mail Id	csteam@5paisa.com

Principle-wise (as per National Voluntary Guidelines) Business Responsibility (BR) policy / policies (reply with Yes / No)

National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles detailed below:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 - Businesses should promote the well-being of all employees

P4 - Businesses should respect the interests of, and be responsive towards stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 - Businesses should respect and promote human rights

P6 - Business should respect, protect, and make efforts to restore the environment

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 - Businesses should support inclusive growth and equitable development

Business Responsibility Report (Contd.)

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. N.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9	
1.	Do you have a policy / policies for....	Y	NA (Refer note 1)	Y	Y	Y	NA (Refer Note 2)	Y (refer Note 3)	Y	Y	
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	NA	Y	Y	Y	NA	Y	Y	Y	
3.	Does the policy conform to any national / international standards?	The policies adopted by the Company are in conformity with the applicable rules and regulations.									
4.	Has the policy been approved by the Board? If yes, has it been signed by the MD / owner / CEO / appropriate Board Director?	Policies wherever stated have been approved by the Board / Committee of the Board / Senior Management of the Company and followed by the Company and its subsidiaries.									
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	NA	Y	Y	Y	NA	Y	Y	Y	
6.	Indicate the link for the policy to be viewed online	As per regulatory requirement, the policies of the Company have been uploaded on the website of the Company: https://www.5paisa.com/investor-relations									
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?						Yes				
8.	Does the Company have an in-house structure to implement the policy / policies?	Yes, the Company implements all the policies in the Board Meeting held on Quarterly Basis that are held as per Companies Act, 2013.									
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	NA	Y	Y	Y	NA	Y	Y	Y	
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	NA	Y	Y	Y	NA	Y	Y	Y	

Notes:

- The Company is into Financial Services and hence this principle has a limited applicability. 5paisa Group ("5paisa"), however complies with all applicable regulations in respect of its operations.
- The questions relating to principle 6 are not substantially relevant to 5paisa given that the 5paisa operates into the financial services sector. 5paisa complies with the applicable environmental norms in respect to the areas of its operations. 5paisa alongwith its employees make continues efforts to ensure that there is an optimum utilization of the available resources with minimum or no wastages at all.
- 5 paisa is a member of various associations, through which they provide various representations/suggestions with respect to the development of financial market.

Business Responsibility Report (Contd.)

4. All policies and processes are subject to internal audit and internal reviews from time to time.

If answer to Sl. No. 1 against any principle is 'No', please explain why (tick up to two options)

Sr. No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles.	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task.	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within the next six months.	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next one year.	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

2. Governance related to BR

a. Indicate the frequency with which the Board of Directors, committee of the Board or CEO assesses the BR performance of the Company – Within 3 months, 3-6 months, annually, more than 1 year.

Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors would be assessing the BR performance annually.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

This Business Responsibility Report of the Company has been a part of the Annual Report from the Financial Year 2019-20. The same will also be available on the website of the Company i.e. www.5paisa.com.

It will be published annually in the Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1- Business should conduct and govern themselves with ethics, transparency and accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the company? - No

Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?- No

5paisa Capital Limited conducts its business with utmost integrity. It considers ethics, transparency and accountability to be its most important operational priorities and these are ingrained into its practices across the organisation.

The Company is committed to act professionally, fairly and with integrity in all its dealings. The Company, through the Code of Conduct, has adopted a 'zero-tolerance' approach to bribery and corruption.

The Code is applicable to Directors and employees of the Company as well as the Directors and employees of the subsidiary companies.

Though, 5paisa polices currently do not apply to external stakeholders such as suppliers, contractors, NGOs, etc. 5paisa emphasises on adherence to ethical business practises while dealing with such stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year 2020-21, the Company had not received any complaints from investors including complaints received through SCORES portal.

Customers/ Other stakeholders of various businesses of 5paisa

The complaints received from customers directly or through various regulators in the ordinary course of business are handled by the Legal team and resolved within the prescribed timelines as required under various regulations.

With respect to employees

The Company has a mechanism as provided under the Whistle Blower Policy/Prevention of Sexual Harassment Policy whereby employees can raise their concerns. A report on the concerns received, if any and the manner in which they are dealt with is periodically reported to the Audit Committee and the Board of Directors. During the Financial Year, the Company did not receive any complaint under Whistle Blower Policy/Prevention of Sexual Harassment Policy.

Business Responsibility Report (Contd.)

Principle 2- Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Considering the nature of business of the company, the said principle may not be strictly applicable to the Company. However, the Company endeavours to serve social and economic opportunities, through its products.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Considering the nature of business of the Company and the products/initiatives referred to above, some of the questions below are not applicable to the Company.

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
N.A.
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?
Please refer to the response under Principle 6.
- Since, the Company is not involved in manufacturing activity, the reporting on use of energy, water, raw material etc is not applicable.

However, the information pertaining to various measures adopted by the Company in relation to conservation of energy are provided in "Annexure IV to Director's Report"

- 3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

Since the Company is not involved in any manufacturing activity, the reporting on sustainable sourcing is not applicable. The only raw material required is the fund for which possible sources have been trapped at appropriate time to enable the Company to raise the required fund at competitive interest rates.

- 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

The Company wherever practically possible and feasible, has tried to improve the capacity and capability of local and small vendors by patronizing them to supply / provide different services required by the Company for its day to day administration / operation.

- 5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Since the Company is not involved in any manufacturing activity, the reporting on recycle mechanism is not applicable. However, the solid waste management is done by recycling paper, tissue, plastic bottles and cardboard waste. Further, the IT wastes are outsourced to vendor which disposes off the wastes as per proper waste disposal mechanism. Also the old papers and documents are scrapped in such a manner such that they may be recycled.

- Principle 3: Business should promote the well-being of all employees**

At 5paisa, we believe that a motivated work force defines the growth potential of an organisation. Building and enhancing the talent pool has always been a top priority initiative. The Group has been successful in attracting varied talent that brings sound expertise, new perspectives and enthusiasm to the job. We have adopted various policies, procedures, manuals and conducted various training programs, throughout the year, for the protection and welfare of the employees.

The Company promotes work-life balance approach. The company has taken various initiatives for the welfare of the employees like leaves, insurance coverage, Health Checkups, Off sites etc.

- 1. Please indicate the Total number of employees.**
The total number of employee as on March 31, 2021 is 425.
- 2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.**
The total number of employees hired on temporary/ contractual/casual basis as on March 31, 2021 is 322.
- 3. Please indicate the Number of permanent women employees.**
The total number of permanent women employees as on March 31, 2021 is 220.
- 4. Please indicate the Number of permanent employees with disabilities**

There are no employees with disability in the company and its subsidiaries. However, 5paisa provides equal opportunity to all and does not discriminate on the basis of disabilities.

Business Responsibility Report (Contd.)

5. Do you have an employee association that is recognized by management?

There is no employee association. However, mechanisms are in place for employees to represent their issues, if any, and the same is resolved amicably.

6. What percentage of your permanent employees is members of this recognized employee association?

Not Applicable.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No of Complaints during the Financial Year	No of Complaints pending at the end of the Financial Year
1.	Child labour/forced labour/ involuntary labour	The Company and its subsidiaries does not support child labour, forced labour or involuntary labour. There are no reported case of Child labour, forced labour or involuntary labour.	Not Applicable
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

5paisa is taking continuous efforts in providing various platforms to all its employees (permanent, casual, contractual, temporary) to upgrade their innate skills and learn new things.

5paisa also encourages its employees to obtain various certifications like NISM certifications, NCFM certifications required as per regulatory guidelines.

- (a) Permanent Employees
All the permanent employees of the Company and its Subsidiaries (including women employees) have received training last year. Employees undergo fire drill and fire safety training and other skill up-gradation training every year.
- (b) Permanent Women Employees
All the permanent women employees of the Company and its Subsidiaries have received training last year. Employees undergo fire drill and fire safety training and other skill up-gradation training every year.
- (c) Casual/Temporary/Contractual Employees
All the Casual/Temporary/Contractual employees have undergone fire drill and fire safety training and other skill up-gradation training every year.
- (d) Employees with Disabilities
The Company did not have any employees with disabilities in employment during the year.

Principle 4: Business should respect the interests of, and be responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders?

Yes.

The Group engages with various stakeholders viz. employees, customers, clients, investors, shareholders, government and regulatory bodies, business associates, media, social organisation, etc. on a regular basis. The process of mapping of stakeholders is an ongoing exercise and is conducted on regular basis.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The provisions pertaining to constitution of Corporate Social Responsibility Committee are applicable from FY 2020-21. However, the spending is not required since the company has been incurring accumulated losses. However, in order to promote and ensure good Corporate Governance practice and in order to educate prospective investors, we have started educational series i.e. "5paisa School" to educate about various concepts of Capital Markets.

Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and

Business Responsibility Report (Contd.)

marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

In order to educate prospective investors, 5Paisa has started an educational series i.e. "5P School". Through 5P school, we educate the customers in simple and easy to understand language about various concepts of capital markets so as to equip them with adequate knowledge for trading in the securities market. We have 44 courses explaining concepts pertaining to equity, derivative, technical analysis, fundamental analysis and mutual funds. To make the entire learning experience more effective we have also added short learning videos.

Principle 5: Business should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

To respect and understand the Human Rights and address the potential human rights threats and violation is important responsibility of any organisation. 5paisa has adopted several policies viz. Code of conduct, Policy against Sexual harassment, Whistle Blower Policy etc. which ensures that there are no violation of human rights in its conduct – externally or internally.

5paisa adheres to all statues which embody the principles of human rights such as non-discrimination, prevention of child labour, prevention of sexual harassment, equal employment opportunities, etc. 5paisa is committed to a work environment in which all individuals are treated with fairness, respect and dignity. Persons not directly connected to the Company viz., an outside vendor, consultant, supplier or clients are also expected to comply with principles of human rights in all respects.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has not received any complaint governing this principle.

Principle 6: Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

As mentioned under responses to Principle 6, given the nature of business of the Company this Principle is not largely relevant. However, the Company and its subsidiaries are in compliance with applicable environmental regulations.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company is engaged in the industry of providing services and not manufacturing of any goods, hence is a non-pollutant Company. However, as an environmentally responsible and friendly corporate, our Company has been striving towards imbibing green sustainable products, processes, policies and practices. The Company emphasizes on cost efficient environment – friendly measures and build awareness and consciousness of our environment among employees. Our offices have been designed such that they are equipped with energy efficient air conditioners, LED Lights and other energy conservation measures. The Company has been reducing dependence on paper communications and encourages use of electronic means of communication which serves towards environmental protection and sustainable growth.

3. Does the company identify and assess potential environmental risks?

Since the Company is not a manufacturing entity, the above question is not applicable.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Since the Company is not a manufacturing entity, the above question is not applicable.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

As mentioned above, 5paisa participates in several initiatives in the area of environment and sustainability. We have also taken several measures to minimise our environmental impact due to business travel. These measures include carpooling, company bus service, video / audio conferencing facilities at all major offices. Apart from this we have also moved to digitalisation platform wherein we save on paper and stationery.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Since the Company is not a manufacturing entity, the above question is not applicable.

Business Responsibility Report (Contd.)

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is presently a member of Association of National Exchanges Members of India (ANMI) and BSE Brokers Forum (BBF).

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The company has taken up the issues through the aforesaid trade associations, whenever there were issues or need particularly relating to trade policies, regulatory issues and development of financial services/ capital markets.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

In order to educate prospective investors, 5paisa has started an educational series i.e. "5P School". Through 5P School, we educate the customers in simple and easy to understand language about various concepts of capital markets so as to equip them with adequate knowledge for trading in the securities market. We have 44 courses explaining concepts pertaining to equity, derivative, technical analysis, fundamental analysis and mutual funds. To make the entire learning experience more effective we have also added short learning videos.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

The provisions pertaining to constitution of Corporate Social Responsibility Committee are applicable from FY 2021-22. However, the spending is not required since the company has been incurring accumulated losses. However, in order to promote and ensure good Corporate Governance practice and in order to educate prospective investors, we have

started educational series i.e. "5P School" to understand various concepts of Capital Markets.

3. Have you done any impact assessment of your initiative?

Yes – Quarterly tracking is done to check the progress of the activities.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

In order to educate prospective investors, 5Paisa has started an educational series i.e. "5P School". Through 5P school, we educate the customers in simple and easy to understand language about various concepts of capital markets so as to equip them with adequate knowledge for trading in the securities market. We have 44 courses explaining concepts pertaining to equity, derivative, technical analysis, fundamental analysis and mutual funds. To make the entire learning experience more effective we have also added short learning videos.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

In order to educate prospective investors, 5Paisa has started an educational series i.e. "5P School". Through 5P School, we educate the customers in simple and easy to understand language about various concepts of capital markets so as to equip them with adequate knowledge for trading in the securities market. We have 44 courses explaining concepts pertaining to equity, derivative, technical analysis, fundamental analysis and mutual funds. To make the entire learning experience more effective we have also added short learning videos. Further, 5paisa along with its subsidiaries had tied up with Give-India.org, a platform working with NGOs for providing meals to the poor. The meals were delivered in various areas of Mumbai and Bangalore.

The Company along with its employees contributed a total of ₹ 466,657/- through which meal were distributed to the poor and the needy in the outskirts of Mumbai through Annamrita.

Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Out of 947 complaints, 33 complaints were under process i.e. 3.48% was rolled over to the next financial year.

Business Responsibility Report (Contd.)

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

Since the Company is engaged in financial services sector, the above compliance requirements are not applicable. However, all necessary disclosure requirements relating to the services offered by 5paisa entities are complied with.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

The Company has not been served complaint with any activities involving unfair trade practices, irresponsible

advertising and/ or anti-competitive behaviour during preceding five years which is pending as on the end of Financial Year i.e. March 2021.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The Company as a policy interacts with its clients for consumer survey/ consumer satisfaction trends. The Company keeps track of responses / comments on social media network.

For and on behalf of the Board

Prakarsh Gagdani
Whole-Time Director & CEO
DIN: 07376258

Gourav Munjal
Whole-Time Director & CFO
DIN: 06360031

Date: April 20, 2021
Place: Mumbai

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Corporate Governance Report

This Corporate Governance Report relating to the year ended on March 31, 2021 has been issued in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereof and forms a part of the Report of the Directors to the Members of the Company.

1. OUR COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

5paisa Capital Limited ('the Company') follows the highest standards of governance and disclosure. Effective corporate governance practices constitute the strong foundation on which the company has built itself for a sustained growth in future. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate practices and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. The framework of the company is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards. The Company has a strong legacy of fair, transparent and ethical governance practices. The company firmly believes that adherence to business ethics and sincere commitment to corporate governance will help the Company achieve its vision of being the most respected Fintech Company in the financial services space in India. Since inception, the promoters have demonstrated exemplary track record of governance and utmost integrity. The Company is in compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has adopted a Code of Conduct for all its employees. In addition, the Company has adopted a Code of Conduct for its Executive and non-executive directors which includes Code of Conduct for Board which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013 ("the Act"). The Company's corporate governance philosophy has been further strengthened through the Code of Conduct for Prevention of Insider Trading. The Company has in place an Information Security Policy that ensures proper utilisation of IT resources. With the implementation of stringent employee code of conduct policy and adoption of a Whistle Blower Policy, the Company has moved ahead in its pursuit of excellence in corporate governance.

The Company's corporate governance philosophy is based on an effective Independent Board, the separation of the Board's supervisory role from the executive management and the Board Committees. Our Board has Independent Directors, highly respected for their professional integrity as well as rich financial experience and expertise.

The Company also considers its stakeholders as partners in success, and the Company remains committed to maximising stakeholders' value.

2. SHAREHOLDERS

The Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") prescribe the governance mechanism by shareholders in terms of passing of ordinary and special resolutions, voting rights, participation in the corporate actions such as bonus, buyback of shares, declaration of dividend, etc. Your Company follows a robust process structure. Sincerity, fairness, good citizenship and commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders.

3. GOVERNANCE POLICIES

At 5paisa, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to Ethical Standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of the codes and policies are as follows:

- Code Of Conduct For Board Of Directors And Senior Management;
- Code Of Conduct For Prohibition Of Insider Trading;
- Code Of Practices And Procedures For Fair Disclosure Of Unpublished Price Sensitive Information;
- Policy On Related Party Transactions;
- Corporate Social Responsibility Policy*;
- Policy For Determination Of Material Subsidiary And Governance Of Subsidiaries;
- Policy For Determination Of Materiality Of Events / Information;
- Remuneration Policy For Directors, Key Managerial Personnel, Members Of Senior Management And Other Employees Of The Company;
- Familiarization Programme For Independent Directors;
- Board Diversity Policy;
- Vigil Mechanism/Whistle Blower Policy;
- Policy For Preservation Of Documents/ Archival Policy;
- Risk Management Policy;

Corporate Governance Report (Contd.)

- Dividend Distribution Policy*;
- Archival Policy;
- Policy For Prevention, Prohibition And Redressal Of Sexual Harassment At Workplace.

*The Company at its meeting held on April 20, 2021 adopted the Dividend Distribution Policy and Corporate Social Responsibility Policy.

4. BOARD OF DIRECTORS

(a) Composition of the Board of Directors as on March 31, 2021:

As on March 31, 2021, the Board of Directors ("Board") of the Company has an optimum combination of Executive and Non-Executive Directors (Four Independent Directors including two Women Independent Directors) which is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015"). The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders.

In the opinion of the Board, all the Independent Directors are independent of the management and satisfy the criteria of independence as defined under the Companies Act, 2013, the Listing Regulations.

None of the Directors of the Company are related to each other. The composition of the Board is as follows:

Category	Name of the Directors
Executive Directors	Mr. Prakarsh Gagdani (Whole-Time Director & Chief Executive Officer)
	Mr. Santosh Jayaram (Whole-Time Director)#
	Mr. Gourav Munjal (Whole-Time Director and Chief Financial Officer)
Independent Non – Executive Directors	Dr. Archana Hingorani
	Ms. Nirali Sanghi
	Mr. Milin Mehta*
	Mr. Ravindra Garikipati^

Note:

* Mr. Milin Mehta has been appointed as a Non-Executive and Independent Director w.e.f. April 01, 2020.

^ Mr. Ravindra Garikipati has been appointed as a Non-Executive and Independent Director w.e.f. September 03, 2020.

Mr. Santosh Jayaram has ceased to be Whole-Time Director w.e.f. February 28, 2021.

(b) Brief profiles of the Directors are as follows:

• DR. ARCHANA HINGORANI – Chairperson and Independent Director

Dr. Archana Hingorani is the Chairperson and Independent Director of our Company. She holds a MBA and Ph.D. in Finance from the University of Pittsburgh, United States. She has over thirty one (31) years of experience in the asset management business, teaching and research. In the recent past, she was associated with IL&FS Group until 2017 in various capacities, including being the CEO of IL&FS Investment Managers Limited. She has rich experience in fund raising, investing, nurturing investments through four different economic cycles and carving exit paths, among others. She has also been involved in mentoring and nurturing smaller start-ups in the technology, education, financial inclusion and encouraging start-ups run by women entrepreneurs. She has been named as the most influential woman in India by various publications, including Business Today in the year 2011, 2012 and 2013, Asian Investor in the year 2014, and Fortune India in year 2014, 2015 and 2016.

Expertise in specific functional areas	Business Management and Finance	
	Name of the Company	Category of Directorship
List of Directorship held in other listed Companies	Alembic Pharmaceuticals Limited	Non-Executive Independent Director
	DEN Networks Limited	Non-Executive Independent Director
	Grindwell Norton Limited	Non-Executive Independent Director
	Balaji Telefilms Limited	Non-Executive Independent Director
No of shares held in the Company	Nil	

Corporate Governance Report (Contd.)

- MR. PRAKARSH GAGDANI – Whole-Time Director & Chief Executive Officer**

Mr. Prakarsh Gagdani is the Whole-Time Director and Chief Executive Officer of the Company. He holds a Post Graduate Diploma Degree in Business Management and has done his Bachelor's in Business Management from Mulund College of Commerce, Mumbai University. He has about eighteen (18) years of cross functional experience in sales, advisory, product development and business development. In the past, he was associated with Angel Broking Limited for about twelve (12) years.

Expertise in Specific Functional Areas	Business Management, Corporate Strategy and Retail Equity Broking
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List of Directorship held in other Companies	Name of the Company	Category of Directorship
	5paisa P2P Limited	Non-Executive Director
	5paisa Insurance Brokers Limited	Non-Executive Director
	5paisa Trading Limited	Executive Director

No of shares held in the Company	40
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Note: Mr. Prakarsh Gagdani is not a Director in any other listed entity. Hence his directorship in other public companies are provided.

- MS. NIRALI SANGHI - Independent Director**

Ms. Nirali Sanghi is an Independent Director of our Company. She founded India Parenting Pvt. Ltd. in 1999 and serves as its Chief Executive Officer and President. Prior to that, she served at Erstwhile Baring Brothers (New York), Citibank (New York and Mumbai) and The Boston Consulting Group (Mumbai). She spent nine (9) years in the United States where she received her Bachelor's in Economics and Computer Science from Barnard College, Columbia University (New York, USA) and M.B.A in Finance and

Marketing from Columbia Business School (New York, USA).

Expertise in specific functional areas	Corporate Strategy, Finance, Product Design and Marketing	
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List of Directorship held in other Companies	Name of the Company	Category of Directorship
	India Parenting Private Limited	Director

No of shares held in the Company	Nil
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Note: Ms. Nirali Sanghi is not a Director in any other listed entity. Hence her directorship in other public/private companies is provided.

- MR. GOURAV MUNJAL – Whole-Time Director and Chief Financial Officer**

Mr. Gourav Munjal is a Whole-Time Director and Chief Financial Officer of the Company. He holds a Bachelor's Degree in Commerce from Kurukshetra University and is a qualified Chartered Accountant, Company Secretary and a Diploma holder in IFRS from the Association of Chartered Certified Accountants (ACCA). He has ten (10) years of experience in the field of accounts and finance. Before joining the Company, he was associated with IIFL Group and has handled finance and accounts functions in the Company.

Expertise in Specific Functional Areas	Accounts, Finance and Taxation	
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List of Directorship held in other Companies	Name of the Company	Category of Directorship
	5paisa P2P Limited	Executive Director
	5paisa Insurance Brokers Limited	Executive Director
	5paisa Trading Limited	Executive Director

No of shares held in the Company	Nil
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Note: Mr. Gourav Munjal is not a Director in any other listed entity. Hence his directorship in other public companies are provided.

Corporate Governance Report (Contd.)

- MR. MILIN MEHTA- Independent Director**

Mr. Milin Mehta is an Independent Director of our Company. He is a Chartered Accountant and is a senior partner at K. C. Mehta & Co. Chartered Accountants (Baroda, Mumbai, Ahmedabad and Bangalore), for about three (3) decades. He is a fellow member of the Institute of Chartered Accountants of India. He is also a Law Graduate and has obtained a Master's Degree in Commerce.

He has also been invited as a special invitee to the committee of the Institute of Chartered Accountants of India before the Central Board of Direct Taxes/Standing Committee of the Parliament on formation of new Direct Tax Code.

He has held the position of Treasurer and Vice Chairman of the Western India Regional Council of Institute of Chartered Accountants of India covering Gujarat, Maharashtra and Goa. He has also co-authored a book on "Minimum Alternate Tax" published by the Bombay Chartered Accountants' Society.

Expertise in Specific Functional Areas	Accounts, Finance and Taxation	
	Name of the Company	Category of Directorship
List of Directorship held in other Listed Companies	VA Tech Wabag Limited	Non-Executive Independent Director
	Shaily Engineering Plastics Limited	Non-Executive Independent Director
No of shares held in the Company	Nil	

- MR. RAVINDRA GARIKIPATI - Independent Director**

Mr. Ravindra Garikipati is an Independent Director of our Company. He is an entrepreneur & technologist with over thirty (30) years of experience mostly in technology and executive leadership roles. He is a Board Member and advisor to many late stage startups and an active angel investor in deepTech, finTech and consumerTech startups. He has recently Co-founded a fintech startup Davinta Finserv Private Limited focussing on Financial Inclusion for the bottom of the pyramid.

Prior to co-founding Davinta, as a Chief Technology Officer (CTO) at Flipkart, he defined and executed technology vision and roadmap to transform commerce. Also founded Fintech as a new vertical with a mission to offer financial products to 100s of millions of underserved and unserved Indians by leveraging data, digital distribution and Technology.

Prior to Flipkart, he was President and Chief Technology Officer (CTO) at [24]7.ai, a sequoia funded company where he led global product and technology groups to build one of the largest omni-channel customer acquisition & engagement platform.

He also held various senior engineering management positions at Oracle and Covansys, where he gained extensive experience in building scalable enterprise application architectures and services.

He holds a Master of Science degree in Software Engineering from Birla Institute of Technology & Science, Pilani, India and a Masters degree in Management from Birla Institute of Technology & Science, Pilani, India.

Expertise in Specific Functional Areas	Technology, Strategy Development and Implementation	
	Name of the Company	Category of Directorship
List of Directorship held in other Companies	Medispace Healthcare Private Limited	Non-Executive Independent Director
	Axis Asset Management Company Limited	Non-Executive Independent Director
	Davinta Financial Services Private Limited	Executive Director
	Davinta Finserv Private Limited	Non-Executive Independent Director
No of shares held in the Company	Nil	

Note: Mr. Ravindra Garikipati is not a Director in any other listed entity. Hence his directorship in other public/private companies is provided.

Corporate Governance Report (Contd.)

(c) Matrix chart of core skills/expertise /competencies of the Board Members:

The Board of Directors of the Company has adopted the policy on Board Diversity. It seeks to maintain a Board comprised of talented and dedicated Directors with a diverse mix of expertise, experience, skills and backgrounds. For the purposes of Board composition, diversity includes, but not limited to, educational and functional background, industry experience, geography, age, insider status, gender, and ethnicity. The skills and backgrounds collectively represented on the Board reflect the diverse nature of the business environment in which the Company operates. Accordingly, a matrix chart setting out the core skills, experience, and competencies of the Board of Directors is mentioned below:

Technical skills/ experience/competencies	Dr. Archana Hingorani	Ms. Nirali Sanghi	Mr. Milin Mehta	Mr. Ravindra Garikipati	Mr. Prakarsh Gagdani	Mr. Gourav Munjal
Knowledge of the Sector	√	√	√	√	√	√
Accounting and Finance	√	√	√	√	√	√
Corporate Governance and Compliances		√	√	√	√	√
Marketing experience					√	
Strategy development and implementation	√	√	√	√	√	√
Information Technology				√	√	
Stakeholders Relationship	√	√	√	√	√	√
Risk Management System	√	√	√	√	√	√
CEO/Senior Management Experience /Leadership	√	√	√	√	√	√

The Board of the Company has the necessary skills/expertise/competencies in all the above mentioned areas.

(d) Selection of Independent Directors:

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as an Independent Director on the Board. The Committee, *inter-alia*, considers criteria as prescribed under the Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015") viz. positive attributes, area of expertise, number of directorships and memberships held in various committees of other companies by such persons in accordance with the Company's Policy. The Board considers the Committee's recommendation and takes appropriate decision. A statement in connection with fulfilling the criteria of Independence and Directorships as required under the provisions of the Act and Listing Regulations, 2015 has been received from each of the Independent Directors. Your Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. Terms and Conditions

for appointment of Independent Directors are available on the website <https://www.5paisa.com/investor-relations>. In the opinion of the Board, the Independent Directors fulfill the conditions as specified in the Act and Listing Regulations, 2015 and are Independent of the management.

(e) Board Meetings and Directorship / Committee Membership(s) of Directors:

During the FY 2020-2021, Five (5) Board Meetings were held on the following dates: May 07, 2020, July 13, 2020, September 03, 2020, October 08, 2020 and January 13, 2021.

As mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereof, none of the Directors on the Board of the Company is Member of more than ten (10) specified Committees and none is a Chairman of more than five (5) specified Committees across all the Indian Public Limited companies in which they are Directors. The Company has received necessary disclosures from all the Directors regarding Committee positions held by them in other Companies. The table below gives the details of the names of the members of the Board, their status, their attendance at the

Corporate Governance Report (Contd.)

Board Meetings and the last AGM, their Directorships, Committee Memberships and Chairmanships in Indian Companies as on March 31, 2021. It excludes Directorships of Private Limited Companies, Foreign Companies and Section 8 Companies:

Name of the Director (DIN)	Date of appointment/re-appointment	Category	Number of board meeting attended during the year	Attendance at last AGM	Directorships in Indian Public Limited companies (Including 5paisa Capital Limited)	Membership of Committees (including of 5paisa Capital Limited)^	
						Member@	Chairman@
Dr. Archana Hingorani (DIN: 00028037)	07/06/2017	Independent Director	05	Yes	08	08	02
Mr. Prakarsh Gagdani (DIN: 07376258)	22/12/2018	Whole-Time Director and Chief Executive Officer	05	Yes	04	01	Nil
Ms. Nirali Sanghi (DIN:00319389)	11/01/2018	Independent Director	05	Yes	01	02	01
Mr. Ravindra Garikipati (DIN: 00984163)&	03/09/2020	Independent Director	02	NA	02	Nil	Nil
Mr. Santosh Jayaram# (DIN: 07955607)	11/01/2021	Whole-Time Director	05	Yes	NA	NA	NA
Mr. Gourav Munjal (DIN: 06360031)	16/01/2020	Whole-Time Director and Chief Financial Officer	05	Yes	04	Nil	Nil
Mr. Milin Mehta* (DIN: 01297508)	01/04/2020	Independent Director	05	Yes	05	05	04

Note:

- * Mr. Milin Mehta was appointed as a Non-Executive and Independent Director w.e.f. April 01, 2020.
- & Mr. Ravindra Garikipati was appointed as a Non-Executive and Independent Director w.e.f. September 03, 2020.
- # Mr. Santosh Jayaram has ceased to be Whole Time Director on the Board w.e.f. February 28, 2021.
- ^ The committees considered for the above purpose are those prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended viz. Audit Committee and Stakeholders Relationship Committee.
- @ In the column of Membership of Director, the total membership of Director as a member of the Audit and Stakeholders Relationship Committee is considered irrespective of him/her being a Chairperson of that particular Committee. Similarly in the column of Chairperson, the Director is counted as a Chairperson irrespective of being him/her considered as member of the Committee.

Information Flow to the Board Members:

Information is provided to the Board Members on a continuous basis for their review, inputs and approval from time to time. More specifically, we present our annual strategic plan and operating plans of our business to the Board for their review, inputs and approval at the first meeting of the Board of Directors held for the Financial Year. Likewise, our quarterly financial results and Annual Financial Statements are first presented to the Audit Committee and subsequently to the Board for their approval. In addition, various matters such as appointment of Directors and Key Managerial

Personnel, Corporate Actions, review of internal and statutory audits, details of investor grievances, acquisitions, important managerial decisions, material positive/negative developments and statutory matters are presented to the respective Committees of the Board and later with the recommendation of Committees to the Board of Directors for their approval.

Post-Meeting Follow-up System:

After the Board Meeting, we have a formal system of follow-up, review and reporting on the actions taken by the management on the decisions of the Board and sub-committees of the Board.

Corporate Governance Report (Contd.)

(f) Board Level Performance Evaluation:

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Executive Directors, Non-Executive Directors including Independent Directors ("IDs") and Board as a whole.

The criteria for performance evaluation are as under:

For Chairman:

The criteria for evaluation of Chairman, *inter-alia*, includes his ability to conduct meetings, ability to elicit inputs from all members, ability to table and openly discuss challenging matters, attendance at meetings, assistance to Board in formulating policies and setting standards, accessibility, ability to analyze strategic situations, ability to project positive image of the Company, compliance with regulatory requirements.

For Executive Directors:

The criteria for evaluation of Executive Directors, *inter alia*, includes their ability to elicit inputs from all members, ability to table and openly discuss challenging matters, attendance and participation at meetings, integrating quality and re-engineering, capitalise on opportunities created by economic and technological changes, assistance to Board in formulating policies and setting standards and following them, accessibility, ability to analyze strategic situations, ability to project positive image of the Company, compliance with regulatory requirements, handling critical situations concerning the group.

For Non-Executive Directors (including Independent Directors):

The criteria for evaluation of Non-Executive Directors, *interalia*, includes attendance at the meetings, study of agenda and active participation, contribution to discussions on strategy, participate constructively and actively in committees of the Board, exercise of skills and diligence with due and reasonable care and to bring independent judgment to the Board, ability to bring in best practices from his / her experience, adherence to the code of conduct.

For Board as a whole:

The criteria for evaluation of the Board, *inter alia*, includes composition and diversity, induction programme, team work, performance culture, risk management and financial controls, integrity, credibility, trustworthiness, active and effective participation by members.

(g) Separate meetings of the Independent Directors:

In compliance with the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held on March 23, 2021, *inter-alia*, to discuss the following:

- To review the performance of Non-Independent Directors and the Board and Committee as a whole;
- To review the performance of the Chairman of the company;
- To assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Upon the conclusion of the meeting, the Independent Directors expressed their satisfaction over the performance of the other Directors and the Board and Committee as a whole. They also expressed their satisfaction over the quality, quantity and flow of information between the company management and the Board / Committees of the Board from time to time.

(h) Familiarization programme for Independent Directors:

The Board Members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Committee Meetings, on business and operations of the Company. Quarterly updates on relevant statutory changes are discussed at the Board Meetings. The details of such familiarization programmes of the Company may be accessed on the Company's website www.5paisa.com/investor-relations.

(i) Meetings of the Board:

- Frequency: The Board meets at least once in a quarter to review the quarterly results and other items of the Agenda. Whenever necessary, additional meetings are held. In case of business exigencies or matter of urgency, resolutions are passed by circulations, as permitted by law, which are confirmed in the next Board Meeting.

Corporate Governance Report (Contd.)

- Board Meeting Location: The location of the Board / Committee Meetings is informed well in advance to all the Directors. Each Director is expected to attend the Board / Committee Meetings.
- Notice and Agenda distributed in advance: The Company's Board / Committees are presented with detailed notes, along with the agenda papers which are being circulated well in advance of the Meeting. The Company has implemented app based e-meeting system accessible through secured iPads provided to the Directors and key officials. The agenda, presentation, notes and minutes are made available to the Board and Committee Members. The Company Secretary in consultation with the Chairman of the Board / Committees sets the Agenda for the Board / Committee Meetings. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the Meeting. Where it is not practical to attach any document to the Agenda, the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.
- Other Matters: The senior management team of the Company is advised to schedule its work plans in advance, particularly with regard to matters requiring discussions/ decision with the Board/ Committee Members.
- Presentations by Management: The Board / Committee is given presentations, wherever practicable covering finance, sales, marketing, major business segments and operations of the Company, global business environment including business opportunities, business strategy, risk management practices and operating performance of the Company before taking on record the financial results of the Company.
- Access to employees: The Directors are provided free access to officers and employees of the Company. Whenever any need arises, the Board / Committee Members

are at liberty to summon the personnel whose presence and expertise would help the Board to have a full understanding of the issues being considered.

(j) Information Supplied to the Board / Committees:

Among others, information supplied to the Board / Committees includes:

- Annual operating plans of the businesses and budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly, half yearly and yearly results of the Company as per the format prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Minutes of the Meetings of the Board and all other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of Chief Financial Officer and Company Secretary.
- Status of important/material litigations etc.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property.
- Any significant development in human resources / industrial relations front, as and when it occurs.

Corporate Governance Report (Contd.)

- Sale of material nature of investments, assets which are not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Compliance status of any regulatory, statutory nature or listing requirements and shareholders' service, if any, and others and steps taken by company to rectify instances of non-compliances, if any.

(k) Minutes of the Meetings:

The draft Minutes of the proceedings of the Meetings are circulated amongst the Members of the Board / Committees. Comments and suggestions, if any, received from the Directors are incorporated in the Minutes, in consultation with the Chairman of the Board. The Minutes are confirmed by the Members and signed by the Chairman at the next Board / Committee Meetings. All Minutes of the Committee Meetings are placed before the Board Meeting for perusal and noting.

5. COMMITTEES OF BOARD:

Our Board has constituted the following Committees to focus on specific areas and take informed decisions in the best interests of the Company within authority delegated to each of the Committees. These Committees monitor the activities falling within their terms of reference. Specific terms of reference are laid out of these Committees and reviewed annually.

During the financial year, the Board has accepted the recommendations of Committees on matters where such a recommendation is mandatorily required. There have been no instances where such recommendations have not been considered.

We have four sub-committees of the Board as at March 31, 2021:

- A. Audit Committee
- B. Nomination and Remuneration Committee
- C. Stakeholders Relationship Committee
- D. Finance Committee

Further, the Company at its meeting held on April 20, 2021 constituted the following committees:

- E. Risk Management Committee
- F. Corporate Social Responsibility Committee

A. Audit Committee

Composition:

The present Audit Committee of your Company comprises of three Independent Directors (Mr. Milin Mehta, Ms. Nirali Sanghi and Dr. Archana Hingorani). Mr. Milin Mehta, an Independent Director, is the Chairman of the Committee. All the members of the Audit Committee are financially literate and possess thorough knowledge of the financial services industry.

Broad Terms of Reference of the Audit Committee

The scope of the Audit Committee includes the references made under Regulation 18 read with Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 177 and other applicable provisions of the Companies Act, 2013 besides the other terms that may be referred by the Board of Directors. The Broad terms of reference of the Audit Committee are:

- a) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of our Company;
- c) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- d) Reviewing, with the management, the annual financial statements and the auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv) Significant adjustments made in the financial statements arising out of audit findings;

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- v) Compliance with listing and other legal requirements relating to financial statements;
 - vi) Disclosure of any Related Party Transactions; and
 - vii) Qualifications/ modified opinions in the draft audit report.
- e) Reviewing, the quarterly financial statements with the management before submission to the Board for approval;
- f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of our Company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of our Company, wherever it is necessary;
- k) Evaluation of Internal Financial Controls and Risk Management Systems;
- l) Monitoring the end use of funds raised through public offers and related matters, if any;
- m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- o) Discussion with internal auditors of any significant findings and follow up there on;
- p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- q) Discussion with statutory auditors before the commencement of the audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r) The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
- s) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- t) To establish and review the functioning of the whistle blower mechanism;
- u) Approval of appointment of the Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- v) Related Party Transactions:
- i) all related party transactions shall require prior approval of the Audit Committee.
 - ii) the Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely:
 - > the criteria for granting the omnibus approval shall be specified which shall be in line with the Company's policy on related party transactions and such approval shall be based on the factors namely repetitiveness of the transactions (in past or in future) and the justification for the need of omnibus approval;
 - > the Audit Committee shall satisfy itself on the need for omnibus approval for transactions of

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- repetitive nature and that such approval is in the interest of the Company;
- > such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- iii) the omnibus approval shall specify:
- > the name(s) of the related party, nature of transaction, period of transaction, maximum value of transactions that shall be entered into and the value of transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - > the extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - > the indicative base price or current contracted price and the formula for variation in the price if any;
 - > such other conditions as the Audit Committee may deem fit.
- Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction;
- iv) the Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- v) such omnibus approvals shall be valid for a period not exceeding one (1) financial year and shall require fresh approvals after the expiry of such financial year;
- vi) however such prior and omnibus approval shall not be required in case of the transactions entered into between the company and its wholly owned subsidiary/ subsidiaries whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- w) Review of:
- i) Management Discussion and Analysis of financial condition and results of operations;
 - ii) statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - iii) management letters / letters of internal control weaknesses issued by the statutory auditors;
 - iv) internal audit reports relating to internal control weaknesses;
 - v) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
 - vi) statement of deviations including:
 - > quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations;
 - > annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of the SEBI Listing Regulations;
 - vii) The utilization of loans and/or advances from/investment by the holding company in the subsidiary > ₹ 100 crore or 10% of asset size of the subsidiary, whichever is lower, including existing loans / advances / investments and all other terms of reference of the committee shall remain unchanged.
- x) The Audit Committee shall have authority to investigate into any matter in relation to the items specified above and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company;
- y) Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority.

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Meeting and Attendance

During the period under review, the Audit Committee of the Company met five (5) times on May 07, 2020, July 13, 2020, September 03, 2020, October 08, 2020 and January 13, 2021. The necessary quorum was present at the meetings. The gap

between two Audit Committee Meetings was not more than 120 days.

The Audit Committee was constituted on March 31, 2017 and the same was reconstituted on April 01, 2020 with appointment of Mr. Milin Mehta on the Board in place of Mr. Sarbeswar Lenka.

Further, the committee was reconstituted on October 08, 2020 pursuant to Mr. Milin Mehta becoming Chairman of Audit Committee in place of Dr. Archana Hingorani. The attendance of each member of the committee at the Meeting of Committee as on March 31, 2021 is given below:

Name of the members	Designation	Non-Executive/ Executive /Independent	No. of committee meetings held	Committee meeting attended
Mr. Milin Mehta#	Chairman	Independent	05	05
Dr. Archana Hingorani#	Member	Independent	05	05
Ms. Nirali Sanghi	Member	Independent	05	05

#Mr. Milin Mehta was appointed as the member of Audit Committee w.e.f April 01, 2020. Further, pursuant to reconstitution of Audit Committee on October 08, 2020, Mr. Milin Mehta was appointed as Chairman of the Committee in place of Dr. Archana Hingorani. However, Dr. Archana Hingorani will continue to act as member of the Committee.

Audit Committee Meetings are attended by the Chief Financial Officer of the Company and representatives of Statutory Auditors and Internal Auditors, if required. The Company Secretary acts as the Secretary of the Audit Committee.

The then Chairperson of the Audit Committee (Dr. Archana Hingorani) was present at the last Annual General Meeting of the Company held on June 29, 2020.

B. Nomination and Remuneration Committee

Composition:

The Nomination and Remuneration Committee of your Company comprises of four Independent Directors (Ms. Nirali Sanghi, Dr. Archana Hingorani, Mr. Milin Mehta and Mr. Ravindra Garikipati). Ms. Nirali Sanghi, an Independent Director, is the Chairperson of the Committee.

The Nomination and Remuneration Committee was constituted on March 31, 2017 and the same was reconstituted on April 01, 2020 pursuant to appointment of Mr. Milin Mehta in place of Mr. Sarbeswar Lenka and was further reconstituted on September 03, 2020 pursuant to appointment of Mr. Ravindra Garikipati.

Scope and Functions:

The scope of activities of the Nomination and Remuneration Committee is as set out in Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended,

read with Section 178 of the Companies Act, 2013. The Broad terms of reference of the Nomination and Remuneration Committee are as follows:

- a) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- b) Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and while formulating this policy ensure that:
 - > Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
 - > Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - > Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of our Company and its goals and ensure that the policy is disclosed in the Board's report.

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- c) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- d) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- e) Devising a policy on diversity of the board of directors.

The Nomination and Remuneration Committee also administers your Company's Stock Option plans. The stock options granted by the Committee are disclosed in detail in the Directors' Report.

Attendance and Meeting:

During the year under review, the Nomination and Remuneration Committee of the Company met Four (4) times during the last financial year on May 07, 2020, July 13, 2020, September 03, 2020 and January 13, 2021. The necessary quorum was present at the meetings.

The attendance of each member of the committee at the Meeting of Committee is given below:

Name of the members	Designation	Non-Executive/ Executive/ Independent	No. of committee meetings held	Committee meeting attended
Ms. Nirali Sanghi	Chairperson	Independent Director	04	04
Dr. Archana Hingorani	Member	Independent Director	04	04
Mr. Ravindra Garikipati*	Member	Independent Director	01	01
Mr. Milin Mehta#	Member	Independent Director	04	04

Mr. Milin Mehta was appointed as a Non-Executive and Independent Director w.e.f. April 01, 2020.

* Mr. Ravindra Garikipati was appointed as a Non-Executive and Independent Director w.e.f. September 03, 2020.

The Company Secretary of the Company acts as the Secretary to the Committee.

The Chairperson of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on June 29, 2020.

The Board of Directors of the Company has approved Nomination & Remuneration Policy of the Company, which sets out the guiding principles for appointment & remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The detail of Nomination & Remuneration policy and remuneration paid to Directors is as follows:

a. Nomination and Remuneration Policy:

I. Objective:

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been approved by

the Nomination and Remuneration Committee (the Committee) and Board of Directors.

II. Definitions:

1. "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
2. "Board" means Board of Directors of the Company.
3. "Key Managerial Personnel" (KMP) means:
 - Managing Director, or Chief Executive Officer or Manager;
 - Whole-Time Director;
 - Chief Financial Officer;
 - Company Secretary; and such other officer as may be prescribed.

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4. "Research Analysts" shall have the same meaning as defined under the SEBI (Research Analysts) Regulation, 2014 as amended from time to time.
5. "Senior Management" mean the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 / Listing Regulations (wherever applicable) as may be amended from time to time shall have the meaning respectively assigned to them therein.

III. Role Of Committee:

1. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors and the Committees of the Board;
2. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees and while formulating this policy ensure that –
 - (i) Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run our Company successfully;

- (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- (iii) Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of our Company and its goals and ensure that the policy is disclosed in the Board's report.

3. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance;
4. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors; and
5. Devising a policy on diversity of the Board of Directors.

IV. Appointment and Removal of Directors, Key Managerial Personnel and Senior Management:

1. **Appointment Criteria and Qualifications:**
 - a) A person being appointed as Director, KMP or in senior management should possess adequate qualification,

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expertise and experience for the position he/she is considered for appointment.

- b) Independent Director:
- (i) Qualifications of Independent Director:

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

- (ii) Positive attributes of Independent Directors:

An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

2. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and

regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3. Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

V. Remuneration:

A. Directors:

1. Executive Directors (Managing Director, Manager or Whole-Time Director):

- (i) At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.
- (ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting as per the requirement of the Companies Act, 2013.

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(iii) The remuneration of the Manager/ CEO/ Managing Director/ Whole-Time Director is broadly divided into fixed and incentive pay reflecting short-term and long-term performance objectives appropriate to the working of the Company. In determining the remuneration (including the fixed increment and performance bonus), the Committee shall consider the following:

- the relationship of remuneration and performance benchmark;
- balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- responsibility required to be shouldered, the industry benchmarks and the current trends;
- The Company's performance vis-à-vis the annual budget achievement and individual performance.

2. Non-Executive Director:

(i) The Non-Executive Independent Director may receive fees for attending meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the

Central Government from time to time.

(ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.

(iii) The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.

(iv) In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.

(v) The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.

(vi) The commission shall be payable on pro-rata basis to those Directors who occupy office for part of the year.

B. KMP & Senior Managerial Personnel:

The remuneration to the KMP and Senior Management Personnel will be based on following guidelines:

1. Maintaining a balance between fixed and incentive pay reflecting short and long term

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- performance objectives appropriate to the working of the Company;
2. Compensation should be reasonable and sufficient to attract, retain and motivate KMP and senior management;
 3. Remuneration payable should comprise of a fixed component and a performance linked variable based on the extent of achievement of individual performance vis-a-vis overall performance of the company;
 4. Remuneration shall be also considered in the form of long -term incentive plans for key employees, based on their contribution, position, and length of service, in the nature of ESOPS/ESPS.
- C. Research Analysts:**
- (i) The compensation of all individuals employed as Research Analyst shall be reviewed, documented and approved at least annually by the Committee.
 - (ii) While approving the compensation of the Research Analysts, the Committee shall not consider:
 - a. Any specific brokerage services transaction which might have happened because

of the services of the Research Analyst; and

- b. Any contribution made by the Research Analyst to brokerage services business other than that of preparing and / or providing research reports.

VI. Evaluation:

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly). The Committee shall also formulate and provide criteria for evaluation of Independent Directors and the Board as a whole, if applicable.

VII. Other Details:

Membership

The Committee shall consist of minimum 3 Non-Executive Directors, majority of them being independent. The Chairman of the Committee shall be an Independent Director. The Chairman of the Company shall not be a Chairman of the Committee. The term of the Committee shall be continued unless terminated by the Board of Directors.

Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Secretary

The Company Secretary of the Company shall act as Secretary of the Committee. In absence of Company Secretary, the Committee may designate any other officials or any of the members of the Committee who shall act a Secretary of the Committee.

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b. Details of Remuneration paid to Directors during FY 2020-21 and details of number of shares and convertible instruments held by Directors as on March 31, 2021 is as under:

Name of the Director	Designation	Salary and perquisite (In ₹ in millions)	Commission (In ₹ in millions)	Sitting Fees (In ₹ in millions)	Contribution to PF and other funds	Stock options (In Quantity in millions)	No. of equity shares held
Mr. Prakarsh Gagdani	Whole-Time Director and Chief Executive Officer	9.78	Nil	NA	Nil	0.5	40
Mr. Santosh Jayaram*	Whole-Time Director	3.25	Nil	NA	Nil	0.1	14,255
Mr. Gourav Munjal	Whole-Time Director and Chief Financial Officer	4.6	Nil	NA	Nil	0.04	Nil
Mr. Milin Mehta^	Independent Director	NA	NA	0.36	NA	NA	Nil
Dr. Archana Hingorani	Independent Director	NA	NA	0.42	NA	NA	Nil
Ms. Nirali Sanghi	Independent Director	NA	NA	0.42	NA	NA	Nil
Mr. Ravindra Garikipati&	Independent Director	NA	NA	0.08	NA	NA	Nil

^ Mr. Milin Mehta was appointed as a Non-Executive and Independent Director on the Board of 5paisa Capital Limited w.e.f. April 01, 2020.

& Mr. Ravindra Garikipati was appointed as an Independent Director w.e.f. September 03, 2020.

* Mr. Santosh Jayaram has ceased to be a Whole-Time Director w.e.f. February 28, 2021. The change in the shareholding is on account of exercise of 26,500 ESOP and subsequent sale of the same.

For details related to stock options request you to refer disclosure under Regulation 14 disseminated on the website of the Company at www.5paisa.com.

c. Remuneration to Non-Executive/ Independent Directors:

During the year under review, the Independent Directors and Non-Executive Directors were paid ₹ 30,000/- (Rupees Thirty Thousand only) towards sitting fees for attending each of the Board Meeting, Audit Committee Meeting and Independent Director's Meeting and also were paid ₹ 15,000/- (Rupees Fifteen Thousand only) towards attending each of the other committee meetings plus the reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. The Company has not granted any Employee Stock Options to the Independent Directors and Non-Executive Director. There are no pecuniary relationships or transaction

of the Non-Executive Directors with the Company.

The Company has obtained a Directors and Officers Liabilities Insurance policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

C. Stakeholders Relationship Committee

Composition:

The Stakeholders Relationship Committee was constituted on October 13, 2017 and the same was last reconstituted on January 11, 2018 and the Members of the Committee comprises of Ms. Nirali Sanghi, Independent Director, as the Chairperson, Dr. Archana Hingorani, Independent Director and Mr. Prakarsh Gagdani, Executive Director as the Members.

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Scope and Functions:

The Broad terms of reference of the committee are as under:

1. To consider and resolve stakeholders and investors grievances;
2. It shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends;
3. To approve allotment of shares, debentures and other securities as per the authority conferred to the Stakeholders Relationship Committee by the Board of Directors, from time to time;
4. To approve/ authorize the officers of the Company to approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name/address etc. in respect of shares, debentures and securities received by the Company;
5. To review or address the complaints received by the Company from investors, SEBI, the Stock Exchanges, Ministry of Corporate Affairs, etc. and the action taken for redressal of the same and to suggest resolution of long pending complaints;
6. To approve and ratify the action taken by the authorized officers of the Company, investors for issues of duplicate/replacement/consolidation/sub-division and other purposes for the shares, debentures and securities of the Company;
7. To monitor and expedite the status and process of dematerialization and dematerialization of shares, debentures and securities of the Company;
8. To give directions for monitoring the stock of blank stationery and for printing of stationery required by the secretarial department of the Company, from time to time, for issuance of share certificates, debenture certificates, allotment letters, warrants, pay orders, cheques and other related stationery;
9. To review the status of unpaid dividend, interest and undelivered share certificates and measures taken by the Company to resolve or reduce them;
10. To ensure compliance of transfer of unpaid dividend and shares to Investor Education and Protection Fund ("IEPF") on or before due date;
11. To monitor the progress of release of unpaid dividend and process of dissemination of these records in accordance with the prescribed guidelines, rules and regulations;
12. To review the results of any investigation or audit conducted by any statutory authority.
13. Review the effectiveness of the system for monitoring compliance with laws and regulations.
14. Review the mechanism of handling investor's complaints and the status of any pending complaints which remain unresolved or unattended.
15. Any significant or important matters affecting the interest of the Company.

During the year 2020-21, the Company had not received any complaints from investors including complaints received through SCORES portal.

No pledge has been created over the equity shares held by the Promoters as on March 31, 2021.

Attendance and Meeting:

The constitution of the Stakeholders Relationship Committee and details of attendance of each member of the committee at the meeting of Committee held on March 23, 2021 is given below:

Name of the members	Designation	Non-Executive/ Independent/ Executive	No. of committee meetings held	Committee meeting attended
Ms. Nirali Sanghi	Chairperson	Independent Director	01	01
Dr. Archana Hingorani	Member	Independent Director	01	01
Mr. Prakarsh Gagdani	Member	Executive Director	01	01

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The name, designation and address of Compliance Officer of the Company is as under:

Name and designation:	Mrs. Namita Godbole, Company Secretary & Compliance Officer
Registered Office and Corporate Office Address	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, Thane Industrial Estate, Wagle Estate, Thane – 400604
Contacts:	Tel: +91 22 41035000 E-mail: csteam@5paisa.com

The Company Secretary of the Company acts as Secretary of the Committee.

D. Finance Committee (Non Mandatory Committee)

Composition

The Finance Committee was constituted on January 11, 2018 and was last reconstituted on January 13, 2021 pursuant to resignation of Mr. Santosh Jayaram as Whole Time Director w.e.f. February 28, 2021. The Finance Committee comprises of Mr. Prakarsh Gagdani, Whole-Time Director and Chief Executive Officer, and Mr. Gourav Munjal, Whole-Time Director and Chief Financial Officer.

Scope and Functions

The broad terms of reference of the Finance committee are as under:

- a) To borrow funds for and on behalf of the Company up to the maximum amount as determined by the Board of Directors of the Company from time to time.
- b) To invest funds of the Company from time to time in equity shares, preference shares, debt securities, bonds, whether listed or unlisted, secured or unsecured, fixed deposits, units of mutual fund, security receipts, securities, etc. taking into consideration all investment parameters up to the maximum amount as determined by the Board of Directors of the Company from time to time and also to enter into any agreements including but not limited to enter into Share Purchase Agreement, Share Subscription Agreement, Shareholders Agreements etc. as may be required to give effect to such transaction;
- c) To allot securities of the Company including equity shares, preference shares, debt securities, bonds, etc. from time to time;
- d) To borrow funds for meeting the short term requirements of funds of the Company by issuing Commercial Paper including redemption and buyback of Commercial Paper and also to list the same as per the SEBI Regulations.
- e) To avail intraday facilities from Banks/ Financial Institution upto ₹ 3000 Crore (Rupees Three Thousand Crore).
- f) To offer assurances on behalf of Subsidiaries, in the form of guarantee, security, undertakings, letters (including without limitation, letter of comfort), deeds, declarations or any other instruments in connection with loan availed by them from Bank, Financial Institution, Non-Banking Financial Companies, other body corporates, etc. upto such limit, if applicable, as delegated / decided by the Board from time to time;
- g) Powers relating to issuance and allotment of Debentures:
 - i. To determine terms and conditions and number of debentures to be issued.
 - ii. Determining timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any and early redemption thereof.
 - iii. To approve and make changes to the Draft Prospectus, to approve the Final Prospectus, including any corrigendum, amendments supplements thereto, and the issue thereof.
 - iv. To approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilization of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, extension of Issue and/ or early closure of the Issue.

Corporate Governance Report (Contd.)

Attendance and Meeting

During the year under review, the Finance Committee of the Company met five (5) times i.e. on June 08, 2020, June 29, 2020, August 27, 2020, September 09, 2020 and December 04, 2020. The necessary quorum was present at the meetings.

The details of attendance of each member of the Committee are given below:

Name of the members	Designation	Executive/Non-Executive	No. of committee meetings held	Committee meeting attended
Mr. Prakarsh Gagdani	Chairman	Whole-Time Director & CEO	05	05
Mr. Santosh Jayaram*	Member	Whole-Time Director	05	05
Mr. Gourav Munjal	Member	Whole-Time Director & CFO	05	05

Note:

* Mr. Santosh Jayaram ceased to be Whole-Time Director w.e.f. February 28, 2021.

E. Risk Management Committee

The Risk Management Committee was constituted on April 20, 2021 and the Members of the Committee comprises of Dr. Archana Hingorani, Independent Director, as the Chairperson, Mr. Gourav Munjal, Whole-Time Director and Chief Financial Officer and Mr. Prakarsh Gagdani, Whole-Time Director and Chief Executive Officer as the Members.

Scope and Functions

The broad terms of reference of the Risk Management Committee are as under:

1. Reviewing risks including cyber security and evaluating the treatment including initiating mitigation actions;
2. To monitor and review the overall risk management plan of the Company including liquidity risk;
3. To ensure there is an embedded, robust process in place throughout the Company to identify, assess, mitigate and report business risks with clear lines of ownership;
4. Laying down the risk tolerance limits and Monitoring risk exposures at periodic intervals;
5. To drive and co-ordinate risk management process covering all areas of risk (including operational, strategic, financial, commercial, regulatory, reputational etc);
6. To ensure that the business risk strategy and management processes comply with applicable regulatory requirements and corporate governance principles;

7. To ensure that the business risk management principles and processes are widely understood across the Company through adequate induction, training and awareness programmes;
8. To periodically monitor and review Company's key business risks and risk mitigation plans, and advise the Board of business risks which could materially impact Company's delivery of its business plans, strategy, and reputation, if left untreated;
9. To monitor external developments in the business environment which may have an adverse impact on Company's risk profile, and make recommendations, as appropriate;
10. To sponsor specialist reviews of key risk areas as appropriate;
11. To report to the Board on key risks, risk management performance and the effectiveness of internal controls on periodical basis;
12. To constitute operating risk management committee and delegate such powers to it as may be deemed necessary;
13. Any other matter as may be mandated/ referred by the Authority/Board.

F. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted on April 20, 2021 and the Members of the Committee comprises of Mr. Milin Mehta, Independent Director, as the Chairman, Mr. Gourav Munjal, Whole-Time

Corporate Governance Report (Contd.)

Director and Chief Financial Officer and Mr. Prakarsh Gagdani, Whole-Time Director and Chief Executive Officer as the Members.

Scope and Functions

The broad terms of reference of the Corporate Social Responsibility Committee (CSR) are as under:

1. Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Act. The CSR policy of the Company may be accessed on the website of the Company i.e. <https://www.5paisa.com/investor-relations>.
2. Making recommendation on the amount of the expenditure to be incurred on CSR activities;
3. Instituting a transparent monitoring mechanism for implementation of the CSR activities to be undertaken by the Company; and

4. Such other functions as may be entrusted to it by the Board of Directors, from time to time.

6. PERIODIC REVIEW OF COMPLIANCES OF ALL APPLICABLE LAWS

Your Company follows a system whereby all the acts, rules and regulations applicable to your Company are identified and compliance with such acts, rules and regulations is monitored by dedicated team on a regular basis. Verification of the compliances with the major acts/regulations is carried out by suitable external auditors/lawyers/Consultants and their reports and implementation of their observations are reported to the Board/Audit Committee. In addition, the audit and verification plan and actual status thereof are reviewed by the Board/Audit Committee periodically. A consolidated compliance certificate based on the compliance status received in respect of various laws, rules and regulations applicable to your Company is placed before the Board on regular basis and reviewed by the Board. Necessary reports are also submitted to the various regulatory authorities as per the requirements from time to time.

7. GENERAL BODY MEETINGS

The following table gives the details of the last three Annual General Meetings (AGM) of the Company:

Date of AGM	Location	Time	Whether any special resolutions passed
June 29, 2020	Video Conferencing or Other Audio Visual Means (VC/OAVM)	11.00 a.m.	Yes. Two (2) Special Resolutions were passed.
September 30, 2019	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	4.00 p.m.	Yes. One (1) Special Resolution was passed.
July, 17, 2018	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	4.00 p.m.	Yes. Five (5) Special Resolutions were passed.

National Company Law Tribunal Convened Meeting:

During the year under review there was no meeting held as per the order of the National Company Law Tribunal.

Postal Ballot:

Details of resolutions passed through postal ballot during Financial Year 2020-21 and details of the voting pattern:

The following resolutions were passed through Postal Ballot (including electronic voting) as on October 05, 2020:

- a) Raising of Funds by Issuance of Securities through one or more modes:

Votes in favour of resolution	17769828
Votes against the resolution	20
Percentage of votes in favour of resolution	99.99

- b) Issue of Non-Convertible Debentures on Private Placement basis

Votes in favour of resolution	17769827
Votes against the resolution	21
Percentage of votes in favour of resolution	99.99

- c) To appoint Mr. Ravindra Garikipati as an Independent Director

Votes in favour of resolution	17769833
Votes against the resolution	15
Percentage of votes in favour of resolution	99.99

Corporate Governance Report (Contd.)

- d) To approve material related party transactions with IIFL Finance Limited

Votes in favour of resolution	4494481
Votes against the resolution	25
Percentage of votes in favour of resolution	99.99

- e) To approve material related party transactions with Samasta Microfinance Limited

Votes in favour of resolution	4494480
Votes against the resolution	26
Percentage of votes in favour of resolution	99.99

- f) To approve material related party transactions with IIFL Home Finance Limited

Votes in favour of resolution	4494481
Votes against the resolution	25
Percentage of votes in favour of resolution	99.99

The Board of Directors of the Company had appointed M/s. Nilesh Shah and Associates, Practicing Company Secretaries, Mumbai as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

8. DISCLOSURES

(i) Disclosure on materially significant related party transactions that may have potential conflict with the interest of company at large:

The Company has put in place a policy for Related Party Transactions (RPT Policy) which has been approved by the Board of Directors. The Policy provides for identification of RPTs, necessary approvals by the Audit Committee/ Board/Shareholders, reporting and disclosure requirements in compliance with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In line with the amended Listing Regulations, this Policy has been suitably amended.

All transactions executed by the Company during the financial year with related parties were on arm's length basis and in the ordinary course of business. All such Related Party Transactions were placed before the Audit Committee for approval, wherever applicable. The Company had not entered into any material contracts or arrangements or transactions under sub-section (1) of section 188 of the Act.

During the year under review, Shareholders approved the material Related Party Transactions which were considered material in accordance with Listing Regulations at the Annual General Meeting of the Company held on June 29, 2020 via Video Conferencing and via Postal Ballot on October 05, 2020. The policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website <https://www.5paisa.com/investor-relations>. You may refer to Note no. 33 to the financial statements which contains related party disclosures. No materially significant related party transactions have been entered into during FY 2020-21 having potential conflict of interest.

(ii) Details of non-compliance

No strictures/penalties were imposed on your Company by Stock Exchanges or by the Securities and Exchange Board of India or by any statutory authority on any matter related to the Securities markets during the financial year 2020-21 except as mentioned below:

1. With respect to NSE regular inspection conducted in February 2019 for the period 2018-19, a penalty of ₹ 1,60,000 was levied on 5paisa Capital Limited for the observations pertaining to non-settlement of client funds and securities, non-maintenance of register of securities in the prescribed format, co-mingling of collateral stocks and funded stocks made during the course of said inspection. The penalty in connection with the said observations has been paid by 5paisa Capital Limited.
2. A penalty of ₹ 2,00,000 was levied on 5paisa Capital Limited by NSE for non-upload of Client Funds & Securities Balances for the month of March 2019. The penalty in connection with the same has been paid by 5paisa Capital Limited.
3. A penalty of ₹ 80,000 was levied on 5paisa Capital Limited by BSE for delay in upload of holding statement for the month of December 2019. The penalty in connection with the same has been paid by 5paisa Capital Limited.
4. A penalty of ₹ 50,000 was levied on the company by NSE for release of advertisement without seeking approval of the Exchange. The penalty in connection with the same has been paid by 5paisa Capital Limited.

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5. A penalty of ₹ 3,600 was levied on the company by NSE and BSE for delay in submission of Half Yearly Networth Certificate.
6. A penalty of ₹ 1,500 was levied on the company by NSE for delay in submission of Weekly Client Fund Monitoring.
7. A penalty of ₹ 11,000 was levied on the company by BSE for non-compliances/ violations reported in Internal Audit Report submitted for the half year ended March 2020.
8. A penalty of ₹ 17,500 was levied on the company by MCX for non-compliances/ violations reported in Internal Audit Report submitted for the half year ended September 2020.

iii) Whistle Blower Policy/ Vigil Mechanism

In Compliance of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Policy also provides for adequate safeguard against victimization of Whistle Blower who avails of such mechanism and provides for the access to the Chairman of Audit Committee. None of the Whistle Blowers has been denied access to the Audit Committee.

iv) Compliance with Mandatory and Non-Mandatory Provision

Your Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations ("Listing Regulations"), 2015 to the extent applicable to the Company.

The status on the Compliance with the Non-mandatory recommendation in the Listing Regulations is as under

- The Internal Audit Report is submitted every quarter before the Audit Committee and even Internal Auditor is present during the Audit Committee meeting.
- The Company follows a robust process of communicating with the shareholders which has been explained earlier in the report under "Means of Communication"

v) Web link for policy for determining the material subsidiaries

The policy for determining the material subsidiaries as approved by the Board may be accessed on the Company's website <https://www.5paisa.com/investor-relations>.

vi) Disclosure of accounting treatment

There was no deviation in following the treatments prescribed in any of Accounting Standards (AS) in the preparation of the financial statements of your Company.

vii) The Board has accepted all the recommendations of the committees of the Board.

viii) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

Particulars	Amount (₹ In Million)
Audit Fees	1.04
Certification Expenses	0.00
Out Of Pocket Expenses	0.00
Total	1.04

ix) Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act, 2013)

- Number of complaints filed during the financial year- Nil
- Number of complaints disposed of during the financial year – Nil
- Number of complaints pending as on end of the financial year- Nil

x) Prevention of Insider Trading

In January 2015, SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 that came into effect from May 15, 2015. Pursuant thereof, the Company as a listed Company and market intermediary has formulated and adopted a code for prevention of Insider Trading including Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, incorporating the requirements in

Corporate Governance Report (Contd.)

accordance with the regulations, clarifications and circulars and the same are updated as and when required. In line with the recent amendments in SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has updated its Code for prevention of Insider Trading including Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and the same is effective from April 01, 2019 and also is updated as per changes in regulations from time to time.

xi) Confirmation of Independence

The Board does hereby confirm that in its opinion, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

xii) Details of Unclaimed shares of the Company

The Hon'ble National Company Law Tribunal, Mumbai bench had vide its order dated September 06, 2017 sanctioned the Scheme of Arrangement between IIFL Finance Limited (Formerly known as "IIFL Holdings Limited") ('Demerged Company') and 5paise Capital Limited, the ('Resulting Company') and their respective Shareholders ("the Scheme"). The Scheme with effect from October 01, 2016, inter alia, provided for Demerger of 5paise digital undertaking business from IIFL Finance Limited to 5paise Capital Limited.

Upon the Scheme coming into effect and in consideration of the transfer and vesting of the 5paise digital Undertaking into the Company, the equity shareholders of IIFL Finance Limited whose name appeared in the Register of Members on October 18, 2017 i.e. Record Date were allotted 1 (one) equity share in 5paise Capital Limited of ₹ 10/- each credited as fully paid-up for every 25 (Twenty Five) equity share of ₹ 2/- each fully paid-up held by such equity shareholder in IIFL Finance Limited, on October 20, 2017. Accordingly, 9,405 unclaimed shares in IIFL Finance Limited were also allotted 376 equity shares of the Company. Also pursuant to the Rights issue, the Rights entitlement on 376 equity shares have been kept in abeyance.

xiii) Details of unclaimed fractional shares entitlements

Pursuant to Scheme of Arrangement with respect to demerger of 5paise digital Undertaking of IIFL Finance Limited into 5paise Capital Limited. The Company allotted fresh 1,27,39,022 equity share of ₹ 10 each to the shareholders of IIFL Finance Limited in the ratio of 1 (One) fully

paid up New Equity Share of ₹ 10 (Rupees Ten) each of Company shall be issued and allotted for every 25 (Twenty Five) fully paid up equity shares of ₹ 2 (Rupees Two) each held in IIFL Finance Limited. Consequent to allotment of fresh equity shares, 12,707 equity shares arose as fractional entitlements to the fractional shareholders. Pursuant to the Scheme, the shares were deposited into the account of Mr. Prakarsh Gagdani- Whole-Time Director & Chief Executive Officer and the same were sold in the market on December 29, 2017. The amount realised thereunder was transferred to separate Bank account and were distributed to the fractional shareholder as the fractional entitlements. As on the March 31, 2021, ₹ 0.18 million is lying as the unclaimed fractional entitlements in the said bank account.

9. MEANS OF COMMUNICATION TO THE STAKEHOLDERS

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company www.5paise.com. The Annual Report, quarterly results, shareholding pattern, material events, corporate actions, copies of press releases, schedule of analysts/investor meets, among others, are regularly sent to Stock Exchanges and uploaded on the Company's website. Quarterly/Half Yearly/Annual Financial Results are regularly submitted to the Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors have approved a policy for determining materiality of events for the purpose of making disclosure to the Stock Exchange. The Chief Executive Officer, Compliance Officer, Chief Financial Officer and the Company Secretary of the Company are empowered to decide on the materiality of the information for the purpose of making disclosure to the Stock Exchanges.

All the disclosures made to the Stock Exchanges are also available on the Company's website <https://www.5paise.com/investor-relations>.

The quarterly, half yearly and annual results of your Company are normally published in the Free Press Journal and Navshakti which are widely circulated. Your Company also regularly makes presentation to the analyst in their meetings held from time to time, transcripts of which are uploaded on your Company's website. The schedule of analyst meets/Institutional Investors meets are also informed to the public through the Stock Exchanges.

10. GENERAL SHAREHOLDERS' INFORMATION

1. Annual General Meeting	Friday, June 11, 2021 via Video Conferencing
2. Financial calendar (2021-22)	April 1, 2021 to March 31, 2022 Results for the quarter ended June 30, 2021 – within 45 days from the end of the quarter Results for the quarter ended September 30, 2021 – within 45 days from the end of the quarter Results for the quarter ended December 31, 2021 – within 45 days from the end of the quarter Results for the quarter and year ended March 31, 2022 – within 60 days from the end of the quarter
3. Book closure date	Saturday, June 05, 2021 to Friday, June 11, 2021 (both day inclusive)
4. Dividend	During the year under review, your Company has not paid any dividend. The Board of Directors does not propose any dividend at ensuing Annual General Meeting.
5. Listing of equity shares on stock exchanges at	<p>1. National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai-400 051</p> <p>2. BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400001</p> <p>The Listing Fees for the FY 2020-2021 has been paid timely to the aforesaid Stock Exchanges.</p>
6. Stock code	National Stock Exchange of India Limited – 5PAISA BSE Limited – 540776

7. **Stock market data**
Table below gives the monthly high and low quotations of shares traded at BSE Limited and the National Stock Exchange of India Limited for the financial year 2020-2021. The chart below plots the monthly closing price of 5paisa Capital Limited versus the BSE - Sensex and NSE - S&P CNX Nifty for the year ended March 31, 2021.

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April, 2020	176.00	105.55	11,331	175.00	103.00	208,547
May, 2020	191.00	140.15	9,100	177.00	131.95	340,994
June, 2020	260.45	159.10	75,249	263.25	152.80	968,058
July, 2020	467.40	210.00	169,245	465.00	202.00	1,384,438
August, 2020	393.75	315.00	107,322	395.00	316.05	512,058
September, 2020	414.10	327.20	34,184	414.00	330.05	282,632
October, 2020	383.00	320.00	44,366	375.00	307.05	334,765
November, 2020	359.10	306.00	138,878	360.35	303.60	260,096
December, 2020	360.00	263.05	69,857	372.00	264.35	423,431
January, 2021	389.00	260.00	193,299	387.75	260.10	1,296,449
February, 2021	289.60	237.60	180,800	289.40	237.70	804,918
March, 2021	290.00	241.00	38,239	290.75	235.65	660,921

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8.	Demat ISIN numbers in NSDL and CDSL for equity shares	INE618L01018
9.	Registrar & Transfer Agent	Link Intime India Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai -400083. Tel: 022-49186000 Email: rnt.helpdesk@linkintime.co.in
10.	Share transfer system	Your Company's shares are compulsorily traded in dematerialized form. In the case of transfers in physical form, which are lodged at the Registrar and Transfer Agent's Office, these are processed within a period of 30 days from the date of receipt. All share transfers and other share related issues are approved in the Stakeholders Relationship Committee Meeting, which is normally convened as and when required.
11.	Dematerialization of shares	As on March 31, 2021, 99.95% of the paid-up share capital of the Company was in dematerialized form. Trading in equity shares of the Company is permitted only in dematerialized form through CDSL and NSDL as per notifications issued by the Securities and Exchange Board of India.
13.	Correspondence for dematerialization, transfer of shares, non –receipt of dividend on shares and any other query relating to the shares of the Company	Link Intime Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai- 400083. Contact Person: Ms. Sharmila Amin Tel: 022-49186000
14.	Any query on Annual Report contact at Registered Office	Mrs. Namita Godbole, Company Secretary and Compliance Officer IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, Thane Industrial Estate, Wagle Estate, Thane – 400604 Email: csteam@5paisa.com
15.	Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs/ADRs/Warrants as on date. The Company has outstanding unexercised ESOPs of 765,750 stock options as on March 31, 2021 under its ESOP plans which may be exercised by the grantees as per the vesting Period. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase.

11. SHAREHOLDING PATTERN

Categories of Equity Shareholders as on March 31, 2021:

Sr. No	Category	Number of equity shares held	Percentage of holding
1.	Promoters & Promoters Group	8,810,698	34.53
2.	Indian Public & others	4,256,513	16.68
3.	Corporate Bodies	7,207,725	28.25
4.	Mutual Funds/Financial Institutions/Banks/Foreign Institutional Investors	4,453,561	17.45
5.	NRIs/OCBs/Foreign Nationals	787,331	3.09
6.	NBFCs registered with RBI	NIL	0.00
Grand Total		25,515,918	100

Corporate Governance Report (Contd.)

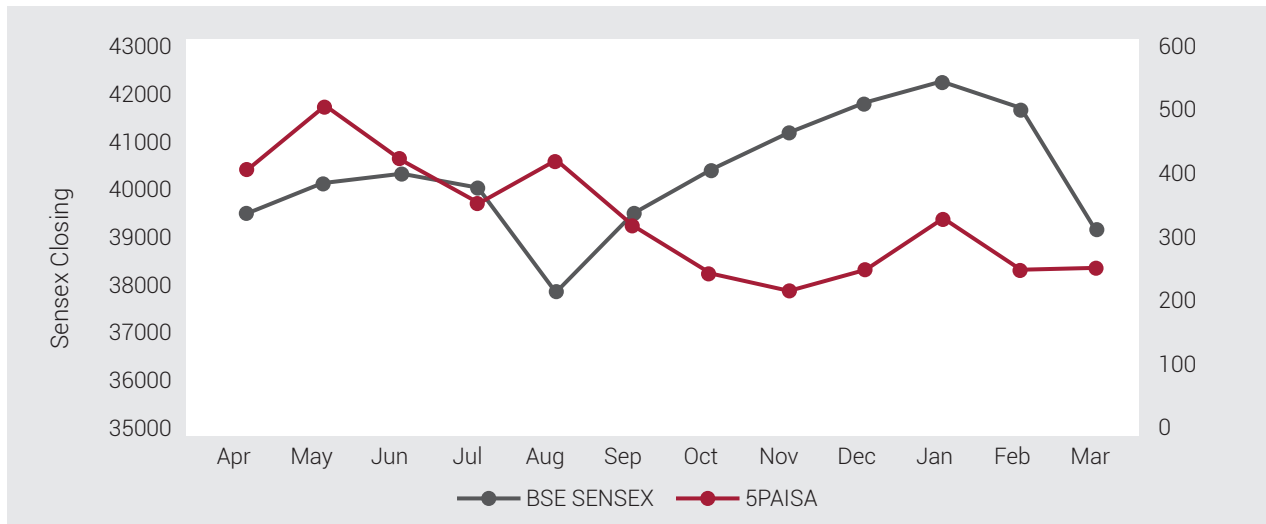
12. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021

The distribution of shareholders as on March 31, 2021 is as follows:

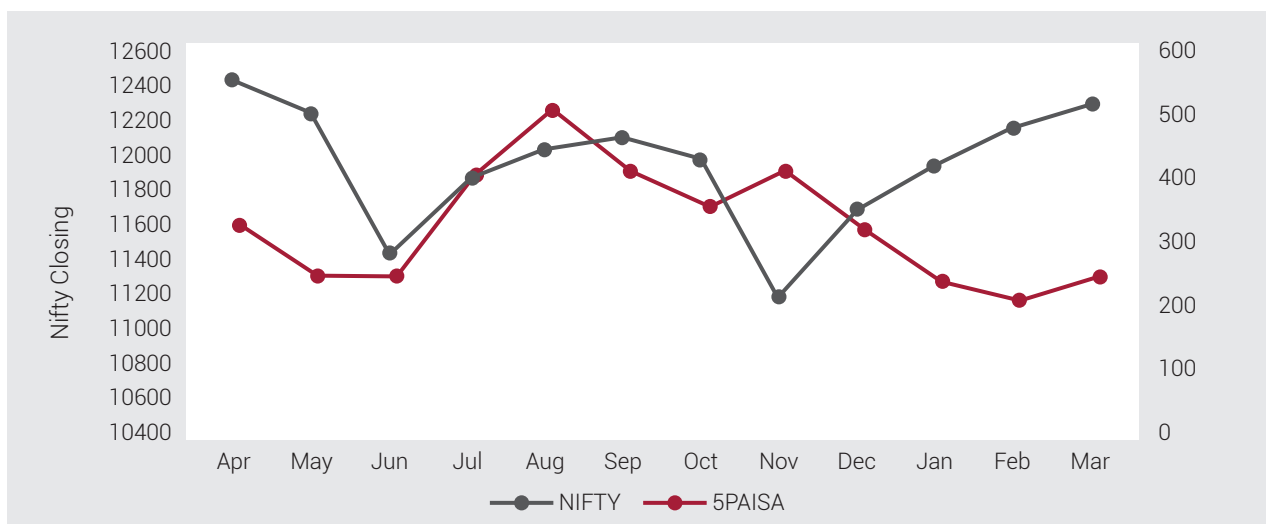
Sr. No	Shares Range	Number of Shareholders	% of total shareholders	total shares for the range	% of issued capital
1	1 to 500	15,376	96.0640	514,513	2.0164
2	501 to 1000	259	1.6181	198,047	0.7762
3	1001 to 2000	146	0.9122	218,083	0.8547
4	2001 to 3000	58	0.3624	146,118	0.5727
5	3001 to 4000	27	0.1687	97,455	0.3819
6	4001 to 5000	22	0.1374	99,179	0.3887
7	5001 to 10000	44	0.2749	316,823	1.2417
8	10001 and more	74	0.4623	23,925,700	93.7677
Total		16,006	100.0000	25,515,918	100.0000

13. PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE SENSEX AND NSE S&P CNX NIFTY

5paisa Capital Limited share price versus the BSE Sensex



5paisa Capital Limited share price versus the NSE S&P CNX Nifty



Corporate Governance Report (Contd.)

14. PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES AND PREFERENTIAL ISSUE, AMONG OTHERS

The paid up Equity Share Capital of the company as on March 31, 2021 was ₹ 255,159,180/- divided into 25,515,918 equity shares of ₹ 10/- each pursuant to issue of 38,250 equity shares of ₹ 10 each under 5paisa Capital Limited Employee Stock Option Scheme 2017.

15. SUBSIDIARY COMPANIES

During the year under review the Company had three (3) Wholly Owned subsidiaries namely 5paisa Insurance Brokers Limited, 5paisa P2P Limited and 5paisa Trading Limited.

1. 5paisa Insurance Brokers Limited

The Company incorporated 5paisa Insurance Brokers Limited on October 27, 2018. The Company has filed an application for registration as Insurance Broker with Insurance Regulatory and Development Authority and the approval for the same is awaited. On receipt of the approval, 5paisa Insurance Brokers Limited will commence the operations.

2. 5paisa P2P Limited

During the year under review, the company commenced its operations as P2P NBFC however given the COVID situation, the lending and borrowing activities on the said platform were carried out conservatively. The company is however in the process of building necessary infrastructure and recruiting experienced personnel and suitable products so that as soon as the COVID situation is eased, the company can commence its lending and borrowing activities aggressively thereafter.

3. 5paisa Trading Limited

During the year under review, the Company was in the process of putting the systems in place for commencement of business. Once done, the company will commence the business of e-commerce.

Your Company has a system of placing the minutes of the Board/Audit Committee and statements of

all the significant transactions/developments of the unlisted subsidiary company at the Meeting of Board of Directors of Holding Company.

The policy for determining 'material' subsidiaries as approved by the Board may be accessed on the website of the Company i.e. www.5paisa.com.

16. CEO/CFO CERTIFICATE

The Certificate required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly signed by the CEO and CFO was submitted to the Board and the same is annexed to this Report.

17. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Practising Company Secretaries as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that none of the Directors on Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The certificate would be made available during the Annual General Meeting for inspection by members.

18. CODE OF CONDUCT

The confirmation from the Chief Executive Officer regarding compliance with the code by all the Board Members and Senior Management forms part of the Report. The Code of Conduct is displayed on the website of the Company at www.5paisa.com.

For and on behalf of the Board

Prakarsh Gagdani
Whole-Time Director &
Chief Executive Officer
DIN: 07376258

Gourav Munjal
Whole-Time Director &
Chief Financial Officer
DIN: 06360031

Date: April 20, 2021

Place: Mumbai

Corporate Governance Report (Contd.)

ANNEXURE

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors
5paisa Capital Limited

We Certify that;

- (a) We have reviewed the financial statements and the cash flow statement of 5paisa Capital Limited for the year ended March 31, 2021 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (a) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (b) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any deficiencies in the design or operation of such internal controls.
- (c) We have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in internal control during the year;
 - (ii) that there are no significant changes in accounting policies during the year;
 - (iii) that there are no instances of significant fraud of which we have become aware.

Prakarsh Gagdani
Whole-Time Director &
Chief Executive Officer
DIN: 07376258

Gourav Munjal
Whole-Time Director &
Chief Financial Officer
DIN: 06360031

Date: April 20, 2021
Place: Mumbai

Corporate Governance Report (Contd.)

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its board members and the senior management and the same is available on the Company's website. I confirm that the Company has in respect of financial year ended March 31, 2021, received from the senior management personnel of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For **5paisa Capital Limited**

Prakarsh Gagdani
Whole-Time Director &
Chief Executive Officer
DIN: 07376258

Place: Mumbai
Date: April 20, 2021

Corporate Governance Report (Contd.)

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
5paisa Capital Limited
Mumbai

We have examined the compliance of conditions of Corporate governance by, 5paisa Capital Limited (the "Company") for the year ended on March 31, 2021, as per the regulation 17 to 27, clause (b) to (i) of sub-regulation (2) of regulation 46 and pare C,D and E of schedule V of chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

The compliance of conditions of corporate Governance is the responsibility of Management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clauses. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the management, as above, we certify that the Company has complied with, in all material respect, the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

Place: Mumbai
Date: April 20, 2021

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

G Sankar
Partner
(Membership No. 46050)
UDIN: 21046050AAAADN5672

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Management Discussion and Analysis

INDIAN ECONOMY OVERVIEW

The Indian economy contracted by 8.0% in FY 2020-21 as against 4.0% growth recorded in FY 2019-20, marking a recession for the first time since 1980 as per the IMF World Economic Outlook in April 2021. Overall economic slowdown, led by the COVID-19 onset followed by stringent lockdowns severely impacted economic activity, bringing manufacturing and trading activities to a halt. Prolonged lockdown exacerbated existing vulnerabilities of the country including the weakened financial sector, private investments, and consumption demand.

The Government announced a special comprehensive package of ₹ 20 trillion, equivalent to 10% of India's GDP under the 'Self-Reliant India' movement to revive the country's economic activity. To promote greater participation by FPIs (Foreign Portfolio Investment), the Government proposes to increase the investment limit for FPI to 15% (currently 9%) of the outstanding stock of corporate bonds. The Government also offered certain specified categories of investment in Government securities to be fully opened for NR (Non-Resident) investors.

Key policy announcements of the Union Budget 2020-21 include:

- A new Debt-ETF (Exchange Traded Fund) consisting primarily of Government securities to be floated, given its recent experience of floating debt-based ETF.
- It proposed to exempt the stamp duty chargeable in respect of the instruments of transaction in stock exchanges and depositories established in any IFSC. This amendment is proposed to attract foreign investors to invest in Indian companies through IFSC and to provide an operational tool to the Central Government, including SEBI and RBI, for effective implementation. The amendment shall be effective from April 1, 2020.
- Liquidity measures to banking and financial institutions and micro, small, and medium enterprises (MSMEs) to boost credit growth.
- To improve overall transport infrastructure such as railways, inland waterways, roads, highways and airports and provide an impetus to connectivity while bridging the gap between remote and urban areas.
- Collateral-free loan for businesses.

As per the FY 2020-21 Budget, fiscal deficit is expected to be 3.8% of GDP in FY 2019-20 and 3.5% in FY 2020-21. This is higher than the 3.3% and 3% envisaged for FY 2019-20 and FY 2020-21, respectively, in the FY 2020-21 Budget.

The Reserve Bank of India (RBI) continued with the accommodative monetary stance by bringing the key repo

rate and reverse repo rate to 4% and 3.35% respectively to provide monetary stimulus and trigger economic growth back to the earlier trajectory.

The fiscal and monetary stimulus provided by the Government and RBI would assist greatly in the recovery of the economy from the challenges posed in early FY 2020-21. The Government's thrust on reviving the manufacturing and infrastructure sector, and the country's increasing prominence in the global supply chain will augur well for the Company. Further, the roll-out of the vaccination drive has commenced in India. However, the second wave of COVID-19 in April 2021 is seen as posing risks to economic recovery, with Care Ratings revising its forecast for GDP growth to 10.2% in FY 2021-22 from an earlier projection of 10.7-10.9%.

FINANCIAL SERVICES INDUSTRY

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises:

1. Commercial banks
2. Insurance companies
3. Non-banking financial companies
4. Co-operatives, pension funds
5. Mutual funds and
6. Other smaller financial entities

The Government has initiated various policies and schemes that are favourable for the growth of the financial service sector. The Government and RBI combined have launched the Credit Guarantee Fund Scheme for MSMEs by issuing guideline to banks regarding collateral requirements. It also introduced measures for setting up a Micro Units Development and Refinance Agency (MUDRA). The Government has also eased the Initial Public Offer (IPO) process to allow Qualified Foreign Investors (QFI) to access Indian Bond markets. The Government in the current budget increased FDI limit in insurance to 74% from 49%. The hike in the FDI limit in the insurance sector will boost insurers to raise additional funds and tide over the financial problems. The relaxation of foreign investment rules has witnessed a positive response from the insurance sector, with a large number of companies announcing plans to increase their stakes in joint ventures with Indian companies.

Rising incomes are driving the demand for financial services across income brackets. This change will come from economic and government policies, from innovation, operational restructuring, technology and from continued growth of the shadow banking system. With a combined

Management Discussion and Analysis (Contd.)

push by Government and private sector, India's future seems to be vibrant in capital markets. India is expected to be the fourth largest private wealth market globally by 2028.

(Source: The Global Wealth Migration Review 2019, published by Afrasia Bank and research organisation New World Wealth).

Growth Drivers of Indian Financial Services Industry

Growing Demand

- Financial services across income group is driven by rising income
- Indian Insurance sector may witness a growth by USD 1 trillion by 2025
- India's large and increasingly affluent millennial generation provides considerable growth opportunity for the financial services businesses in the country

Innovation

- Emerging digital gold investment options
- Govt. measures to make a ₹ 60,000 million (USD 815 million) equity investment in the debt platform of the National Investment and Infrastructure Fund (NIIF) for infra debt financing

Policy Support

- International Financial Services Centres Authority (Banking) Regulations, 2020 will play a pivotal role in helping the sector to grow

Growing Penetration

- There is a growing penetration for credit, insurance and investment in rural areas
- Larger participation by HNWI is observed in wealth management

(Source: Indian Brand Equity Organisation)

DIGITISATION OF FINANCE INDUSTRY

The rise of Fintech companies and solutions over the years has led to a completely new and transformed financial services platform. India's Fintech industry has over 2,100 Fintechs of which 67% was elevated in the last 5 years making an estimated valuation of around USD 50-60 million. (Source: Boston Consulting Group and FICCI). Larger corporations are increasingly recognising the need for software solutions and are turning to fintech to increase and improve their financial service offerings. Fintech is also finding its way into applying for mortgages and even purchasing insurance, thereby giving consumers a lot of new options. The rise of Fintech has significantly helped in growing India's wealth through automation, data science and artificial intelligence. These platforms not only offer end-to-end guidance but also resolve queries and promote financial literacy.

The Financial Services industry in India is evolving rapidly. Digitisation has helped in tapping a worldwide database of customers, thereby making way for various opportunities. Open banking has enabled systems to quickly and seamlessly integrate with new platforms and applications. Physical banks and paper systems are quickly being replaced by robust networked digital ecosystems.

The Government is playing a pivotal role in promoting digitisation of financial systems and reducing cash transactions in the economy. It has helped in changing consumer focus towards digital alternatives for financial

transactions and services. Various government initiatives, such as Jan Dhan Yojana which is enabling bank accounts for all, has helped to considerably improve rural access to financial markets. The advent of UPI and Aadhaar has given an edge to the functioning of Fintech companies in enhancing financial inclusions. These developments, together with affirmative investor sentiments, augur well for the continued growth of the Indian Financial Services industry. India's financial technology companies are in the process of becoming three times as valuable in the next five years, reaching a valuation of USD 150-160 billion by 2025, according to the Boston Consulting Group (BCG) and FICCI report.

OVERVIEW OF CAPITAL MARKETS

Capital markets play a crucial role in the economic development of a country. They provide the financial resources required for the long-term sustainable development of the economy. Capital markets are therefore considered an important element as it enables higher productivity growth, higher real-wage growth, greater employment opportunities and greater macroeconomic stability.

The spread of COVID-19 has led to volatility in markets. Debt mutual funds, gilt funds, banking & PSU funds have been showing negative return unlike prior to COVID-19 where the growth seemed promising.

The current Budget is drawn with the focus to improve on the Government spending in the areas affected by

Management Discussion and Analysis (Contd.)

COVID-19. Its guidelines on seamless and paperless customer on-boarding procedures have played a big role in retail participation in the capital market.

STOCK BROKING SECTOR

The Indian brokerage sector can be classified in terms of:

1. Nature of brokerage service
2. Type of parent company
3. Business diversification

Market Structure of the Indian Brokerage Sector

Full Services Brokerage:	Discount Brokerage
<ol style="list-style-type: none"> 1. With Bank as a Parent Company 2. Other Full Services Brokerage <p>Offering a wide range of services like offline and online trading, demat accounts, investment advisory and other customised services.</p> <p>Also provides research reports, relationship manager for personalised services, portfolio management services, insurance, etc.</p>	<p>Offering services at low and fixed brokerage fees, irrespective of size of order and provide such services via on online platform.</p>

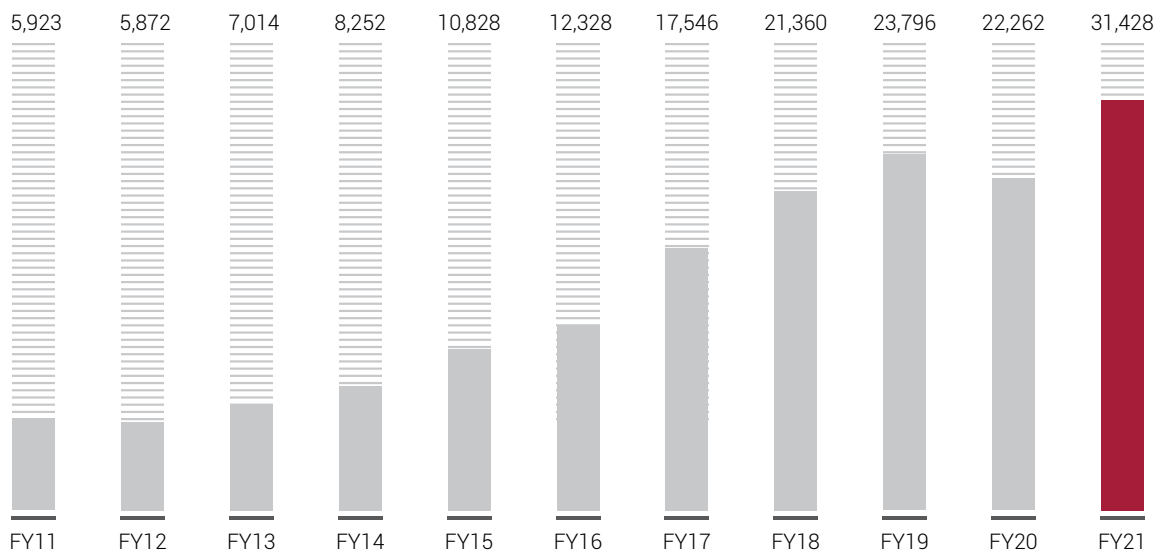
The trading turnover is expected to largely depend on investors' cautiousness and market corrections on account of COVID-19. Together, this would have a significant impact on the industry revenue in the present year. Brokerage Companies are expected to have a marginal reduction in revenue and profitability across business on the account of COVID-19. The outlook of this sector is contingent upon various Government reforms and policies and also investor sentiments.

(Source: <https://www.indiainfo.com/company/india-info-dist/management-discussions/26658>)

MUTUAL FUND INDUSTRY

The Mutual Fund Industry has been evolving over the years. Traditionally, the primary contributor to AUM has been corporate, but the retail segment emerged as the fastest growing segment in terms of contribution to AUM growth. The domestic mutual fund industry's assets under management (AUM) lowered 1% in the month of March owing to the net outflows from open-ended debt funds. The cumulative inflows in FY 2020-21 equalled ₹ 2,090 billion while the asset base expanded to 41%. As per CRISIL, open-ended equity funds, on the contrary, recorded net inflows for the first time since June 2020. The last month of FY 2020-21 saw net outflows of ₹ 297 billion and the industry's asset base settled at ₹ 31,428 billion, marking the record high of ₹ 31,640 billion the month before. The open-ended debt fund category saw net outflows of ₹ 525 billion in March 2021, the highest net outflow seen since ₹ 1,950 billion in March 2020. At an aggregate level, open-ended debt funds' AUM ended 3% lower on-month at ₹ 13,280 billion. In FY 2020-21, the category's AUM advanced 29% or by ₹ 2,990 billion.

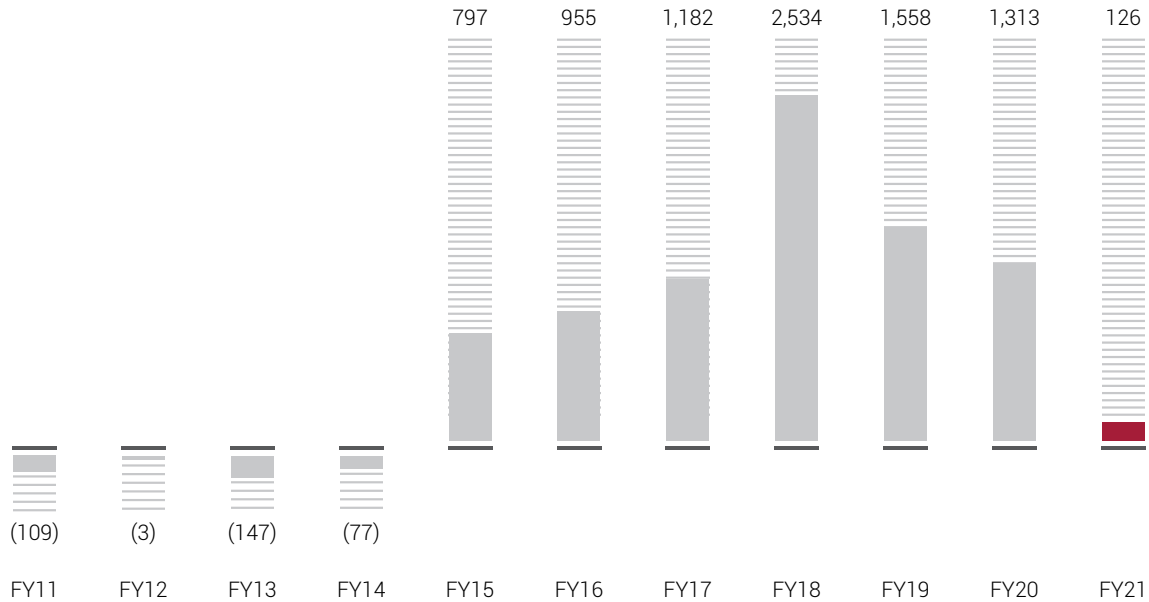
AUM (₹ Bn)



Management Discussion and Analysis (Contd.)

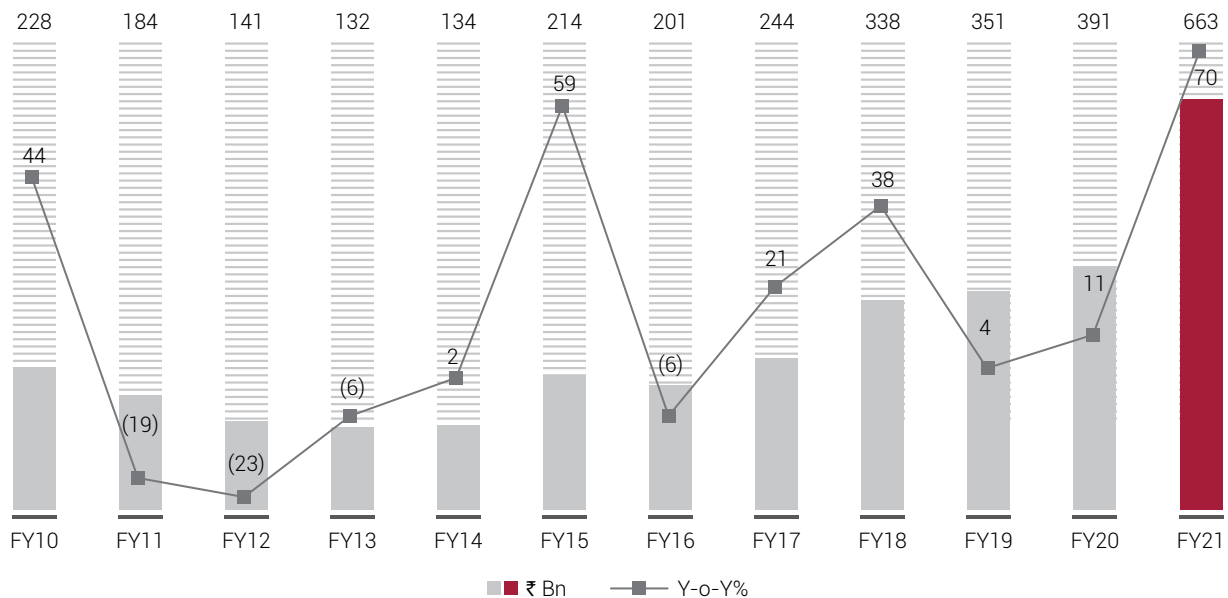
There has been a significant decline in mutual fund equity collection to ₹ 126 billion for FY 2020-21 from ₹ 1,313 billion for FY 2019-20 owing to the volatile markets and the negative returns on SIPs in equity mutual funds.

Net Mutual Fund Equity Collections (₹ Bn)



However, the annual average cash market turnover witnessed a spike from ₹ 391 billion in FY 2019-20 to ₹ 663 billion in FY 2020-21 due to strong buying figure from FIIs, positive global setup, a decline in volatility, short covering move, higher market value and base with momentum in many heavyweights as well mid-cap counters.

Annual Average Cash Market Turnover (₹ Bn)



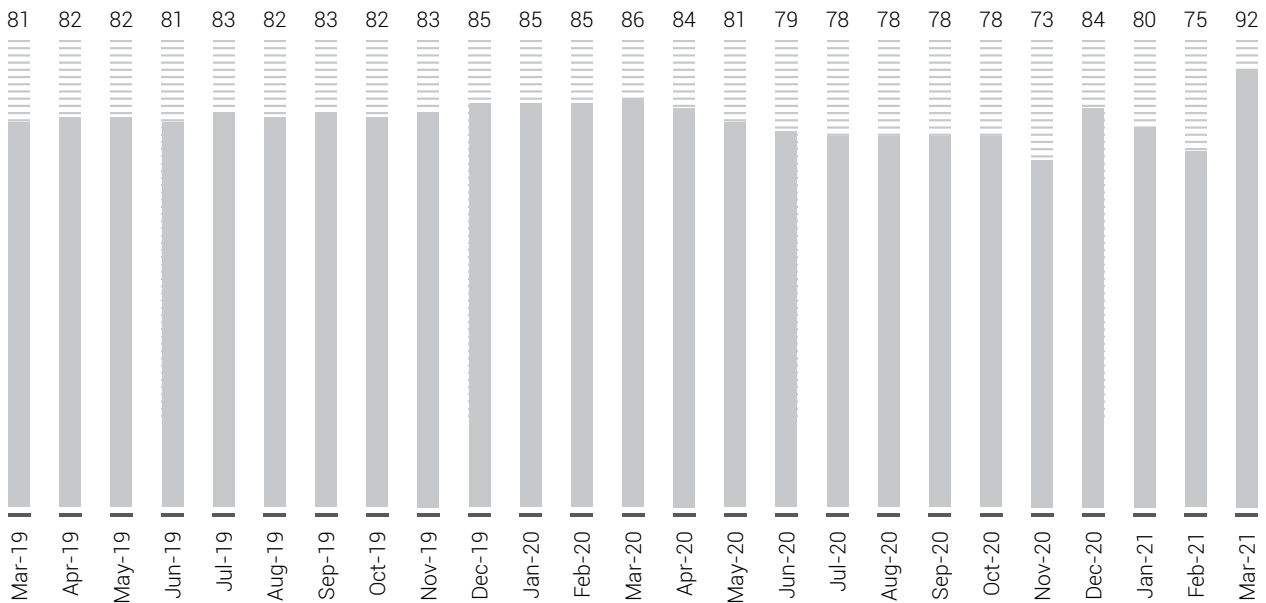
Sources: Bloomberg, IIFL Research

Note: FY21 data updated up to Feb-21.

Management Discussion and Analysis (Contd.)

The rupee cost averaging has helped SIP to gain momentum among Indian MF investors. Investing via a SIP is a disciplined way of managing funds by hedging oneself by buying a greater number of units during a slump and a smaller number of units in a booming market, and as a result, it would decrease the cost per unit in the long run. The SIP contribution has shown growth of 6% y-o-y as on March 2021 from contribution of ₹ 86 billion to ₹ 92 billion.

SIP Contribution (₹ Bn)



DISCOUNT BROKERAGE INDUSTRY

The functions of the financial market, including stock broking has witnessed a radical change after digitisation and has paved the way for new clients. Unlike traditional brokers, the role of discount brokers is mainly limited to providing an online trading platform to customers.

The growing surge in smartphone users along with increasing internet penetration has made it convenient for discount brokers to capitalise on the market opportunities and enable customers trade online at almost zero cost. This number is expected to rise by 820 million by 2022 according to the Economic Times Study.

Another key factor driving the growth of the discount brokerage industry is India's demographic profile. India has the largest working-age population with millennials (those with a median age of 18 to 35) accounting for 36% of the population and projected to be 50% of its workforce by 2025. Millennials, who are more tech savvy and price conscious, have favoured discount brokers over traditional brokers because of the former's simplicity and fast-paced nature of services. Discount brokerage charges are usually close to nil which has attracted investors.

(Source: Morgan Stanley)

Besides low brokerage, independent advisory services, offering informative content free of cost further gives an edge to the discount brokers. Discount brokers provide unrestricted access to information on their website and applications, which attracts large customers. Moreover, discount brokerages have no vested interest in buying or selling a stock; that gives customers more confidence on their unbiased services. First-time investors are also more inclined towards the discount broker services as it provides customisation.

GOING FORWARD

The nature of interaction of stockbrokers with potential investors has undergone a massive change over the years. While traditional or full-service brokers have always enjoyed a dominant presence and preference among investors, a demographic shift towards technology has given rise to a new breed of stockbrokers, known as discount brokers. Unlike a traditional broker, a discount broker's services are limited and restricted primarily to providing a trading platform.

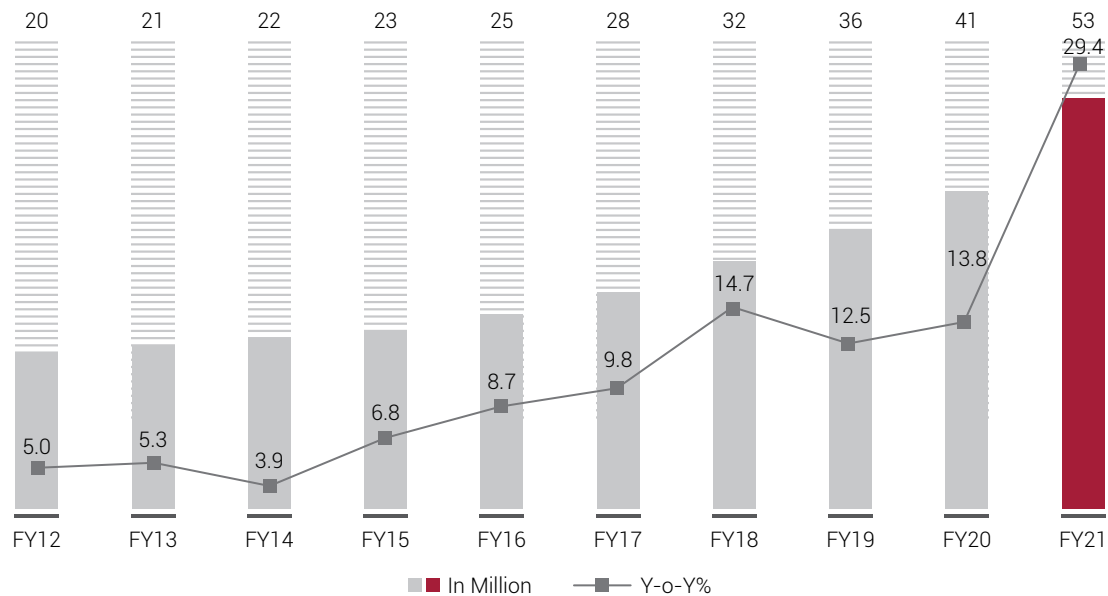
A tectonic shift in investor patterns with respect to participation in the market, has given a boost to discount brokerage services in India. However, internet penetration coupled with smartphones has made it easier for investors to cash in on a market opportunity by placing trade orders on platforms offered by discount brokers.

Management Discussion and Analysis (Contd.)

Indian investors have always been price conscious. The emergence of discount brokers offering low brokerage on a per-order basis has led to a shift in the market share of active customers.

The integration of technology has brought in much-needed efficiency into a discount broker's day-to-day operation. Right from seamless account opening process to automated integration of processes has made life easier for an investor. The demographic shift towards technology augurs well for discount brokers in India.

Growth in Demat Accounts



Sources: SEBI, NSDL, CDSL, IIFL Research

Note: Data for NSDL updated as on 31st Jan and CDSL updated as on 28th Feb.

In January 2021 alone, 1.7 million new demat accounts were added marking it to be the highest monthly increase. As of January 2021, India's total demat accounts stood at 53 million, compared to 41 million at the end of FY 2019-20. There was a surge in retail participation in the stock market after people were forced to stay home since the outbreak of the coronavirus pandemic.

OPPORTUNITY

While the economy has been reeling under the pressure of the COVID-19 pandemic and nationwide lockdowns, the trading volumes in the domestic capital markets have been on an upward trajectory. During the lockdown, an increasing number of people turned to trading on online brokerage platforms. A shift to a complete online process of customer enrolment and onboarding helped support the new account openings as operations are carried on smoothly despite the restrictions placed by the pandemic.

The growing awareness among investors, increased financial literacy, and the burgeoning proportion of millennials point to a promising future for the discount brokerage industry. In the coming years, the demand for discount brokerage

services is expected to grow stronger due to the increasing participation of millennials. It is a lucrative platform for the organic investors. Customer increment is expected mainly from tier 2 and 3 cities with the rising internet penetration. New customers are more sensitive towards the cost and also conduct a thorough research before commencing the trade. A shift from traditional instruments of savings to financialisation of savings is also a great opening for the capital market participants. The increased thrust on digitalisation in the economy, with projects like 'Digital India', will further provide a growth catalyst for the demand and consumption of discount brokerage services.

THREATS

Threats to cyber security, regulatory overhauls and data privacy are potential threats to the financial services sector.

A relatively new entrant, discount brokers, have made exciting inroads in the Indian brokerage sector. However, initial gains and price advantages are no longer available to them because of new entrants and rising competition. Further, the traditional full-service brokerages are now price competitive and have subscription plans and digital investment options.

Management Discussion and Analysis (Contd.)

To compete with full-service firms and build customer loyalty, discount brokers have to provide multiple asset classes and ensure robust technology platforms for seamless and superior order execution.

Changes in regulations and policies also poses threats to discount brokers. Discount brokers run on a strictly controlled cost which is one of their major advantages in keeping a check on operational cost. Sudden change in regulatory norms may bring upon rise in operating costs thereby bringing operational challenges.

Also, the increasing risk of a second wave of the deadly virus across the globe and a cautious trade by global investors ahead of the US Federal Reserve meet outcome continued to weigh on markets by creating huge volatility.

COMPANY OVERVIEW

Incorporated in 2007, 5paisa Capital Limited (hereafter referred to as the Company) is a technology-driven financial service company having mainly an online presence. It provides financial products through online platforms and mobile applications. It is registered with SEBI as a stock broker, depository participant and research analyst, and with AMFI as a mutual fund distributor. It mainly targets retail investors and high-volume traders who actively deal in securities market and seek DIY (Do-it-yourself) services at a low cost. The Company's robust technology platform and advanced mobile applications, artificial intelligence powered Robo Advisory platform, and paperless account opening platform are some of the examples of its technological superiority. These innovative services and solutions, based on evolving customer preferences, give it a major advantage in the industry it operates in.

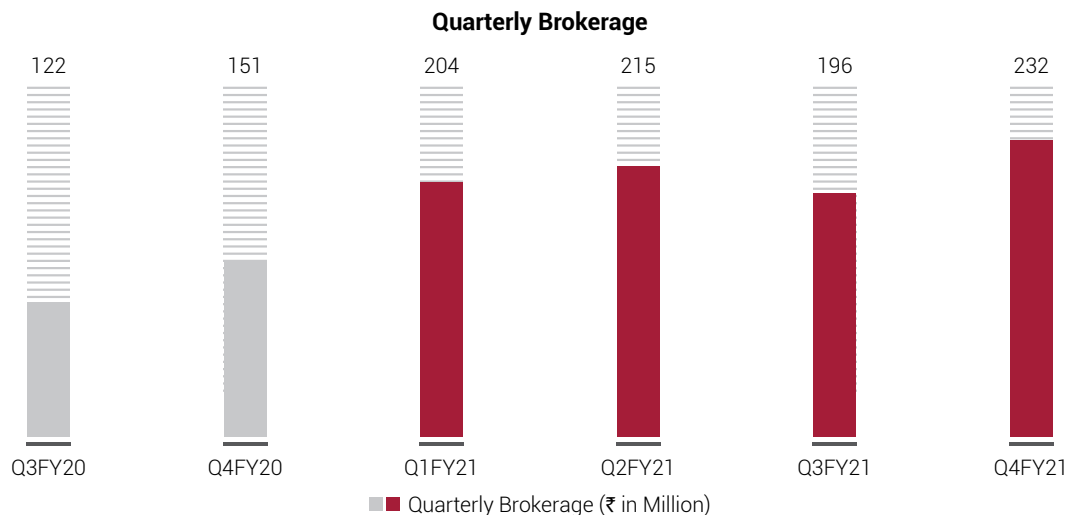
Product Offerings						
Broking	Cash	Derivative				
Mutual Funds	Direct Funds	SIP	Robo Advisory			
Research	Swing Trader	Smart Investor	Smallcase	Sensibull	Screeners	Portfolio Analyser
Insurance	Health	Term				
Algo Trading						
Commodities						
Personal Loans						
Digital Gold						
P2P Lending						

FINANCIAL PERFORMANCE

Revenues have seen strong and sustained growth of 80% y-o-y to ₹ 1,946 million in FY 2020-21. Total Comprehensive Income (TCI) stood at ₹ 147 million for the year, up 282% y-o-y. Our sustained efforts on focussing on growth backed by revenues and cost efficiency has helped us to report full year profits in 5th year of operations.

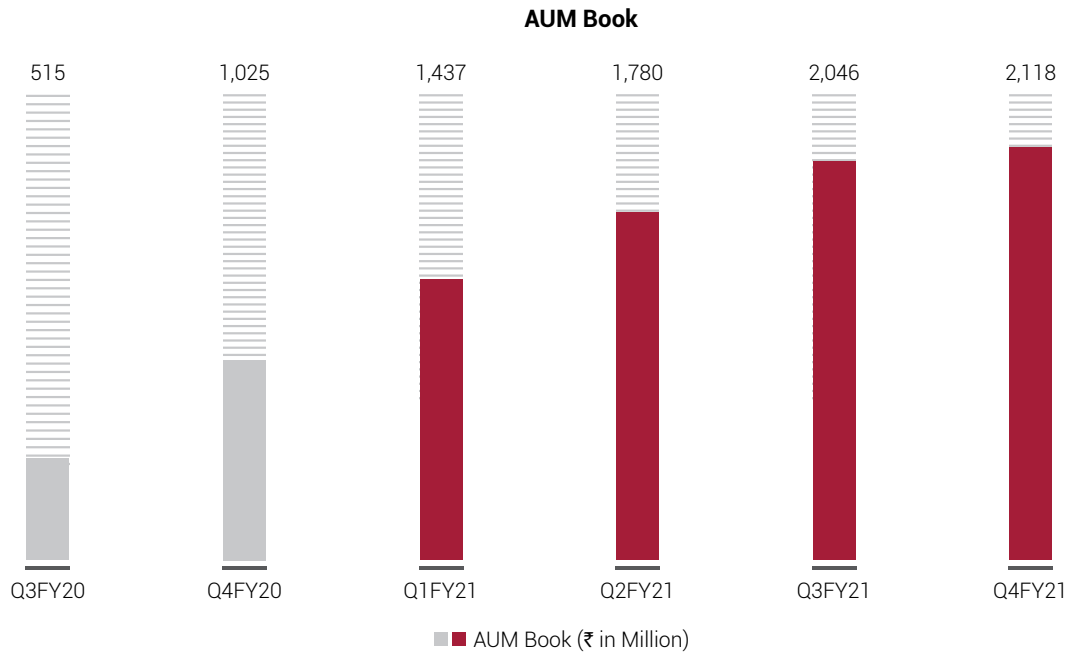
The retail market share was 5.08% for cash and 3.01% for FnO for Q4FY21. The 5paisa Mobile app had about 6,990,000 downloads till date with a 4.0+ Star rating on Play Store. The Company on-boarded more than 811,000 new clients in FY21, taking the total number of registered customers to 1,353,330 and 83% were organic clients from Tier II/III cities.

The quarterly brokerage stood at ₹ 232 million. This is an increase of 18% q-o-q.



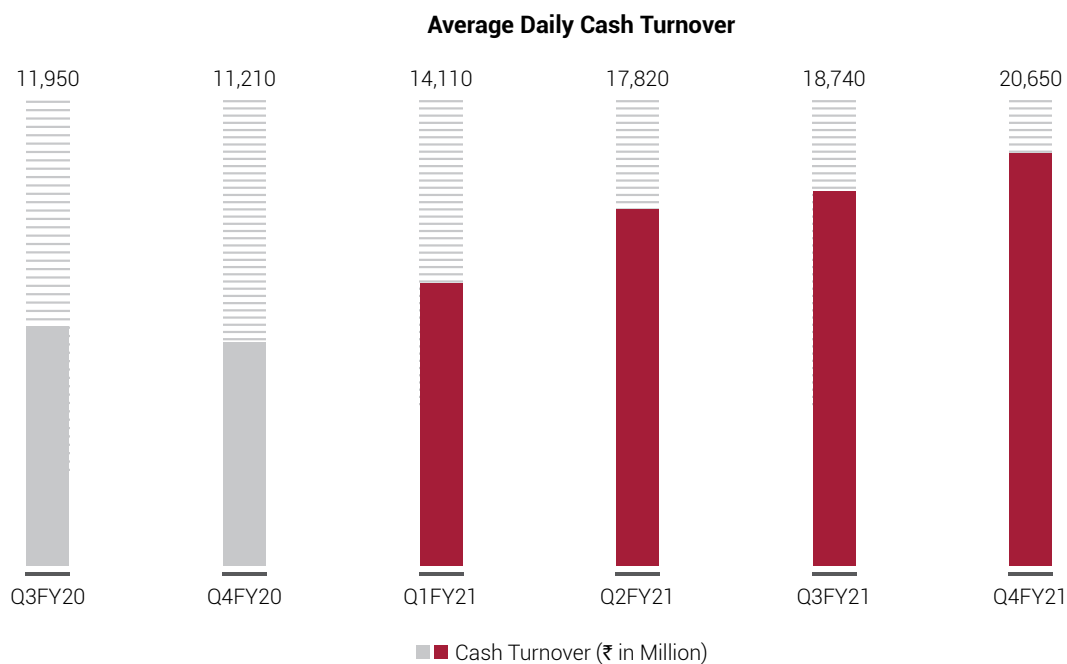
Management Discussion and Analysis (Contd.)

The AUM Book registered a growth by 2.06 times to ₹ 2,118 million in FY21. It registered a growth of 4% q-o-q and 107% y-o-y.



OPERATIONAL PERFORMANCE

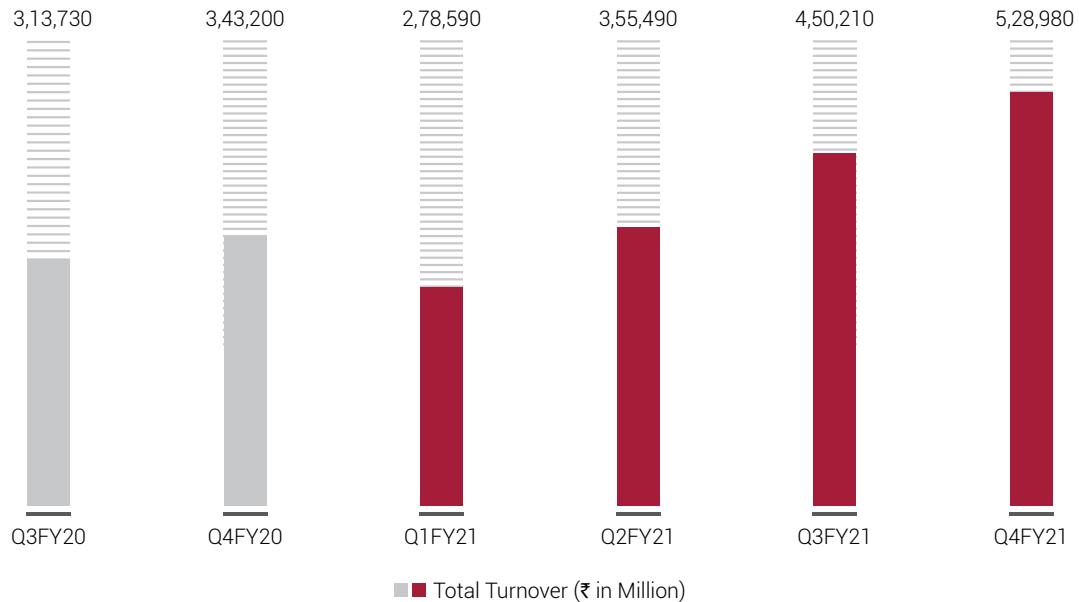
The average daily cash turnover stood at ₹ 20,650 million for Q4FY21, up by 10% q-o-q whereas exchange cash turnover (NSE+BSE) was up by 22% for the quarter ended March 2021. On a y-o-y basis, the Company's average daily cash turnover for the quarter grew by 84% y-o-y.



Management Discussion and Analysis (Contd.)

Average daily total turnover of the Company was at ₹ 5,28,980 million, 17.50% q-o-q whereas the exchange total turnover was 40.74% for the quarter ended March 2021.

Average Daily Total Turnover



Details of significant changes, if any, in key financial ratios, along with detailed explanations:

Key Ratios	FY21	FY20	Variance %
Debt/Equity Ratio	1.47	1.59	-7.55%
Return on Net Worth	11.7%	-8.6%	235.61%
Interest Coverage Ratio	2.37	0.62	282.06%
Net Profit Ratio	8.9%	-7.3%	222.39%
Return on Capital Employed	11.56%	2.20%	425.25%

- Debt/Equity Ratio** reduced from 1.59 times to 1.47 times due to increase in shareholders equity from ₹ 1,382.8 million in FY20 to ₹ 1,587.4 million in FY21 which is primarily due to increase in profits to ₹ 173.2 million.
- Return on Net Worth** improved from -8.60% to 11.7% mainly on account of increase in revenue to ₹ 1,938.5 million in FY21 from ₹ 1,081.4 million in FY20 and increase in profits to ₹ 173.2 million in FY21 as compared to loss of ₹ 78.9 million in FY20.
- Interest Coverage Ratio** increased due to increase in EBITDA from ₹ 93.6 million in FY20 to ₹ 472.56 million in FY21.
- Net Profit Ratio** has improved from -7.30% to 8.9% mainly on account of increase in revenue to ₹ 1,938.5

million in FY21 from ₹ 1,081.4 million in FY20 and increase in profits to ₹ 173.2 million in FY21 as compared to loss of ₹ 78.9 million in FY20.

- Return on Capital Employed** improved from 2.2% to 11.56% on account of increase in EBIT to ₹ 433.41 million in FY21 from ₹ 55.2 million in FY20 and increase in revenue to ₹ 1,938.5 million in FY21 as compared to ₹ 1,081.4 million in FY20.

CUSTOMER ACQUISITION

Customer acquisition has increased to 131% in the current year recording a growth of over 811K customers. Of the total new customers for the year, 83% are from tier 2 and 3 cities. The high share of organic customers in the total customer acquisition base has helped it to reduce the cost of acquisitions substantially.

The Company extends the following services to build a larger customer base:

- Multi-lingual services (4 different languages)
- Complete paperless and seamless process which is hassle-free
- Digital onboarding process for easy use of customer
- Personalised advisory and Robo advisory services
- Attractive subscription plans
- Discounted flat fee per order
- All investments under one roof
- All services offered via customer-friendly app

Management Discussion and Analysis (Contd.)

The Company's customers are tech-savvy and keen to access innovative products/services. The Company has active presence in social media for customer engagement which leads to increment in brand awareness. It applies various marketing techniques such as social media campaigns, Search Engine Optimisation (SEO) and online advertisements to increase and widen its customer base. Further, customer growth has also occurred owing to word-of-mouth publicity.

The Company is building a quality tech platform for financial product distribution through the use of data analytics and machine learning capability. This will enable better customer engagement, growth and cross sales. The Company soon became the fastest growing broking companies in India due to its superior customer service.

TECHNOLOGY UPDATES

The Company's processes are backed by scalability, reliability, security and advanced technology which has enabled the Company to grow its digital platform. It has launched several tools for the investors which provides a superior experience while building a strong portfolio. One such example is the portfolio analyser which empowers an individual to track their own portfolio performance and compare with the benchmark using the concept of NAV just as mutual fund performances are tracked. This tool gives an individual a clear picture of their portfolio and allows them to analyse their buying and selling decisions. It helps the user to see the concentration of their portfolio across sectors.

Its trading platform is designed in a way that Auto Scaling (both up and down) is capable of handling a sudden spurt in the market activity. Its infrastructure is hosted on public cloud with 99.9% uptime. Next-gen security tools like Akamai for cloud firewalls and Zscaler for cloud VPN are put into use for security purposes. The Company has a robust Risk Management process with multiple tools to keep a track of market volatility. It constantly monitors processes for vulnerability, domain and reputation and access management.

The Company offers various plans at a discounted price in brokerage and demat charges and enables a user to get top quality research tools and advice for short and long-term trade. The ease of use of these services has played a key role in its success. Through the use of advanced technology, all transactions are processed online, including trading, fund transfer and cross sales.

The range of cross sell products now available to 5paisa users include Mutual Fund, Digital Gold, Personal Loan, Health Insurance and Term Insurance. Some of these products have seen new customers while there was an enhancement to the existing customer base. The Company has seen a great response amongst the users of the app which have also

helped it to increase the number of products per customer on the platform.

Payment experience has been a focus area with new methods such as UPI. These have seen a drastic improvement in success rates of funds transferred by customers to trade. UPI has topped as the medium of payment and adoption of it has surpassed those of Net Banking, NEFT, IMPS and RTGS transactions. Powering recurring payments through credit cards and eNACH has enabled it to build a strong base of subscription customers.

Rapid growth and scale bring along with it a requirement for infrastructure scalability and strong security measures. The Company has built applications and is moving several processes to cloud to reduce downtime for the customers. The Company has also laid down several processes and coding standards to ensure that applications are secured and robust.

HUMAN RESOURCES

5paisa has an experienced and talented pool of employees who play a key role in enhancing business efficiency, devising strategies, setting-up systems and responding to an evolving business environment. The Company has embarked on several human resource initiatives to enhance the productivity of the organisation. The Company endeavours to provide a safe, conducive and productive work environment.

- **Strong Management Team**

The Company has a balanced mix of professional talent from various sectors including BFSI, Technology, Software and Startups. It follows a transparent, meritocratic and performance-driven culture. Its strong leadership has been greatly instrumental in attracting and building a competent team. As part of the group processes, the Company follows a robust leadership potential assessment and leadership development process. These processes enable succession planning for critical positions in the Company.

- **Technology Enablement**

The Company has channelised technology via an application which provides a single-stop employee interface for all human resources related requirements. The system is easily accessible 24X7 through intranet and as a mobile application. A single recruitment solution is in place which has facilitated employees to access all features and activities from on-boarding to exit at one place.

- **Training and Development**

The Company strives to impart regular training, knowledge, building skills and supporting in areas of

Management Discussion and Analysis (Contd.)

functional and technical development with the help of set skilled trainers. With a strong focus on digital learning, learning interventions right from induction to functional training and refresher courses, have been developed and deployed online. These training programmes are backed by technology enablers to facilitate anytime, anywhere learning. Various means of learning like e-learning modules, video-based modules, simulation learning, mobile-based micro learning etc. are in use to support the learning and development of employees. The Company endeavours to drive a compliant business and this is ensured through learning aids/modules covering topics such as Anti-Money Laundering, Prevention of Sexual Harassment, Anti Bribery & Corruption, Information Security, etc.

- **Encouraging Performance**

The Company has Individual Performance Measures (IPMs) for employees, which is used to set expectations across clearly demarcated parameters. An effective feedback mechanism is used to guide the employees from time to time, which helps in alignment of the organisational objectives and employees' personal goals simultaneously. The Company regularly recognises and rewards employees through incentives and awards to keep them motivated.

- **Fast Track Career Path**

The Company has introduced the 'Role Elevation Panel Process' to fast track careers of high-performers through a fair and transparent panel process. This encourages employees to perform to the best of their abilities, grow professionally in their careers and succeed in the organisation.

- **Management Connect**

Management connect plays a vital role in building cross hierarchy connections. The Company's CEO has a periodic live connect session with all employees through Facebook @ Work. As part of this insightful engagement, the management discusses the Company's prospects, goals and future plans, opportunities and challenges, etc. This session also provides employees with the opportunity to ask questions to the management directly. The interactive session imparts all employees to be aligned with the Company's vision, seek clarifications or bring any concern to the management's notice.

- **Employee Engagement**

5paisa empowers its employees to be the future leaders of tomorrow. Effective personal communication through all levels of employees in the organisation is done

besides regular town hall meet ups. Internal and external employee survey programmes are conducted to receive authentic feedback from employees. The feedback from these surveys gives the Company a sense of direction and help to address gaps to drive higher employee engagement.

A separate special fast-track programme has been formulated to recognise highly deserved employees. Rewards and Recognition programmes are conducted to not only appreciate the exemplary contributions of performing employees, but also to make it aspirational for others to leverage their potential.

Various engagement activities like sports events, cultural and festive celebrations, health and wellness workshops etc. are periodically conducted. This helps in fostering closely knit teams, driving a strong sense of belonging, and energising employees from their daily work routine.

The Company as on March 31, 2021 has a strong workforce of 762 employees.

RISK MANAGEMENT

Risk management is a key element of 5paisa's business strategy and is integrated seamlessly across all of its business operations. The objective of the risk management process is to optimise the risk-return equation and ensure prudent financial management; along with meticulous compliance with all extant laws, rules, and regulations applicable to all its business activities.

Risk management is integral to the Company's strategy. A strong risk culture is designed to help reinforce resilience by encouraging a holistic approach to the management of risk throughout the organisation. The Company has invested in people, processes and technology to mitigate both external and internal risks.

The Company adopts the 'three line-of-defence' (3LOD) model, wherein the management control at the business entity level is the first line of defence in risk management. Various risk control and compliance oversight functions, established by the management are the second line of defense. Finally, the third line comprises the internal audit/ assurance function.

The Company operates in the financial services space and is registered and regulated by SEBI for stock broking, depository participant, investment advisory, research analyst, commodity broking and mutual funds. The Company has highly digitised processes which minimises the scope for omission and commission of errors and frauds.

Management Discussion and Analysis (Contd.)

The Company's exposure to various risks and their potential impact are detailed below:

- **Market risk:**

As a financial services company, the Company's business is materially affected by conditions in the domestic and global equity, debt, currency and financial markets and economic conditions in India and throughout the world. Its revenue, level of operations and, consequently, our profitability are largely dependent on favourable market conditions, a conducive regulatory and political environment, investor sentiment and other factors that affect the volume of trading in India and the level of interest in Indian business developments. A market downturn would likely lead to a decline in the volume of transactions that the Company executes for its customers and will result in decline in revenues received from business.

The Company aims to mitigate inherent market risks by using sound investment policies, dedicated product advisory teams and regular monitoring of performance.

- **Technology risk:**

The Company's information technology systems may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our services to the Company's customers. Moreover, it may not operate an adequate disaster recovery system. Solving such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of services, which could result in lost revenue and dissatisfied customers. Breaches of information technology systems, including through piracy or hacking may result in unauthorised access to the Company's content. Such breaches of information technology systems may require the Company to incur further expenditure to put in place more advanced security systems to prevent any unauthorised access to its networks. This may have a material adverse effect on the Company's earnings and financial condition.

The management periodically reviews various technology risks such as protecting sensitive customer data, identity theft, cyber-crimes, data leakage, business continuity, access controls, etc. The Company has put in place processes, systems and tools for ensuring the vigilant monitoring, audit logging and suspicious activity reporting. Audit logs are reviewed for any anomalies and pattern deviations on a periodic basis. It has also implemented tools for mitigating various security risks - privileged identity management, advanced malware detection and protection,

end-point encryption, mobile device management and secured internet access. The Company successfully completed the ISO 27001:2013 annual re-certification in January 2021. As per the security policy Information Systems, Audit is undertaken by Exchange/ Depositories recognised auditors on a periodical basis and their reports along with necessary action taken reports are reviewed by Management.

- **Human resource risk:**

The Company is exposed to the risk arising from misconduct, fraud or trading errors by its employees such as indulgence in unauthorised transactions by employees, misreporting of and non-compliance with various statutory and legal requirements, improper use of confidential information and operational errors. It may not always be possible to deter employees from or otherwise prevent misconduct and the precautions the Company takes to detect and prevent these activities may not always be effective. Any instance of employee misconduct, fraud or improper use or disclosure of confidential information could result in regulatory and legal proceedings which if unsuccessfully defended, could materially and adversely affect its business operations, future financial performance and/or reputation.

The Company has a strong focus in ensuring that employees are adequately trained in their job functions and on all compliance-related trainings. The HR department ensures all statutory compliances with labour laws and other relevant statutes are strictly adhered to. It has in place strong background screening standards from incoming employees and there is effective segregation of duties to reduce risk of fraud.

- **Reputation risk:**

In the financial services provider business, brand building plays a crucial role. The Company continuously aims to strengthen its brand reputation. Promoting and positioning of the brand will depend largely on the success of the Company's marketing efforts and its ability to provide high quality services. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenue may not offset the expenses incurred in building the brand. Failure to promote and maintain the brand could result in the Company's business, financial condition and results of operations being adversely affected.

The Company has fostered a culture that enables operating managers to say 'No' to poor quality business. In addition, it has in place a stringent employee code of conduct and trading guidelines, which are to be

Management Discussion and Analysis (Contd.)

followed by every employee. The Company's policies and processes ensure closure monitoring and strict disciplinary actions against those deviating from the same. The organisation pays special attention to issues that may create a reputational risk. Events that can negatively impact the organisation position are handled cautiously ensuring utmost compliance and in line with the values of the organisation.

INTERNAL CONTROLS

The Company's internal audit is conducted as per the Annual Audit Plan approved by the Audit Committee. The scope of internal audit covers all aspects of business, including regular front-end and back-end operations and internal compliances. It lays emphasis to check on process controls, measures undertaken by the Company to monitor risk and to check for leakages or frauds. The Company has invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of business, regulatory prescriptions and the size of its operations.

The internal control system is supplemented by concurrent and internal audits, as well as special audits and regular reviews by the management. For Company-wide internal audits, the Company has distributed the audit of major businesses to an independent top audit firm to have a wider and heterogeneous verification approach and inputs, and derive larger value from the audit process. In this regard, the Company has in place Mahajan and Aibara for the purpose.

The Company also retains specialised audit firms to carry out specific / concurrent audit of some critical functions, such as half-yearly internal audit mandated by SEBI/Exchanges, DP processes, Know Your Customer (KYC) verifications, demat transfers, payouts verifications, systems audit, end use verification audits and verification of related party transactions, among others. In addition, the Company complies with several specific audits mandated by regulatory authorities such as SEBI / Exchanges / Depositories, and the reports are periodically submitted to the regulators.

The Board/Audit Committee reviews the overall risk management framework and the adequacy of internal controls instituted by the management team. The Audit

Committee reviews major instances of fraud on a quarterly basis and actions are taken on the same. It also focusses on the implementation of the necessary systems and controls to strengthen the system and prevent such recurrence. The internal processes have been designed to ensure adequate checks and balances and regulatory compliances at every stage. Internal audit team carries out a risk-based audit of these processes to provide assurance on the adequacy and effectiveness of internal controls for prevention, detection, reporting and remediation of frauds.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal controls with reference to financial statements and operations and the same are operating effectively. The Internal Auditors tested the design and effectiveness of the key controls and no material weaknesses were observed in their examination. Further, Statutory Auditors verified the systems and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively.

OUTLOOK

Despite a softer growth, the Indian economy remains one of the fastest growing economies in the world. The effects of external shocks such as rising global volatility, largely from financial volatility, externs from trade disputes, and investment rerouting was contained in part by India's strong macroeconomic fundamentals. The policy changes including amendments to the policy related to insolvency and bankruptcy, bank recapitalisation, and foreign direct investment further helped in coping with the de-growth. The growth trajectory is expected to resume with public policy support and private participation. Reform measures have been made by RBI to ease out liquidity in the markets and to encourage credit inflows via NBFC, HFC, MFIs.

The Company during the financial year under review has made substantial investments in people, processes and technology and continues to focus on delivering steady performance. It is cognisant of the changes in the capital market and brokerage segment and well prepared to overcome challenges and sustain performance.

Independent Auditor's Report

To the Members of 5paisa Capital Limited

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying standalone financial statements of 5paisa Capital Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, profit, total comprehensive income, changes in equity and cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 ("ICAI") 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our

opinion thereon, and we do not provide a separate opinion on these matters:

Key Audit Matter	Response to Key Audit Matter
Information technology (IT) systems used in financial reporting process.	We obtained an understanding of the Company's IT control environment relevant to the audit.
The company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily.	We tested the design, implementation and operating effectiveness of the Company's General IT controls over the key IT systems which are critical to financial reporting.
We therefore identified IT systems and controls over financial reporting as a key audit matter for the Company.	We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements.
	In addition to above, we have also relied on the work of the internal auditors and system auditors.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board'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 the 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 on the other information obtained prior to the date of this auditor's report, 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 THOSE CHARGED WITH GOVERNANCE 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

Independent Auditor's Report (Contd.)

the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 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, the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key

Independent Auditor's Report (Contd.)

audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" 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 of the financial statements.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose or preparation of the financial statements.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its managing director during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has no pending litigation which may 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.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

(G SANKAR)
Partner
(M.No.46050)
UDIN: 21046050AAAADC7429

Place: Mumbai
Date: April 20, 2021

Annexure A to Auditor's Report

Annexure referred to in our report of even date to the members of 5paisa Capital Limited on the standalone financial statements for the year ended 31st March 2021

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable considering the size of the Company and nature of its fixed assets. Based on the information and explanation given to us no material discrepancies were observed on such verification.
- (c) The Company does not have any immovable property. Therefore, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The Company is not carrying on any trading or manufacturing activity. Therefore, Paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities made as applicable.
- (v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- (vi) According to the information and explanations given to us, in respect of the class of industry the company falls under, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act. Therefore, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, sales tax, value added tax, goods and services tax, cess and other statutory dues as applicable to the Company with the appropriate authorities. Further as explained, there are no undisputed statutory dues outstanding for more than six months as at 31st March 2021 from the date they became payable;
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income Tax, Wealth Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Services Tax, Excise Duty, Customs Duty and Cess which have not been deposited on account of any dispute.
- (viii) According to the information and explanation given to us, the company has not defaulted in repayment of loans to banks. The Company has not taken any loans or borrowings from Government or financial institutions and did not have any dues to debenture holders during the year.
- (ix) According to the information and explanations given to us, the Company has not raised any monies by way of initial public offer or further public or term loans during the year. However the Company has raised monies by way of working capital loan and demand loan during the year and the monies so raised have been utilized for the purpose which those were raised.
- (x) According to the information and explanations given to us, and based on the audit procedures performed and the representations obtained from the management, we report that no fraud by the company or on the Company by its officers or employees, having a material misstatement on the financial statements has been noticed or reported during the period under audit.
- (xi) According to the information and explanations given to us and based on verification of records, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.

Annexure A to Auditor's Report (Contd.)

- (xii) In our Opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence clause (xii) of the order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on verification of the records and approvals of the Audit Committee, all 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 Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of

the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under Sec 45-IA of the Reserve Bank of India Act, 1934.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

(G SANKAR)
Partner
(M.No.46050)
UDIN: 21046050AAAADC7429

Place: Mumbai
Date: April 20, 2021

Annexure B to Auditor's Report

Annexure referred to in our report of even date to the members of 5paisa Capital Limited on the standalone financial statements for the year ended 31st March 2021

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of 5paisa Capital Limited ("the Company") as of March 31st, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

Annexure B to Auditor's Report (Contd.)

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls

over financial reporting were operating effectively as at March 31, 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

(G SANKAR)
Partner
(M.No.46050)
UDIN: 21046050AAAADC7429

Place: Mumbai
Date: April 20, 2021

1

Corporate Overview

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Statutory Reports

3

Financial Statements

Standalone Balance Sheet

As at March 31, 2021

Particulars	Note No.	(₹ in Millions)	
		As at March 31, 2021	As at March 31, 2020
I ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	3	165.61	199.35
(b) Bank balance other than (a) above	4	5,073.30	2,505.32
(c) Receivables			
(i) Trade receivables	5	0.00	1.31
(d) Loans	6	1,390.68	670.70
(e) Investments	7	125.03	109.45
(f) Other financial assets	8	1,608.62	2,373.93
Sub total		8,363.24	5,860.06
(2) Non-Financial Assets			
(a) Current tax assets (net)		10.78	15.16
(b) Deferred tax assets (net)	9	171.15	231.80
(c) Property, Plant and Equipment	10	16.50	16.60
(d) Right of use assets	11	38.91	57.72
(e) Other intangible assets	10	6.69	7.78
(f) Other non-financial assets	12	52.57	44.60
Sub total		296.60	373.66
Total		8,659.84	6,233.72
II LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Payables			
(i) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		0.08	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	4.18	8.89
(ii) Other payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	165.66	169.21
(b) Borrowings (Other than debt securities)	14	2,339.29	2,191.93
(c) Other financial liabilities	15	4,533.84	2,418.52
Sub total		7,043.05	4,788.55
(2) Non-Financial Liabilities			
(a) Provisions	16	9.18	4.87
(b) Other non-financial liabilities	17	20.17	57.54
Sub total		29.35	62.41
(3) EQUITY			
(a) Equity share capital	18	255.16	254.78
(b) Other equity	19	1,332.28	1,127.98
Sub total		1,587.44	1,382.76
Total		8,659.84	6,233.72

See accompanying notes forming part of Standalone Financial Statements

1-41

@Amount is less than ₹ 0.01 million ,hence shown ₹ 0.00 million.

As per our attached report of even date

For **V Sankar Aiyar & Co.**
Chartered Accountants
Firm's Registration No.109208W
By the hand of

For and on behalf of Board of Directors

G.Sankar
Partner
Membership No.: 046050

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: 07376258)

Gourav Munjal
Whole Time Director & CFO
(DIN: 06360031)

Place : Mumbai
Dated : April 20, 2021

Namita Godbole
Company Secretary

Standalone Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in Millions)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations			
(a) Interest income	20	458.50	230.84
(b) Fees and commission income	21	1,465.07	850.07
(I) Total revenue from operations		1,923.57	1,080.91
(a) Other income	22	15.02	0.45
(II) Total income		1,938.59	1,081.36
(III) Expenses			
(a) Finance cost	23	199.50	151.51
(b) Employee benefits expense	24	349.06	291.40
(c) Depreciation, amortization and impairment	25	39.15	38.41
(d) Other expenses	26	1,116.96	696.41
(III) Total expenses		1,704.67	1,177.73
(IV) Profit/(Loss) before exceptional items and tax (II-III)		233.92	(96.37)
(V) Exceptional items		-	-
(VI) Profit/(Loss) before tax (IV-V)		233.92	(96.37)
(VII) Tax expense:	27		
(1) Current tax		-	-
(2) Deferred tax		60.72	(17.42)
(VIII) Profit/(Loss) for the year (VI-VII)		173.20	(78.95)
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		(0.29)	(2.52)
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.07	1.00
Other Comprehensive Income (IX)		(0.22)	(1.52)
Total Comprehensive Income for the year (VIII) + (IX)		172.98	(80.47)
Earnings per equity share of face value of ₹ 10 each	28		
Basic in (₹)		6.80	(3.39)
Diluted in (₹)		6.75	(3.39)

See accompanying notes forming part of Standalone Financial Statements

1-41

As per our attached report of even date

For **V Sankar Aiyar & Co.**
Chartered Accountants
Firm's Registration No.109208W
By the hand of

For and on behalf of Board of Directors

G.Sankar
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Whole Time Director & CFO
(DIN: 06360031)

Place : Mumbai
Dated : April 20, 2021

Namita Godbole
Company Secretary

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Corporate Overview

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Statutory Reports

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Financial Statements

Statement of Changes in Equity

for the year ended March 31, 2021

A. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
Equity Shares				
At the beginning of the year	25,477,668	254.78	12,739,022	127.39
Add: Shares issued during the year *	38,250	0.38	12,738,646	127.39
Closing at the end of year	25,515,918	255.16	25,477,668	254.78

* During the year 38,250 equity shares has been issued to the employees of the Company under employee stock option scheme.

B. OTHER EQUITY

(₹ in Millions)

Particulars	Reserves and Surplus					Other items of Other Comprehensive Income	Total
	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	Employee Stock option Reserve		
Balance as at March 31, 2019	-	823.33	47.71	(560.88)	13.12	(1.07)	322.21
Total Comprehensive Income for the year	-	-	-	(78.95)	-	(1.52)	(80.47)
Additions during the year (Net of share issue Expenses)	-	870.89	-	-	15.35	-	886.23
Balance as at March 31, 2020	-	1,694.22	47.71	(639.83)	28.47	(2.59)	1,127.98
Total Comprehensive Income for the year	-	-	-	173.20	-	(0.22)	172.98
Transfer from/to reserve	7.97	-	-	-	(7.97)	-	-
Additions during the year *	-	6.94	-	-	24.38	-	31.32
Balance as at March 31, 2021	7.97	1,701.16	47.71	(466.63)	44.88	(2.81)	1,332.28

* Securities Premium reserve of ₹ 6.94 million is created during the year due to issue of shares under equity stock option scheme.

See accompanying notes forming part of Standalone Financial statements (1-41)

As per our attached report of even date

For **V Sankar Aiyar & Co.**
Chartered Accountants
Firm's Registration No.109208W
By the hand of

For and on behalf of Board of Directors

G.Sankar
Partner
Membership No.: 046050

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: 07376258)

Gourav Munjal
Whole Time Director & CFO
(DIN: 06360031)

Place : Mumbai
Dated : April 20, 2021

Namita Godbole
Company Secretary

Standalone Cash Flow Statement

for the year ended March 31, 2021

Particulars	(₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash Flows From Operating Activities		
Net Profit/(Loss) before taxation	233.92	(96.37)
Adjustments for:		
Depreciation, amortisation and impairment	39.15	38.41
Employee benefit expenses - share based	24.38	15.35
Employee benefit expenses - others	7.53	5.08
Finance Cost	199.50	151.51
Dividend Income	(0.39)	-
(Gain)/Loss on financial assets measured at fair value	(12.16)	1.33
(Gain)/Loss on sale of PPE & Intangible Assets	(0.09)	-
Operating profit before working capital changes	491.83	115.31
(Increase)/Decrease in Trade Receivables	1.31	18.20
(Increase)/Decrease in Other Receivables	-	0.05
(Increase)/Decrease in Loans	(719.98)	(430.11)
Increase/(Decrease) in Other Non financial Liabilities	(37.36)	22.20
(Increase)/Decrease in Other Financial Assets	765.31	(1,253.56)
Increase/(Decrease) in Other Financial Liabilities	2,115.07	1,067.28
(Increase)/Decrease in Other Non-Financial Assets	(7.98)	(31.65)
(Increase)/Decrease in Bank Deposits	(2,567.98)	(1,993.07)
Increase/(Decrease) in Provisions	(3.22)	(3.82)
Increase/(Decrease) in Trade Payable	(4.63)	7.33
Increase/(Decrease) in Other Payable	(3.55)	107.54
Cash generated/(used in) from operations	28.83	(2,374.29)
Taxes	4.31	(11.92)
Net cash generated/(used in) from operating activities (A)	33.14	(2,386.21)
Cash Flows From Investing Activities		
Purchase of PPE & Intangible Assets	(35.69)	(104.66)
Sale of PPE & Intangible Assets	16.64	6.72
Purchase of Investments	(7.71)	(100.27)
Sale of Investments	4.31	44.15
Dividend Income	0.39	-
Net cash flow generated/(used in) investing activities (B)	(22.06)	(154.06)
Cash Flows From Financing Activities		
Increase in Share Capital	0.38	127.39
Increase in Share Premium (Net of share Issue Expenses)	6.94	870.89
Inter corporate deposits Taken	7,600.00	3,566.60
Inter corporate deposits Repaid	(8,600.00)	(2,856.60)
Finance cost	(199.50)	(151.51)
Net cash flow generated/(used in) financing activities (C)	(1,192.18)	1,556.76
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(1,181.10)	(983.51)
Cash and Cash Equivalents at Beginning of Year	199.35	621.05
Bank overdraft Taken/(Repaid) during the year (Net)	1,147.36	561.81
Cash and Cash Equivalents at End of Period	165.61	199.35
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,181.10)	(983.51)

See accompanying notes forming part of the standalone financial statements (1-41)

As per our attached report of even date

For **V Sankar Aiyar & Co.**
Chartered Accountants
Firm's Registration No.109208W
By the hand of

For and on behalf of Board of Directors

G.Sankar
Partner
Membership No.: 046050

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: 07376258)

Gourav Munjal
Whole Time Director & CFO
(DIN: 06360031)

Place : Mumbai
Dated : April 20, 2021

Namita Godbole
Company Secretary

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021

NOTE 1. CORPORATE INFORMATION:

5paisa Capital Ltd ["5PCL"] is engaged in providing an online technology platform for trading in National Stock Exchange of India Ltd ,BSE Ltd & in MCX through web based trading terminal, mobile application and a state of the art Call and Trade Unit. 5PCL is also a SEBI approved Research analyst, a Depository Participant under CDSL and registered member of AMFI. 5PCL provides a wide range of financial services to its customers including depository services, distribution of mutual funds, bonds and debentures, Equity and Mutual fund research etc through its technology based platforms.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

2.1 Significant Accounting Policies:

a) Basis of Preparation of Standalone financial statements:

The financial statement for the year ended 31 March 2021 has been prepared in accordance with Indian Accounting Standard ('Ind AS'). The Company is covered under the definition of NBFC and the Ind AS is applicable under Phase II as defined in notification dated 30th March 2016 issued by Ministry of Corporate Affairs (MCA), since the company is a listed company.

These Standalone financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting standards prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India and in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and relevant amendment rules issued thereafter and under the historical cost convention on accrual basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value (refer accounting policy regarding financial instruments)
Net defined benefit assets / liability	Fair value of plan assets less present value of defined benefit obligations
Share based payment	Fair value (refer accounting policy regarding financial instruments)

These Financial Statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as

notified by the Ministry of Corporate Affairs (MCA). These Financial Statements of the Company are presented in Indian Rupees ("INR"), which is also the Company's functional currency and all values are rounded to nearest Millions upto two decimal places, except otherwise indicated.

The Standalone financial statements for the year ended March 31, 2021 are being authorized for issue in accordance with a resolution of the directors on April 20, 2021.

b) Property, plant and equipment:

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of PPE are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

The cost of an item of PPE comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenses related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefit associates with these will flow into the Company and the cost of the item can be measured reliably.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Items of Property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value and are shown separately in the financial statements.

Gains or losses arising from disposal or retirement of tangible Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property as its carrying amount on the date of reclassification.

Depreciation:

Depreciation on each item of property, plant and equipment is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the management and is charged to the Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Significant components of assets identified separately pursuant to the requirements under Schedule II of the Companies Act, 2013 are depreciated separately over their useful life.

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of lease.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation

is charged for the month in which assets are sold. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the assets. Individual assets / group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase. Lease hold land is depreciated on a straight line basis over the lease hold period.

Class of assets	Useful life in years
Buildings *	20
Computers *	3
Electrical equipment *	5
Office equipment *	5
Furniture and fixtures *	5
Vehicles *	5

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Derecognition: The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

Capital work in progress and Capital advances:

Cost of assets not yet ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non Financial Assets.

c) Intangible assets:

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets with finite useful life are carried at cost less accumulated

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

amortization and accumulated impairment loss, if any. Intangible assets with indefinite useful lives, that are acquired separately, are carried at cost/fair value at the date of acquisition less accumulated impairment loss, if any.

Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Estimated useful economic life of the assets is as under:

Class of assets	Useful life in years
Software	3

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

d) Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually or whenever there is an indication that the asset may be impaired. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expenses. After impairment (if any), depreciation/amortisation is provided on the revised carrying amount of the assets over its remaining life.

Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

e) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

Financial assets

Initial recognition and measurement:

Trade Receivables, Loans and Deposits are initially recognized when they are originated. The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial assets are recognized initially at fair value plus, in the case of financial assets

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

Trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i) The Company business model for managing the financial asset and
- ii) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i) Financial assets measured at amortized cost
- ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii) Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The Company business model objective for managing the financial

asset is to hold financial assets in order to collect contractual cash flows, and

- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated. Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

This category generally applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) 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.

Such financial assets are measured initially as well as at each reporting date at fair value. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

As at the balance sheet date, there are no financial assets which are measured at FVOCI.

iii. Investments in equity instruments at FVTOCI:

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. Dividend from these investments are recognised in the Statement of Profit and Loss when the Company right to receive dividends is established. As at the reporting dates, there are no equity instruments measured at FVOCI.

iv. Investments in equity instruments of subsidiaries & associates

Investments in equity instruments of subsidiaries are measured at cost.

v. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiaries. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss. Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTPL. The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in Statement of Profit and Loss. The Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

Reclassifications:

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a similar financial assets) is derecognized (i.e. removed from the Balance Sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement

(thereby substantially transferring all the risks and rewards of ownership of the financial asset);

- iv. The Company neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables and lease receivables
- ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls) discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are the portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

Financial Liabilities and equity:

Initial recognition and measurement:

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities are initially recognised at fair value net of transaction cost that are attributable to the separate liabilities. All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Equity instruments:

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

Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

i) Fair Value:

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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 fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – inputs for assets or liabilities that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

j) Foreign Currency Translation:

These financial statements are presented in Indian Rupees, which is the Company's functional currency.

i. Functional and presentation currencies:

Items included in the Standalone Financial Statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in INR which is the functional and presentation currency for Company.

ii. Transactions & Balances:

Foreign currency transactions are translated into the functional currency at the

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

exchange rates on the date of transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at the year-end exchange rates are generally recognized in the Statement Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

Non-monetary foreign currency items are carried at cost and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined."

iii) Foreign operations:

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate as on that balance sheet date
- income and expenses are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

k) Income Taxes:

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax

rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the reporting date. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The tax effects of income tax losses, available for carry forward, are recognised as deferred tax asset, when it is probable that future taxable profits will be available against which these losses can be set-off.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

The deferred tax assets (net) and deferred tax liabilities (net) are determined separately for the Parent and each subsidiary company, as per their applicable laws and then aggregated.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

l) Provisions and Contingencies:

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risk & uncertainties surrounding the obligation.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks

specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Company in the normal course of its business, comes across client claims/ regulatory penalties/ inquiries, etc. and the same are duly clarified/ addressed from time to time. The penalties/ actions if any are being considered for disclosure as contingent liability only after finality of the representation of appeals before the lower authorities.

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 embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets are disclosed only where an inflow of economic benefits is probable.

m) Statement of Cash Flows :

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a noncash nature;
- non-cash items such as depreciation, provisions, deferred taxes and unrealised foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

n) Cash and Cash Equivalents :

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances. Bank borrowings are repayable on a demand form an integral part of company's cash management, and hence bank overdrafts are considered to be a part of cash and cash equivalents in Cash flow statement.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

o) 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. Ind AS 115, Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the contract price to the performance obligations in the contract: For contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Income from services rendered as a broker is recognised upon rendering of the services on a trade date basis, in accordance with the terms of contract. Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract. Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant. Commission and fees

recognized as aforesaid are exclusive of goods and service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.

Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract. Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed. Amounts retained by the customers until the satisfactory completion of the contracts are recognised as receivables.

oa) Other Income

Interest is earned on delayed payments from customers and amounts funded to them as well as term deposits with banks. Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable. Dividend income is recognised when the right to receive the dividend is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts

through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

Gains / losses on dealing in securities are recognized on a trade date basis.

p) Employee Benefits

Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the statement of profit and loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Securities premium includes the difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits:

I. Defined contribution plans:

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further contributions, if

any, if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company contributions to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate. The Company and its Indian subsidiaries operate defined contribution plans pertaining to Employee State Insurance Scheme and Government administered Pension Fund Scheme for all applicable employees and the Company operates a Superannuation scheme for eligible employees.

Recognition and measurement of defined contribution plans: The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceed the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

II. Defined benefit plans:

Gratuity scheme: The Company, operates a gratuity scheme for employees. The contribution is paid to a separate fund in ICICI Prudential named 5 Paisa Capital Limited Gratuity Fund, towards meeting the Gratuity obligations.

Recognition and measurement of defined benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost if any and net interest on the defined benefit liability (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

Other Long Term Employee Benefits: Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date.

Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

q) Lease accounting :

The Company as a Lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The Company does not have any lease arrangement where it is a lessor as on the balance sheet date.

r) Borrowing Cost:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

s) Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

t) Segment Reporting :

The Company's business is to provide broking services, to its clients, in the capital markets in India. All other activities of the Company are ancillary to the main business. As such, there are no reportable segments that need to be reported separately as defined in Ind AS 108, Operating Segments.

2.2 Key Accounting Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Estimates and underlying assumptions are reviewed on ongoing basis. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Company makes certain judgments and estimates for valuation and impairment of financial instruments, fair valuation of employee stock options, useful life of property, plant and equipment, deferred tax assets and retirement benefit obligations. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a. Income taxes

The Company tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Further Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

between the carrying values of assets and liabilities and their respective tax bases.

b. Determination of the estimated useful lives of tangible assets

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

c. Defined Benefit Obligation

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds corresponding to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. Further details are disclosed in Note 24.

d. Fair value measurement of Financial Instruments

When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in

active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

e. Impairment of financial assets

The provision for expected credit loss involves estimating the probability of default and loss given default based on the Company own experience & forward looking estimation.

f. Provision for litigations

In estimating the final outcome of litigation, the Company applies judgment in considering factors including experience with similar matters, past history, precedents, relevant and other evidence and facts specified to the matter. Application of such judgment determines whether the Company requires an accrual or disclosure in the financial statements.

g. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes model used for valuation of options. Key assumptions made with respect to expected volatility includes share price, expected dividends and discount rate, under this option pricing model. Further details are disclosed in notes.

h. Determining whether an arrangement containing a lease

In determining whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease date if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash & cash equivalents:		
- Cash in hand	-	-
- Cheques in hand	-	-
Balances with bank:		
- in current accounts	42.28	14.65
- in client accounts	123.33	184.70
Total cash & cash equivalents	165.61	199.35

NOTE 4 : BANK BALANCE OTHER THAN ABOVE

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed Deposits	0.70	0.20
Lien marked *	5,072.60	2,505.12
Total	5,073.30	2,505.32

*Company has pledged fixed deposits with the banks for bank guarantee/overdraft facilities and with the stock exchange for margin/arbitration purpose and with other authorities.

NOTE 5 : RECEIVABLES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Trade receivables		
- Receivables considered Good - unsecured	0.00	0.02
- Receivables which have significant increase in credit risk	0.00	1.65
- Receivables - credit impaired	0.54	-
Total (i) Gross	0.54	1.67
Less : Impairment loss allowance	0.54	0.36
Total (i) Net	0.00	1.31

@Amount is less than ₹ 0.01 million ,hence shown ₹ 0.00 million.

- a) No trade or other receivables are due from directors or from other officers of the Company either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any directors is a partner, director or a member as at March 31, 2021 & March 31, 2020.
- b) No trade receivables and other receivables are interest bearing.

NOTE 6 : LOANS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayable on demand		
Margin trading facility balances*	1,390.68	670.70
Total	1,390.68	670.70

* Loans to customers are secured by pledge of Shares/Bonds/Mutual Funds.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 7 : INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
A) At cost		
Investment in equity shares of subsidiaries*		
- 5paisa P2P Limited	72.50	72.50
- 5paisa Insurance Brokers Limited	0.50	0.50
- 5paisa Trading Limited	0.50	0.50
B) At fair value through profit or loss		
Exchange Traded Fund		
EQ-SBISENSEXETF	3.76	2.25
EQ-SETFBANK EQ	3.17	1.80
EQ-SETFBSE100	11.03	10.75
EQ-SETFNIFTYNEXT 50 EQ	3.30	1.95
EQ-SETFNIFTY EQ	6.71	3.98
EQ-UTINIFTYETF	4.82	2.98
EQ-UTISENSEXETF	6.82	4.89
EQ-UTINEXT50	7.76	4.70
EQ-SETFSN50	1.76	1.13
EQ- SBIETFQLTY	0.18	0.10
EQ- UTISXN50	2.21	1.42
Total	125.03	109.45
- Investment outside India	-	-
- Investment in India	125.03	109.45
Total	125.03	109.45

* The Company has opted to measure investment in subsidiaries at deemed cost as per Ind AS 27.

NOTE 8 : OTHER FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposit/Margin with exchanges	649.33	2,002.16
Clients and Exchanges receivables (net of provision)#	848.69	326.26
Security deposit with landlords and others*	15.07	12.80
Interest accrued on deposits and investments	91.38	32.46
Receivable from related parties (Refer note 33)	4.15	0.25
Total	1,608.62	2,373.93

#Includes receivable from director and key managerial personnel ₹ 0.00 million (March 31, 2020 ₹ 0.6 million)

* Include deposit with related party of ₹ 10.8 million (March 31, 2020 ₹ 10.8 million) Refer note 33

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 9 :- DEFERRED TAX ASSETS (NET)

(₹ in Millions)

Particulars	As at March 31, 2021			
	Opening balance as at April 1, 2020	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:				
Depreciation on property, plant and equipment	1.62	0.90	-	2.52
Provisions for expected credit loss	3.92	8.09	-	12.01
Compensated absences and retirement benefits	1.91	0.46	0.07	2.45
Tax on business Loss carry-forward *	223.05	(67.00)	-	156.05
Others	2.79	-	-	2.79
Total deferred tax assets (a)	233.30	(57.55)	0.07	175.82
Deferred tax liabilities:				
Unrealised profit on investments	-	(3.83)	-	(3.83)
On Lease Rentals as per tax	(1.50)	0.65	-	(0.84)
Total deferred tax liabilities (b)	(1.50)	(3.17)	-	(4.67)
Deferred tax assets (a) + (b)	231.80	(60.72)	0.07	171.15

(₹ in Millions)

Particulars	As at March 31, 2020			
	Opening balance as at April 1, 2019	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:				
Depreciation on property, plant and equipment	0.89	0.73	-	1.62
Provisions for doubtful receivables/other financial asset (Including expected credit loss)*	1.33	2.59	-	3.92
Compensated absences and retirement benefits	2.11	(1.19)	1.00	1.91
Tax on business Loss carry-forward *	203.91	19.14	-	223.05
Others	5.40	(2.61)	-	2.79
Total deferred tax assets (a)	213.64	18.66	1.00	233.30
Deferred tax liabilities:				
Unrealised profit on investments	(0.27)	0.27	-	-
On Lease Rentals as per tax	-	(1.50)	-	(1.50)
Total deferred tax liabilities (b)	(0.27)	(1.23)	-	(1.50)
Deferred tax assets (a) + (b)	213.37	17.42	1.00	231.80

*The Company carried forward losses for earlier years were primarily on account of expenditure on advertisement/ promotion. As the company has already in profits during current financial year and considering the future projections, the company is of the opinion that sufficient taxable income will be available in future against which the deferred tax assets arising from carried forward business loss can be utilised.

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For the year ended March 31, 2021 (Contd.)

NOTE 10 : PROPERTY, PLANT AND EQUIPMENT

Tangible Assets:

(₹ in Millions)

Particulars	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Total
Cost:					
As at April 1, 2019	18.06	2.52	2.87	2.36	25.80
Additions	14.31	0.44	-	0.71	15.46
Disposals/Adjustments	6.47	-	-	0.25	6.72
As at March 31, 2020	25.90	2.96	2.87	2.82	34.55
Additions	14.98	0.05	0.11	0.22	15.37
Disposals/Adjustments	2.41	0.13	0.02	0.48	3.05
As at March 31, 2021	38.47	2.88	2.95	2.57	46.87
Accumulated Depreciation:					
As at April 1, 2019	6.84	0.54	0.79	1.64	9.81
Depreciation charge for the year	9.24	0.55	0.61	0.75	11.15
Deductions/Adjustments	2.85	-	-	0.16	3.01
As at March 31, 2020	13.23	1.09	1.40	2.23	17.95
Depreciation charge for the year	12.81	0.60	0.61	0.24	14.27
Deductions/Adjustments	1.26	0.10	0.01	0.48	1.85
As at March 31, 2021	24.78	1.60	2.00	2.00	30.37

Net Book Value:

(₹ in Millions)

Particulars	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Total
As at March 31, 2020	12.67	1.87	1.47	0.59	16.60
As at March 31, 2021	13.69	1.28	0.95	0.57	16.50

Other intangible assets (other than internally generated):

(₹ in Millions)

Particulars	Software	Total
Cost:		
As at April 1, 2019	10.43	10.43
Additions	6.77	6.77
Disposals/Adjustments	-	-
As at March 31, 2020	17.20	17.20
Additions	3.13	-
Disposals/Adjustments	-	-
As at March 31, 2021	20.33	20.33

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Millions)

Particulars	Software	Total
Accumulated Depreciation:		
As at April 1, 2019	4.62	4.62
Depreciation charge for the year	4.80	4.80
Deductions/Adjustments	-	-
As at March 31, 2020	9.42	9.42
Depreciation charge for the year	4.22	4.22
Deductions/Adjustments	-	-
As at March 31, 2021	13.64	13.64

Net Book Value:

(₹ in Millions)

Particulars	Software	Total
As at March 31, 2020	7.78	7.78
As at March 31, 2021	6.69	6.69

NOTE 11 :- RIGHT OF USE ASSETS

A) Following are the changes in the carrying value of right of use assets for the period ended March 31, 2021:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Balance as at 01 April, 2020	55.97	1.75	57.72
Additions to right of use assets	1.76	0.09	1.85
Deletions to right of use assets	-	-	-
Depreciation	19.23	1.43	20.66
Closing Balance as at March 31, 2021	38.49	0.41	38.91

Note: The aggregate depreciation expense on Right of use assets is included under depreciation and amortization expense in the statement of Profit and Loss.

B) The following is the movement in lease liabilities during the year ended March 31, 2021:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Balance as at 01 April, 2020	59.09	1.83	60.92
Additions	1.76	0.09	1.85
Deletion	-	-	-
Finance cost accrued during the period	4.51	0.13	4.64
Payment of lease liabilities	(23.55)	(1.60)	(25.15)
Balance as at March 31, 2021	41.81	0.45	42.26

C) Following is the break up value of the Current and Non - Current Lease Liabilities for the period ended March 31, 2021:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Current lease liabilities	14.09	0.22	14.31
Non-current lease liabilities	27.72	0.23	27.95
Total	41.81	0.45	42.26

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D) Table showing details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Less than one year	14.09	0.22	14.31
One to two years	16.13	0.23	16.36
Two to five years	11.59	-	11.59
Total	41.81	0.45	42.26

E) Amounts recognised in profit or loss

(₹ in Millions)

Particulars	As at March 31, 2021
Interest on lease liabilities	4.51
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	0.13
Total	4.64

F) Amounts recognised in the statement of cash flows

(₹ in Millions)

Particulars	As at March 31, 2021
Total cash outflow for leases	25.15

NOTE 12 : OTHER NON-FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	23.93	9.95
GST credit receivable	0.73	20.04
Other advances	27.91	14.61
Total	52.57	44.60

NOTE 13 : PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(I) Trade Payable		
(i) total outstanding dues of micro enterprises and small enterprises	0.08	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4.18	8.89
Total (a)	4.26	8.89
(II) Other Payable		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(a) Other trade payables	0.08	0.97
(b) Accrued salaries & benefits	0.43	0.16
(c) Provision for expenses	165.14	168.08
Total (b)	165.66	169.21
Total (a+b)	169.92	178.10

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2016 (MSMED) on the basis of confirmations sought from suppliers on registration with the specified authority under MSMED:

Particulars	₹ in Millions)	
	FY 2020-21	FY 2019-20
(a) Principal amount remaining unpaid to any supplier at the year end	0.08	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) 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 enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the act	-	-

NOTE 14 : BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
At amortised cost		
(a) Loans repayable on demand (from banks) : Secured		
- Working capital demand loan	200.00	200.00
- Bank Overdraft	2,139.29	991.93
(b) Other loans : Unsecured		
- Loan from related parties (Refer note 33)	-	1,000.00
Total (c) = (a)+ (b)	2,339.29	2,191.93
Borrowings in India	2,339.29	2,191.93
Borrowings outside India	-	-
Total	2,339.29	2,191.93

(a) Terms of loans:

- (i) Working Capital Demand Loan (WCDL) and bank overdraft are secured by way of first pari-passu charge on all receivables and current assets to the tune of 2 times of the outstanding facility amount. Please refer to note 30 for details of asset pledged.
- (ii) Loan from related parties are unsecured.

(b) Tenor of repayment:

- (i) For WCDL it varies from 7 days to 365 days of each tranche, principal amount of each tranche is to be paid as bullet payment on maturity date.
- (ii) For bank overdraft the same is repayable on demand.
- (iii) For loan from related parties the same is repayable on demand.

(c) Interest Rate:

- (i) For WCDL the rate of interest is fixed @ 9.95% p.a (Lending banks MCLR rate 7.10% + Spread 2.85%), Interest is payable monthly basis on the last date of each month.
- (ii) For Bank Overdraft Interest rate is FD rate + Spread varies (0.75% to 1.25%)
- (iii) For related parties interest rate is in the range of 9.50% to 10.25% p.a. as approved by the board.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 15 : OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at	
	March 31, 2021	March 31, 2020
Clients and Exchanges payables #	4,484.12	2,348.03
Lease liability	42.26	60.92
Provision for gratuity (funded)	0.54	2.71
Other payable	6.92	6.86
Total	4,533.84	2,418.52

Include payable to directors & key managerial personnel of ₹ 1.04 million (March 31, 2020 ₹ 0.13 million)

NOTE 16 : PROVISIONS

(₹ in Millions)

Particulars	As at	
	March 31, 2021	March 31, 2020
Provision for leave encashment	9.18	4.87
Total	9.18	4.87

NOTE 17 : OTHER NON-FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at	
	March 31, 2021	March 31, 2020
Statutory dues	12.43	46.75
Income received in advance	7.74	10.79
Total	20.17	57.54

NOTE 18 : EQUITY SHARE CAPITAL

a. The Authorised, Issued, Subscribed and Paid up Share Capital:

Particulars	As at	
	March 31, 2021	March 31, 2020
Authorized Share Capital		
At the beginning of the year	800.00	300.00
Add: Increase in authorised share capital	-	500.00
Closing at the end of year	800.00	800.00
80,000,000 (Previous Year 80,000,000) Equity Shares of ₹ 10/- each	800.00	800.00
Issued, Subscribed and Paid-up Share Capital		
25,515,918 (Previous Year 25,477,668) Equity Shares of ₹ 10/- each fully paid-up	255.16	254.78

b. Reconciliation of the shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
Equity Shares				
At the beginning of the year	25,477,668	254.78	12,739,022	127.39
Add: Shares issued during the year *	38,250	0.38	12,738,646	127.39
Closing at the end of year	25,515,918	255.16	25,477,668	254.78

* During the year 38,250 equity shares has been issued to the employees of the Company under employee stock option scheme.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

c. Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share.

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
Equity share of ₹ 10 each fully paid up				
FIH Mauritius Investments Ltd.	6,771,314	26.54	6,771,314	26.58
Nirmal Bhanwarlal Jain	5,600,088	21.95	5,600,088	21.98
HWIC Asia Fund Class A Shares	2,269,002	8.89	2,269,002	8.91
Madhu N Jain	1,365,016	5.35	1,365,016	5.36

e. During the period of five years immediately precedings the balance sheet date, the Company has not issued any shares without payment being received in cash or by any way of bonus shares or shares bought back.

f. Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestments, including the terms and amount, refer note 34 other equity for details of shares reserved for issue under Employee Stock Option Plan of the Company.

NOTE 19 : OTHER EQUITY

(₹ in Millions)

Particulars	Reserves and Surplus					Other items of Other Comprehensive Income	Total
	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	Employee Stock option Reserve		
Balance as at March 31, 2019	-	823.33	47.71	(560.88)	13.12	(1.07)	322.21
Total comprehensive income for the year	-	-	-	(78.95)	-	(1.52)	(80.47)
Additions during the year (Net of share issue Expenses)	-	870.89	-	-	15.35	-	886.23
Balance as at March 31, 2020	-	1,694.22	47.71	(639.83)	28.47	(2.59)	1,127.98
Total comprehensive income for the year	-	-	-	173.20	-	(0.22)	172.98
Transfer from/to reserve	7.97	-	-	-	(7.97)	-	-
Additions during the year *	-	6.94	-	-	24.38	-	31.32
Balance as at March 31, 2021	7.97	1,701.16	47.71	(466.63)	44.88	(2.81)	1,332.28

* Securities Premium reserve of ₹ 6.94 million is created during the year due to issue of shares under equity stock option scheme.

Footnotes: Nature and purpose reserves

- Capital reserves : Capital reserve is created as per scheme of arrangement where undertaking including all assets and liabilities of undertaking were transferred to and vested by IIFL Finance Limited (previously known as IIFL Holding Limited).
- Securities premium : Securities premium represents the surplus of proceeds received over the face value of shares, at the time of issue of shares.
- Retained earnings : The balance in retained earnings primarily represents the surplus/deficit after payment of dividend (including tax on dividend) and transfer to reserves.
- General Reserve : General reserve is created on account on employee stock option lapsed/exercised as on 31st March 2021. This reserve can be distributed/utilised by the Company, in accordance with the Companies Act, 2013.
- Employee stock option reserve : Employee stock option reserve accounts represents reserve created on fair value of options against the options to be granted by the Company and outstanding as at balance sheet date.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 20 : INTEREST INCOME

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on deposits with banks *	224.28	118.72
Interest on loan (Margin Funding Facilities)	234.19	112.09
Other interest income	0.03	0.03
Total	458.50	230.84

*Includes interest received on fixed deposit with bank which are pledged with exchanges for margin money requirement.

NOTE 21 : FEES AND COMMISSION INCOME

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Brokerage & related income	1,242.05	728.85
Commission & other advisory fees (including cross sell)	223.02	121.22
Total	1,465.07	850.07

NOTE 22 : OTHER INCOME

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income on		
- Inter corporate deposit	-	0.02
- others	1.39	0.31
Capital Gain - Mutual Fund	0.81	-
Gain on financial assets measured at fair value through Profit & Loss account	12.16	-
Dividend Income	0.39	-
Gain on derecognition of property, plant and equipment	0.09	-
Other Income	0.18	0.12
Total	15.02	0.45

NOTE 23 : FINANCE COST MEASURED AT AMORTISED COST

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on borrowings	176.23	136.24
Other borrowing cost	23.27	15.27
Total	199.50	151.51

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 24 : EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries/wages and bonus	300.10	252.36
Contribution to provident and other funds	14.37	15.14
Share based payments	24.71	15.38
Staff welfare expenses	2.36	3.44
Gratuity	2.53	1.86
Leave encashment	4.99	3.22
Total	349.06	291.40

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below:

A) Defined Benefit Plans:

(i) Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Defined benefit obligation as at beginning of year	8.71	4.47
Interest cost	0.54	0.32
Current service cost	2.36	1.54
Service Cost	-	-
Liability transferred In/ acquisitions	3.26	0.67
(Liability transferred out/ divestments)	(0.06)	(0.48)
(Benefit paid directly by the Employer)	-	(0.08)
(Benefit paid from the fund)	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(1.03)	1.34
Actuarial (gains)/losses on obligations - due to experience	1.82	0.94
Defined benefit obligation at the end of the year	15.61	8.71

(ii) Reconciliation of opening and closing balances of fair value of Plan Assets

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Change in the fair value of plan assets	-	-
Fair value of plan assets at the beginning of the year	6.00	-
Interest income	0.37	-
Contributions by the employer	8.20	6.24
Expected return on plan assets (excluding interest)	-	-
Assets transferred in/acquisitions	-	-
(Benefit paid from the fund)	-	-
Return on plan Assets, excluding interest income	0.50	(0.24)
Fair value of plan assets at the end of the year	15.07	6.00

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(iii) Amount Recognized in the Balance Sheet

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(Present Value of Benefit Obligation at the end of the year)	(15.61)	(8.71)
Fair value of Plan Assets at the end of the year	15.07	6.00
Funded Status - Surplus / (Deficit)	(0.55)	(2.71)
Net (liability)/Asset recognized in the balance sheet (surplus/ (deficit))	(0.55)	(2.71)

(iv) Expenses recognised during the year

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
In Income statement		
Current service cost	2.36	1.54
Net interest cost	0.17	0.32
Past service cost	-	-
Expense recognised in the Statement of Profit and Loss under "Employee benefits expenses"	2.53	1.86
In other comprehensive income	-	-
Actuarial (gains)/Losses on obligation for the period	0.79	2.28
Return on plan assets, excluding interest income	(0.50)	0.23
Change in asset ceiling	-	-
Net (income)/expense for the year recognized in OCI	0.29	2.52

(v) Balance sheet reconciliation

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening net liability	2.71	4.47
Expenses Recognized in Statement of Profit or Loss	2.53	1.86
Expenses Recognized in OCI	0.29	2.51
Net Liability/(Asset) Transfer In	3.26	0.67
Net (Liability)/Asset Transfer Out	(0.06)	(0.48)
(Benefit Paid Directly by the Employer)	-	(0.08)
(Employer's Contribution)	(8.20)	(6.24)
Net liability/(asset) recognized in the balance sheet	0.54	2.71

(vi) Investment Details

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Category of assets		
Insurance fund	15.07	6.00
Total	15.07	6.00

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(vii) Actuarial assumptions

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Expected return on plan assets	6.57%	6.24%
Rate of discounting	6.57%	6.24%
Rate of salary increase	10.00%	10.00%
Rate of employee turnover	For service 4 years and below 42% p.a. & for service 5 years and above 1% p.a.	For service 4 years and below 42% p.a. & thereafter 1% p.a.
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

- (a) The estimate of future salary increase, considered in the actuarial valuation, takes into account inflation, seniority, promotion, increments and other relevant factors.
- (b) The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

(viii) Sensivity analysis :

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting year, while holding all other assumptions constant. The result of Sensivity analysis is given below:

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Projected Benefit Obligation on Current Assumptions	15.61	8.71
Delta Effect of +1% Change in Rate of Discounting	(2.65)	(1.58)
Delta Effect of -1% Change in Rate of Discounting	3.41	2.06
Change in Salary Escalation Rate		
Delta Effect of +1% Change in Rate of Salary Increase	2.72	1.51
Delta Effect of -1% Change in Rate of Salary Increase	(2.23)	(1.25)
Change in Employee Turnover Rate		
Delta Effect of +1% Change in Rate of Employee Turnover	(0.81)	(0.51)
Delta Effect of -1% Change in Rate of Employee Turnover	0.97	0.61

These plans typically expose the Company to following risks:

Investment risk :- The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Interest risk :- A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

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For the year ended March 31, 2021 (Contd.)

Longevity risk :- The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk :- The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

(ix) Maturity Analysis of the Benefit Payments: From the Fund

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Projected benefits payable in future years from the date of reporting :		
1st Following Year	1.59	0.71
2nd Following Year	0.10	0.05
3rd Following Year	0.12	0.06
4th Following Year	0.13	0.07
5th Following Year	0.15	0.08
Sum of Years 6 To 10	1.07	0.52
Sum of Years 11 and above	66.10	37.06

B) Defined Contributions Plans

The Company have recognised the following amounts as an expense in the Statement of Profit and Loss:

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contribution to provident fund	5.72	5.67
Contribution to ESIC	1.58	2.39
Contribution to labour welfare fund	0.03	0.03
Contribution to EPS	6.99	7.05
Contribution to NPS	0.05	0.00
Total	14.37	15.14

*Amount is less than ₹ 0.01 million ,hence shown ₹ 0.00 million.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 25 : DEPRECIATION, AMORTIZATION AND IMPAIRMENT

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment and right of use*	34.93	33.61
Amortization of intangible assets	4.22	4.80
Total	39.15	38.41

* Depreciation for current year includes depreciation on right to use assets (Refer note 11)

NOTE 26 : OTHER EXPENSES

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement Expenses	214.66	213.95
Books & Periodicals Charges	0.02	0.03
Exchange and Statutory Charges	58.78	19.95
Business Promotion Expense	85.21	65.95
Marketing Expenses	166.81	60.29
Bank Charges	6.07	2.01
Communication Expense	55.53	21.89
Electricity Charges	8.94	13.23
Professional Charges	266.12	120.83
Office Expenses	126.05	96.01
Subscription Charges	0.58	0.53
Directors Remuneration/Sitting Fees	1.28	0.90
Postage and Courier	0.23	0.49
Printing and Stationery	1.19	2.94
Expected Credit Loss	32.13	11.09
Insurance	0.42	0.59
Rates & Taxes	2.28	0.49
Repairs & Maintenance		
- Computer	0.53	0.53
- Others	1.05	1.66
Remuneration To Auditors :		
- As Auditors - Statutory Audit	1.00	0.58
- Certification Work And Other Matters	-	0.23
- Out Of Pocket Expenses	-	0.02
Software Charges	83.39	54.24
Travelling and Conveyance	3.56	6.54
Loss On Sale Of Property,Plant And Equipment	-	0.00
Loss On Financial Assets Measured At Fair Value Through Profit & Loss Account	-	1.33
Miscellaneous Expenses	1.14	0.12
Total	1,116.96	696.41

@Amount is less than ₹ 0.01 million ,hence shown ₹ 0.00 million.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 27 : INCOME TAX

Amount Recognised in profit or (loss)

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expenses		
Current Year	-	-
Changes in estimates related to prior years	-	-
Deferred tax expenses		
Origination and reversal of temporary differences	60.72	(17.42)
Total (i) + (ii)	60.72	(17.42)

Reconciliation of effective tax rates:

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	233.92	(96.37)
Tax using domestic tax rates	25.17%	25.17%
Tax amount	58.87	(24.26)
Tax effect of :		
Non-deductible expenses	0.25	-
Change in tax rate*	-	6.65
Recognition of previously unrecognised deductible temporary differences	1.60	0.19
Total Income Tax Expense	60.72	(17.42)

*The Company has opted for the concessional rate of income tax in accordance with the Section 115BAA of the income Tax Act 1961 from the Assessment Year 2020-21 onwards .

NOTE 28 : EARNING PER SHARE (EPS)

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Face value of equity shares in ₹ fully paid up	10	10
BASIC		
Profit after tax as per statement of profit and loss (A)	173.20	(78.95)
Weighted average number of equity shares outstanding (B)	2,54,84,479	2,32,81,331
Basic Earning per Share (₹) A/B	6.80	(3.39)
DILUTED		
Weighted average number of equity shares for computation of basic EPS	2,54,84,479	2,32,81,331
Add: Potential equity shares on account conversion of Employees Stock Options	1,66,225	7,257
Weighted average number of equity shares for computation of diluted EPS (C)	2,56,50,704	2,32,88,588
Diluted Earning per Share (₹) A/C	6.75	(3.39)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 29 :- CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

Capital and other commitment		
(₹ in Millions)		
Particulars	March 31, 2021	March 31, 2020
(i) Capital Commitment	11.35	4.95
(ii) Other commitment	-	-

Contingent Liabilities		
Particulars	March 31, 2021	March 31, 2020
(i) Bank Guarantees	1,690.00	1,250.00
Total	1,690.00	1,250.00

NOTE 30 :- ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

(₹ in Millions)		
Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets		
First charge		
Fixed Deposits - lien marked	903.00	1,119.50
Other financial assets	1,895.52	916.12
Total assets pledged as security	2,798.52	2,035.62

NOTE 31 :- FINANCIAL RISK MANAGEMENT

31 A.1. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables and other financial asset.

Credit quality analysis

The following tables sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Particulars	(₹ in Millions)			
	As at March 31, 2021			
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Trade receivables	0.00	0.00	0.54	0.54
Less : Impairment loss allowance	-	(0.00)	(0.54)	(0.54)
Carrying amount	0.00	0.00	-	0.00
Other Financial Assets	1,590.99	47.07	17.74	1,655.79
Less : Impairment loss allowance	-	(29.43)	(17.74)	(47.17)
Carrying amount	1,590.99	17.63	-	1,608.62

@Amount is less than ₹ 0.01 million ,hence shown ₹ 0.00 million.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2020			Total
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	
Trade receivables	0.02	1.65	-	1.67
Less : Impairment loss allowance	-	(0.36)	-	(0.36)
Carrying amount	0.02	1.29	-	1.31
Other Financial Assets	2,340.47	41.56	7.12	2,389.15
Less : Impairment loss allowance	-	(8.10)	(7.12)	(15.22)
Carrying amount	2,340.47	33.46	-	2,373.93

Movement of ECL (Trade receivable and other financial assets)

(₹ in Millions)

	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
March 31, 2019	1.59	3.53	5.12
Increase/(Decrease) net	6.87	3.59	10.46
March 31, 2020	8.46	7.12	15.58
Increase/(Decrease) net	20.97	11.16	32.13
March 31, 2021	29.43	18.28	47.71

31 A.2. Collateral held

The Company holds collateral of securities and other credit enhancements against its credit exposures.

31 A.3. Measurement of Expected Credit Loss

The Company has applied the impairment requirements of Ind AS 109 and has used reasonable and supportable information on best efforts basis & that is available without undue cost or effort to determine the credit risk at the reporting date.

31 B. Liquidity risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities. It uses a range of products mix to ensure efficient funding from across well-diversified markets and investor pools. Treasury monitors rolling forecasts of the company's cash flow position and ensures that the company is able to meet its financial obligation at all times including contingencies.

The table below analyse the company financial liability into relevant maturity companying based on their contractual maturity. The amount disclosed in the table are the contractual undiscounted cash flows. Balance due within 1 year equals their carrying balances as the impact of discounting is not significant.

(₹ in Millions)

Particulars	Carrying amount up to 1 year		Carrying amount from 1 year to 5 year	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Trade payables & other payable	169.92	178.10	-	-
Working capital demand Loan	200.00	200.00	-	-
Loan from related parties	-	1,000.00	-	-
Bank overdraft	2,139.29	991.93	-	-
Other financial liabilities	4,505.89	2,376.95	27.95	41.57
Total	7,015.10	4,746.98	27.95	41.57

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

31 C. Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in futures cash flows that may result from a change in the price of a financial instrument.

31 C.1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affect significantly short term borrowing and current investment therefore the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt and Non current investment.

Company business is volatile and hence borrowings are done bases on requirement, generally borrowings are done for short term and are on market based interest rate

The following table shows sensitivity analysis for impact on interest cost.

Particulars	₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
Bank overdraft	2,139.29	991.93
Working capital demand loan	200.00	200.00
Applicable rate & 12 months weighted average rate	9.48%	8.20%
Annualised interest cost	176.23	136.24

Sensitivity analysis for impact on interest cost

Particulars	₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
Increase in 1% change in ROI	1.76	1.36
Decrease in 1% change in ROI	(1.76)	(1.36)

31 C.2. Fair value sensitivity analysis for fixed-rate instruments

The Company does not have any fixed-rate instruments presented in financial liabilities.

31 C.3. Exposure to currency risks

The Company does not have any exposure to foreign exchange risk arising from foreign currency transaction.

31 C.4. Exposure to Price Risk

The Company exposure to price risk arising from investment held by the company and is classified in the balance sheet through fair value through profit & loss account. Company has investment in Exchange Traded Funds under various scheme and its exposure.

Particulars	₹ in Millions)	
	Exchange Traded Fund	
Market Value as on March 31, 2021	51.53	
Market Value as on March 31, 2020	35.95	

The effect of upward movement of 5% in the price affects the projected net income by ₹ 2.58 million and for forward downward movement of 5% the projected net loss will be ₹ 2.58 million for FY 2020-21.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

31 D. Capital Management

The company's objective when managing capital are to

- Safeguard their ability to continue as going concern, so that they can continue to provide returns for the share holders and benefits for other stake holders, and
- Maintain an optimal capital structure to reduce the cost of capital."

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using debt equity ratio.

The company's strategy is to maintain gearing ratio as per industry norms. The gearing ratio is as follows

Particulars	(₹ in Millions)	
	March 31, 2021	March 31, 2020
Total debt	2,339.29	2,191.93
Cash & cash equivalent (excluding client bank balance)	(42.28)	(14.65)
Net debt	2,297.00	2,177.28
Total equity	1,587.44	1,382.76
Net debt to equity	1.45	1.57

31 E. Fair values of financial instruments

The company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The company uses widely recognised valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

31 E.1. : Fair Value of Financial Instruments - Financial Instrument by Category

(₹ in Millions)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Fair Value through Profit or loss	Amortised Cost	Carrying Value	Fair Value through Profit or loss	Amortised Cost	Carrying Value
Financial Asset						
(a) Cash and cash equivalents	-	165.61	165.61	-	199.35	199.35
(b) Bank balance other than (a) above	-	5,073.30	5,073.30	-	2,505.32	2,505.32
(c) Receivables	-	-	-	-	-	-
(i) Trade receivables	-	0.00	0.00	-	1.31	1.31
(d) Loans	-	1,390.68	1,390.68	-	670.70	670.70
(e) Investments	-	-	-	-	-	-
(i) Investment in equity shares of subsidiaries	-	73.50	73.50	-	73.50	73.50
(ii) Exchange Traded Fund	51.53	-	51.53	35.95	-	35.95
(f) Other financial assets	-	1,608.62	1,608.62	-	2,373.93	2,373.93
Total	51.53	8,311.71	8,363.24	35.95	5,824.12	5,860.06
Financial Liabilities						
(a) Trade payables	-	4.26	4.26	-	8.89	8.89
(b) Other payables	-	165.66	165.66	-	169.21	169.21
(c) Borrowings (Other than debt securities)	-	2,339.29	2,339.29	-	2,191.93	2,191.93
(d) Other financial liabilities	-	4,533.84	4,533.84	-	2,418.52	2,418.52
Total	-	7,043.05	7,043.05	-	4,788.55	4,788.55

@Amount is less than ₹ 0.01 million ,hence shown ₹ 0.00 million.

31 E.2. Financial instruments measured at fair value – Fair value hierarchy

(₹ in Millions)

Financial instruments measured at fair value	Recurring fair value measurements as at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Exchange Traded Fund	51.53	-	-	51.53
Total Assets	51.53	-	-	51.53

(₹ in Millions)

Financial instruments measured at fair value	Recurring fair value measurements as at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Exchange Traded Fund	35.95	-	-	35.95
Total Assets	35.95	-	-	35.95

31 E.3. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's Financial Statement. These fair value is calculated for disclosures purpose only.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Short Term financial assets and liabilities

For Financial assets and liabilities that have a short term nature, the carrying amount, which is net of impairment, are a reasonable approximation of their fair value. Such instruments include cash and bank balances, trade receivables, other receivables, balances other than cash and cash equivalents and trade payables.

(₹ in Millions)

Particulars	As at March 31, 2021		
	Carrying Value	Fair Value	Fair Value Hierarchy
Assets			
Investment in Equity Share of Subsidiaries (at cost)	73.50	73.50	-
Cash and cash equivalents	165.61	165.61	-
Bank balance	5,073.30	5,073.30	-
Trade and other receivable	0.00	0.00	-
Loans	1,390.68	1,390.68	-
Security deposit with Landlord	15.07	15.07	Level 3
Other financial asset	1,593.55	1,593.55	-
Total Assets	8,311.71	8,311.71	-
Liabilities			
Borrowings	2,339.29	2,339.29	-
Trade and other payables	169.92	169.92	-
Other financial liabilities	4,533.84	4,533.84	-
Total Liabilities	7,043.05	7,043.05	-

@ Amount is less than 0.01 million, hence shown as 0.00 million.

(₹ in Millions)

Particulars	As at March 31, 2020		
	Carrying Value	Fair Value	Fair Value Hierarchy
Assets			
Investment in Equity Share of Subsidiaries (at cost)	73.50	73.50	-
Cash and cash equivalents	199.35	199.35	-
Bank balance	2,505.32	2,505.32	-
Trade and other receivable	1.31	1.31	-
Loans	670.70	670.70	-
Security deposit with Landlord	12.80	12.80	Level 3
Other financial asset	2,361.13	2,361.13	-
Total Assets	5,824.12	5,824.12	-
Liabilities			
Borrowings	2,191.93	2,191.93	-
Trade and other payables	178.10	178.10	-
Other financial liabilities	2,418.52	2,418.52	-
Total Liabilities	4,788.55	4,788.55	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

31 E.4. Movements In Level 1 Financial Instruments Measured At Fair Value :

(₹ in Millions)	
Particulars	Exchange Traded Fund
Balances as at April 1, 2020	35.95
Purchase	25.22
Sale/Redemption of financial instrument	(4.31)
Total gain/(losses) recognised in profit and loss	(5.34)
Balances as at March 31, 2021	51.53

(₹ in Millions)	
Particulars	Exchange Traded Fund
Balances as at April 1, 2019	33.67
Purchase	88.08
Sale/Redemption of financial instrument	(91.10)
Total gain/(losses) recognised in profit and loss	5.31
Balances as at March 31, 2020	35.95

31 E.5. Measurement of fair value

The fair Values of Investments in Exchange Traded Funds is based on last traded price as at the Balance Sheet date.

The table which shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used is as follows:

Type	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value Change in discount rate by 500 basis points would increase / (decrease) as below
Financial Assets:				
Investment in Exchange Traded Funds	Exchange Traded Fund fair value is using input based on information /other data that are available.	Not Applicable	Not Applicable	Not Applicable

NOTE 32 :- 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 accountant 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.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 33 :- RELATED PARTY TRANSACTION

As Per IND AS 24, the disclosures of transaction with the related parties are given below :

(A) List of related parties where control exists

Relationship	Name of the related party
Directors & its Relatives	Mr Prakarsh Gagdani- Whole Time Director & CEO
	Mr Santosh Jayaram- Whole Time Director (up to Feb 28, 2021)
	Mr Gourav Munjal- Whole Time Director & CFO
	Dr.Archana Hingorani - Independent Director (w.e.f. Jun 07, 2017)
	Mrs Nirali Sanghi - Independent Director (w.e.f. Jan 11, 2018)
	Mr Sarbeshwar Lenka - Non Executive Director (up to Mar 31, 2020)
	Mr Milin Mehta - Independent Director (w.e.f. Apr 01, 2020)
	Mr Ravindra Garikipati - Independent Director (w.e.f. Sep 03, 2020)
Key Management Personnel	Mrs Namita Godbole- Company Secretary
Subsidiaries	5Paisa P2P Limited
	5Paisa Insurance Brokers Limited
	5Paisa Trading Limited
Other Related Parties	IIFL Finance Limited (Formerly IIFL Holdings Limited)
	IIFL Securities Limited
	IIFL Commodities Limited (Formerly India Infoline Commodities Limited)
	IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)
	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited
	IIFL Facilities Services Limited
	IIFL Wealth (UK) Limited
	IIFL Capital Inc
	IIFL Corporate Services Limited (Formerly known as IIFL Assets Reconstruction Limited)
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	Samasta Microfinance Limited
	IIFL Securities Pte Limited
	IIFL Capital Pte Limited
	IIFL Asset Management Limited
	IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited)
	IIFL Trustee Limited
	IIFL Wealth Distribution Services Limited (Formerly known as IIFL Distribution Services Limited)
	IIFL Investment Advisers & Trustee Services Limited
	IIFL (Asia) Pte Limited
	IIFL Private Wealth(Hong Kong) Limited)**
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Asset Management (Mauritus) Limited
	IIFL Inc
	IIFL Capital (Canada) Limited
	IIFL Wealth Securities IFSC Limited
	IIFL Securities Services IFSC Limited
	IIFL Wealth Portfolio Managers Limited (Formerly Known as IIFL Portfolio Managers Limited) (Originally IIFL Alternate Asset Advisors Limited)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Relationship	Name of the related party
	IIFL Wealth Altire Limited (Formerly known as IIFL Altoire Advisors Limited) (Originally Altire Advisors Private Limited)
	IIFL Wealth Capital Markets Limited (Formerly Known as L&T Capital Markets Limited) (Wholly owned subsidiary of IIFL Wealth Finance Limited)
	Meenakshi Towers LLP
	India Infoline Foundation
	Geocentric Solutions Private Limited (w.e.f December 20, 2019 to March 23, 2020)
	Shreyans Foundations LLP
	Giskard Datatech Private Limited
	MNJ Consultants Private Limited
	India Infoline Employee Trust
	Nirmal Madhu Family Private Trust
	Sunder Bhanwar Ventures Private Limited
	IIFLW CSR Foundation (Incorporate w.e.f January 20, 2020)
	Mr. Venkataraman Rajamani
	Mr. Nirmal Jain
	Mrs. Madhu Jain (wife of Nirmal Jain)
	Mrs. Aditi Athavankar (in capacity of Kalki Family Private Trust)
	Orpheus Trading Pvt. Limited
	Ardent Impex Pvt Limited
	Prakarsh Sharad Gagdani - HUF
	Mrs Kalpana Gagdani (mother of Prakarsh Gagdani)
	Mrs Punam Gagdani (wife of Prakarsh Gagdani)

**IIFL Private Wealth(Hong Kong) Limited has passed a special resolution on 4th September 2020 to voluntarily liquidate the Company.

(B) Significant transactions with related parties during the year

Nature of transaction	₹ in Millions)	
	2020-21	2019-20
Referral Income/Service Income/Brokerage Income/Depository Participate Income. etc. :-		
a) Other Related Parties		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	0.68	11.18
b) Directors , Key Managerial Persons & their relatives		
Mr Prakarsh Gagdani	0.00	0.00
Mr Santosh Jayaram (up to Feb 28, 2021)	0.00	0.00
Mr Gourav Munjal	-	0.00
Mrs Namita Godbole	-	0.00
Prakarsh Sharad Gagdani - HUF	0.00	-
Mrs Kalpana Gagdani	0.00	0.00
Mrs Punam Gagdani	0.00	0.00
Interest Income - Inter Corporate Deposit :-		
a) Subsidiary		
5Paisa P2P Limited	-	0.02

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	2020-21	2019-20
Security Deposit :-		
a) Other Related Parties		
IIFL Facilities Services Limited	7.81	7.81
IIFL Securities Limited	3.07	3.07
Remuneration :-		
Mr. Prakarsh Gagdani	9.78	9.93
Mr. Santosh Jayaram (upto Feb 28, 2021)	3.25	3.18
Mr. Gourav Munjal	4.46	3.32
Mrs. Namita Godbole	4.30	-
Sitting Fees:-		
Dr.Archana Hingorani	0.42	0.39
Mrs Nirali Sanghi	0.42	0.36
Mr Sarbeshwar Lenka	-	0.27
Mr Milin Mehta	0.36	-
Mr Ravindra Garikipati	0.08	-
Rent Expense :-		
a) Other Related Parties		
IIFL Facilities Services Limited	15.63	15.63
IIFL Finance Limited (Formerly IIFL Holdings Limited)	-	0.57
IIFL Securities Limited	6.14	5.56
Interest Expenses Inter Corporate Deposit:-		
a) Subsidiary		
5paisa P2P Limited	-	0.38
b) Other Related Parties		
IIFL Securities Limited	-	1.38
IIFL Facilities Services Limited	2.99	19.44
IIFL Finance Limited (Formerly IIFL Holdings Limited)	118.20	53.63
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	-	0.23
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	3.60
Inter Corporate Deposit Taken :-		
a) Subsidiary		
5Paisa P2P Limited	-	43.50
b) Other Related Parties		
IIFL Facilities Services Limited	900.00	1,205.00
IIFL Finance Limited (Formerly IIFL Holdings Limited)	7,600.00	3,418.10
IIFL Securities Limited	-	-
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	-	20.00
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	300.00

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	2020-21	2019-20
Inter Corporate Deposit Repaid :-		
a) Subsidiary		
5Paisa P2P Limited	-	43.50
b) Other Related Parties		
IIFL Facilities Services Limited	900.00	1,365.00
IIFL Finance Limited (Formerly IIFL Holdings Limited)	8,600.00	2,418.10
IIFL Securities Limited	-	130.00
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	-	20.00
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	300.00
Inter Corporate Deposit Given :-		
a) Subsidiary		
5Paisa P2P Limited	-	4.55
Inter Corporate Deposit Given Received Back :-		
a) Subsidiary		
5Paisa P2P Limited	-	4.55
Allocation / Reimbursement of expenses Paid :-		
a) Other Related Parties		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	4.43	8.50
IIFL Facilities Services Limited	8.68	13.56
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	0.03	0.27
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.14	0.09
IIFL Securities Limited	69.38	72.72
Allocation / Reimbursement of expenses Received :-		
a) Subsidiary		
5Paisa P2P Limited	1.31	6.96
b) Other Related Parties		
IIFL Securities Limited	0.61	-
IIFL Finance Limited (Formerly IIFL Holdings Limited)	-	0.00
Others Paid :-		
a) Subsidiary		
5Paisa P2P Limited	0.25	0.17
b) Other Related Parties		
IIFL Securities Limited	2.70	3.59
IIFL Finance Limited (Formerly IIFL Holdings Limited)	0.89	2.54
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	0.04
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.06	2.06
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	0.14	-

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Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Nature of transaction	(₹ in Millions)	
	2020-21	2019-20
Others Received :-		
a) Subsidiary		
5Paisa P2P Limited	1.45	8.52
b) Other Related Parties		
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	-	0.12
IIFL Securities Limited	2.74	2.37
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	0.00
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.11	0.51
IIFL Finance Limited (Formerly IIFL Holdings Limited)	2.92	1.97
IIFL Wealth Management limited	-	0.00
Security Deposit Received:-		
a) Other Related Parties		
IIFL Securities Limited	-	0.57
Investment in Subsidiary:-		
a) Subsidiary		
5Paisa P2P Limited	-	52.00
5Paisa Trading Limited	-	0.50

(C) Closing Balance

Nature of transaction	(₹ in Millions)	
	2020-21	2019-20
Sundry Payable :-		
a) Other Related Parties		
IIFL Facilities Services Limited	-	0.13
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	0.02
IIFL Securities Limited	-	0.29
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	0.12	-
Prakarsh Gagdani HUF	0.01	0.00
b) Directors & Relatives		
Mr Prakarsh Gagdani	0.00	-
Mr Santosh Jayaram (up to Feb 28, 2021)	0.00	-
Mr Gourav Munjal	-	0.00
Mrs Kalpana Gagdani	1.04	0.13
Mr Sharad Gagdani	0.00	-
Security Deposit		
a) Other Related Parties		
IIFL Securities Limited	3.07	3.07
IIFL Facilities Services Limited (Formerly Known as IIFL Realty limited)	7.81	7.81

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Millions)

Nature of transaction	2020-21	2019-20
Inter Corporate Deposit		
a) Other Related Parties		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	-	1,000.00
Sundry Receivable :-		
a) Subsidiary		
5Paisa P2P Limited	0.28	0.69
b) Other Related Parties		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	2.08	-
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)Limited	0.09	-
IIFL Securities Limited	1.82	-
c) Director & Relatives		
Mr Prakarsh Gagdani	-	0.48
Mr Santosh Jayaram - (upto 28 Feb 2021)	-	0.06
Mr Gourav Munjal	0.00	-
Mrs Punam Gagdani	-	0.07
Mrs Namita Godbole	0.00	0.00

@Amount is less than ₹ 0.01 million ,hence shown ₹ 0.00 million.

NOTE: 34. The Company has implemented Employee Stock Option Scheme 2017 (ESOP Scheme) and has outstanding options granted under the said scheme. The options vest in a graded manner and are required to be exercised within specified period as per the terms of the grant approved by the Nomination and Remuneration Committee of the Company and conditions of the ESOP Scheme.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2017
Method of Accounting	Fair Value of options
Purchase	Options granted would vest over a period of five years subject to minimum period of one year from the date of grant of options.
Exercise Period	Seven Years from the grant date

b) Movement of options during the year ended March 31, 2021

Particulars	Option Outstanding (in numbers)	Range of exercise Price (in ₹)**	Weight average exercise price (in ₹)#	Weight average remaining contractual life (in Years)
Outstanding as on March 31, 2019	200,000	194	-	5.80
Exercisable as on March 31, 2019	200,000	-	-	-
Granted during the year	200,000	157.30 to 200	-	-
Corporate action pursuant to Rights Issue*	300,000	-	-	-
Forfeited during the year	-	-	-	-
Expired/Lapsed during the year	28,000	-	-	-
Exercised during the year	-	-	-	-
Outstanding as on March 31, 2020	672,000	157.30 to 200	-	5.40
Exercisable as on March 31, 2020	672,000	157.30 to 200	-	-

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For the year ended March 31, 2021 (Contd.)

Particulars	Option Outstanding (in numbers)	Range of exercise Price (in ₹)**	Weight average exercise price (in ₹)#	Weight average remaining contractual life (in Years)
Granted during the year	200,000	282	-	-
Forfeited during the year	-	-	-	-
Expired/Lapsed during the year	68,000	-	-	-
Exercised during the year ***	38,250	-	191.60	-
Outstanding as on March 31, 2021	765,750	157.30 to 282	-	4.84
Exercisable as on March 31, 2021	765,750	157.30 to 282	-	-

* Pursuant to Corporate Action i.e. consequent to Rights issue (in the ratio of 1:1) as approved by the Board of Directors as on July 17, 2018 and in order to give a fair and reasonable treatment to the outstanding option holders holding options, additional options were granted to be convertible into equal number of equity shares of the company.

**Exercise price has been calculated after giving effect of additional options granted to employee consequent to rights issue as approved by the board.

During the year 38,250 options has been exercised by the employee.

(c) The Company has granted 200,000 options during the year.

Fair Value Methodology

The fair value of the Options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation.

Stock Price: The fair value of the underlying stock based on the latest available closing Market Price on NSE has been considered for valuing the grant.

Volatility: Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the period. The measure of volatility is used in the Black Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

The period to be considered for volatility has to be adequate to represent a consistent trend in the price movements. It is also important that movement due to abnormal events get evened out. There is no research that demonstrates conclusively how long the historical period used to estimate expected long-term future volatility should be. However, informal tests and preliminary research tends to confirm that estimates of expected future long term volatility should be based on historical volatility for a period that approximates the expected life of the options being valued.

Risk-free rate of return: The risk-free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Exercise Price: The Exercise Price as communicated to us by the management of the Company have been considered in the valuation.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: The management's representation of the Expected dividend yield of 0% has been accepted for the purpose of this valuation.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 35:- THE TABLE BELOW SHOWS AN ANALYSIS OF ASSETS AND LIABILITIES ANALYED ACCORDING TO WHEN THEY ARE EXPECTED TO BE RECOVERED OR SETTLED.

(₹ in Millions)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
(1) Financial Assets						
(a) Cash and cash equivalents	165.61	-	165.61	199.35	-	199.35
(b) Bank Balance other than (a) above	5,073.30	-	5,073.30	2,505.32	-	2,505.32
(c) Receivables						
(i) Trade receivables	0.00	-	0.00	1.31	-	1.31
(d) Loans	1,390.68	-	1,390.68	670.70	-	670.70
(e) Investments	51.53	73.50	125.03	35.95	73.50	109.45
(f) Other financial assets	1,544.22	64.40	1,608.62	2,319.21	54.72	2,373.93
Sub-total	8,225.34	137.90	8,363.24	5,731.85	128.22	5,860.06
(2) Non-Financial Assets						
(a) Current tax assets (net)	10.78	-	10.78	15.16	-	15.16
(b) Deferred tax assets (net)	-	171.15	171.15	-	231.80	231.80
(c) Property, Plant and Equipment	-	16.50	16.50	-	16.60	16.60
(d) Right to use assets	-	38.91	38.91	-	57.72	57.72
(e) Other intangible assets	-	6.69	6.69	-	7.78	7.78
(f) Other non-financial assets	52.57	-	52.57	44.60	-	44.60
Sub-total	62.35	233.25	296.60	59.76	313.90	373.66
Total Assets	8,288.70	371.14	8,659.84	5,791.61	442.12	6,233.72
LIABILITIES						
(1) Financial Liabilities						
(a) Payables						
(i) Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	0.08	-	0.08	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	4.18	-	4.18	8.89	-	8.89
(ii) Other payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	165.66	-	165.66	169.21	-	169.21
(b) Borrowings (Other than debt securities)	2,339.29	-	2,339.29	2,191.93	-	2,191.93
(c) Other financial liabilities	4,505.89	27.95	4,533.84	2,376.95	41.57	2,418.52
Sub-total	7,015.10	27.95	7,043.05	4,746.98	41.57	4,788.55
(2) Non-Financial Liabilities						
(a) Provisions	9.18	-	9.18	4.87	-	4.87
(b) Other non-financial liabilities	20.17	-	20.17	57.54	-	57.54
Sub-total	29.35	-	29.35	62.41	-	62.41
Total Liabilities	7,044.44	27.95	7,072.40	4,809.39	41.57	4,850.96
Net	1,244.25	343.19	1,587.44	982.22	400.55	1,382.76

@Amount is less than ₹ 0.01 million ,hence shown ₹ 0.00 million.

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Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 36 :-

1. The wholly owned subsidiary of the Company namely 5paisa P2P Limited ("the Company") was incorporated on December 17, 2017 with the objective to provide an online marketplace to the participants involved in peer to peer lending and also to act as a distributor of financial products. The company has received approval from RBI to commence its business as NBFC P2P and the company has started its P2P business operations.
2. The Wholly owned subsidiary of the Company namely 5paisa Insurance Brokers Limited was incorporated on Oct 27, 2018 has applied with IRDA for undertaking the activities of Insurance Brokers & awaiting for approval.
3. The wholly owned subsidiary of the Company namely 5paisa Trading Limited had incorporated on February 27, 2020.

NOTE 37 :-

The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the company were identified and recovered from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

NOTE 38 :- NOTE ON COVID-19 IMPACT

Due to lockdown on account of COVID-19, although the capital market were impacted and volatility has increased in the stock market; however 5Paisa Capital Limited, being a SEBI registered intermediary and considered among essential services, continued to operate during the lockdown in India and there was no major impact on our business as the capital markets remained open and functioned normally.

NOTE 39 :- CODE ON SOCIAL SECURITY

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and postemployment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. The Central Government on 30th March 2021 has deferred the implementation of the said Code and the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will account for the related impact in the period the Code becomes effective.

NOTE 40 :- RECENT PRONOUNCEMENTS

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

Specified format for disclosure of shareholding of promoters. Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development

If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

NOTE 41 :- COMPARATIVES

Previous year figures are re-grouped, re-classified and re-arranged, wherever considered necessary to confirm to current year's presentation.

As per our attached report of even date

For **V Sankar Aiyar & Co.**

Chartered Accountants

Firm's Registration No.109208W

By the hand of

G.Sankar

Partner

Membership No.: 046050

Place : Mumbai

Dated : April 20, 2021

For and on behalf of Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO

(DIN: 07376258)

Gourav Munjal

Whole Time Director & CFO

(DIN: 06360031)

Namita Godbole

Company Secretary

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Independent Auditor's Report

To the Members of 5paisa Capital Limited

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying consolidated financial statements of 5paisa Capital Limited (hereinafter referred to as the 'Holding Company') and its subsidiary companies (Holding Company and its subsidiary companies together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2021, the consolidated Statement of Profit and Loss, consolidated Statement of Changes in Equity and the consolidated Cash Flows statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, of consolidated profit, of consolidated comprehensive income, of consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters

were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Key Audit Matter	Response to Key Audit Matter
<p>Information technology (IT) systems used in financial reporting process.</p> <p>The Parent company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily.</p> <p>We therefore identified IT systems and controls over financial reporting as a key audit matter for the Parent Company.</p>	<p>We obtained an understanding of the Parent Company's IT control environment relevant to the audit.</p> <p>We tested the design, implementation and operating effectiveness of the Parent Company's General IT controls over the key IT systems which are critical to financial reporting.</p> <p>We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements.</p> <p>In addition to above, we have also relied on the work of the internal auditors and system auditors.</p>

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the standalone and consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement

Independent Auditor's Report (Contd.)

of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated

Independent Auditor's Report (Contd.)

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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding Company to its managing director during the year is in accordance with the provisions of section 197 of the Act.

Independent Auditor's Report (Contd.)

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has no pending litigations which may impact the consolidated financial position of the Group.
 - ii. The Group 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 Holding Company and its subsidiary companies incorporated in India.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

(G SANKAR)
Partner
(M.No.46050)
UDIN: 21046050AAAADD1483

Place: Mumbai
Date: April 20, 2021

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Annexure to Auditor's Report

Annexure referred to in our report of even date to the members of 5paisa Capital Limited on the consolidated financial statements for the year ended 31st March 2021

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of 5paisa Capital Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies (hereinafter collectively referred to as "the Group") as of March 31st, 2021 which are Companies incorporated in India, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established

and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

Annexure to Auditor's Report (Contd.)

internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary companies which are companies incorporated in India,

have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

(G SANKAR)
Partner
(M.No.46050)
UDIN: 21046050AAAADD1483

Place: Mumbai
Date: April 20, 2021

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Consolidated Balance Sheet

As at March 31, 2021

Particulars	Note No.	(₹ in Millions)	
		As at March 31, 2021	As at March 31, 2020
I ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	3	168.76	200.81
(b) Bank balance other than (a) above	4	5,074.05	2,505.32
(c) Receivables			
(i) Trade receivables	5	0.00	1.31
(d) Loans	6	1,390.68	670.70
(e) Investments	7	85.29	88.43
(f) Other financial assets	8	1,623.74	2,374.09
Sub total		8,342.52	5,840.66
(2) Non-Financial Assets			
(a) Current tax assets (net)		10.78	15.45
(b) Deferred tax assets (net)	9	179.95	231.91
(c) Property, Plant and Equipment	10	16.50	16.60
(d) Right of use assets	11	38.91	57.72
(e) Capital work-in-progress	10	-	17.06
(f) Other intangible assets	10	22.38	7.78
(g) Other non-financial assets	12	57.88	48.15
Sub total		326.40	394.67
Total		8,668.92	6,235.33
II LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Payables			
(i) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	13	0.08	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	17.76	9.75
(ii) Other payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	176.02	169.43
(b) Borrowings (Other than debt securities)	14	2,339.29	2,191.93
(c) Other financial liabilities	15	4,545.42	2,418.97
Sub total		7,078.57	4,790.08
(2) Non-Financial Liabilities			
(a) Provisions	16	9.40	5.00
(b) Other non-financial liabilities	17	20.20	57.81
Sub total		29.60	62.81
(3) EQUITY			
(a) Equity share capital	18	255.16	254.78
(b) Other equity	19	1,305.59	1,127.66
Sub total		1,560.75	1,382.44
Total		8,668.92	6,235.33

See accompanying notes forming part of Consolidated Financial Statements 1-41

*Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

As per our attached report of even date

For **V Sankar Aiyar & Co.**
Chartered Accountants
Firm Registration Number: 109208W
By the hand of

For and on behalf of Board of Directors

G. Sankar
Partner
Membership No. 046050

Prakarsh Gagdani
Whole Time Director & CEO
(DIN : 07376258)

Gourav Munjal
Whole Time Director & CFO
(DIN: 06360031)

Place: Mumbai
Date: April 20, 2021

Namita Godbole
Company Secretary

Consolidated Statement of Profit and Loss

For the year ended March 31, 2021

(₹ in Millions)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations			
(a) Interest income	20	458.51	232.13
(b) Fees and commission income	21	1,470.63	850.07
(I) Total revenue from operations		1,929.14	1,082.20
(a) Other income	22	16.61	0.56
(II) Total income		1,945.75	1,082.76
(III) Expenses			
(a) Finance cost	23	199.50	151.13
(b) Employee benefits expense	24	361.07	291.52
(c) Depreciation, amortization and impairment	25	46.07	38.41
(d) Other expenses	26	1,140.16	698.20
(III) Total expenses		1,746.79	1,179.26
(IV) Profit/(Loss) before exceptional items and tax (II-III)		198.96	(96.50)
(V) Exceptional items		-	-
(VI) Profit/(Loss) before tax (IV-V)		198.96	(96.50)
(VII) Tax expense:	27		
(1) Current tax		-	-
(2) Deferred tax		52.06	(17.54)
(VIII) Profit/(Loss) for the year (VI-VII)		146.90	(78.96)
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		(0.39)	(2.52)
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.10	1.00
Other Comprehensive Income (XI)		(0.29)	(1.52)
Total Comprehensive Income for the year (VIII) + (XI)		146.61	(80.48)
Earnings per equity share of face value of ₹ 10 each	28		
Basic in (₹)		5.76	(3.39)
Diluted in (₹)		5.73	(3.39)

See accompanying notes forming part of Consolidated Financial Statements

1-41

As per our attached report of even date

For **V Sankar Aiyar & Co.**
Chartered Accountants
Firm Registration Number: 109208W
By the hand of

For and on behalf of Board of Directors

G. Sankar
Partner
Membership No. 046050

Prakarsh Gagdani
Whole Time Director & CEO
(DIN : 07376258)

Gourav Munjal
Whole Time Director & CFO
(DIN: 06360031)

Place: Mumbai
Date: April 20, 2021

Namita Godbole
Company Secretary

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Consolidated Statement of Changes in Equity

For the year ended March 31, 2021

A. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
Equity Shares				
At the beginning of the year	25,477,668	254.78	12,739,022	127.39
Add: Shares issued during the year*	38,250	0.38	12,738,646	127.39
Closing at the end of year	25,515,918	255.16	25,477,668	254.78

* During the year 38,250 equity shares has been issued to the employees of the Company under employee stock option scheme.

B. OTHER EQUITY

Particulars	Reserves and Surplus					Other items of Other Comprehensive Income	Total
	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	Employee Stock option Reserve		
Balance as at March 31, 2019		823.33	47.71	(561.19)	13.12	(1.07)	321.90
Total Comprehensive Income for the year		-	-	(78.96)	-	(1.52)	(80.48)
Additions during the period (Net of share issue Expenses)		870.89	-	-	15.35	-	886.23
Balance as at March 31, 2020		1,694.22	47.71	(640.15)	28.47	(2.59)	1,127.66
Total Comprehensive Income for the year				146.90	-	(0.29)	146.61
Transfer from/to reserve	7.97				(7.97)		-
Additions during the period*	-	6.94			24.38		31.32
Balance as at March 31, 2021	7.97	1,701.16	47.71	(493.25)	44.88	(2.88)	1,305.59

* Securities Premium reserve of ₹ 6.94 million is created during the year due to issue of shares under equity stock option scheme.

See accompanying notes forming part of Consolidated Financial statements (1 -41)

As per our attached report of even date

For **V Sankar Aiyar & Co.**
Chartered Accountants
Firm Registration Number: 109208W
By the hand of

For and on behalf of Board of Directors

G. Sankar
Partner
Membership No. 046050

Prakarsh Gagdani
Whole Time Director & CEO
(DIN : 07376258)

Gourav Munjal
Whole Time Director & CFO
(DIN: 06360031)

Place: Mumbai
Date: April 20, 2021

Namita Godbole
Company Secretary

Consolidated Cash Flow Statement

For the year ended March 31, 2021

Particulars	(₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash Flows From Operating Activities		
Net Profit/(Loss) before taxation	198.96	(96.50)
Adjustments for:		
Depreciation, amortisation and impairment	46.07	38.41
Employee benefit expenses - share based	24.38	15.35
Employee benefit expenses - others	7.81	5.10
Finance Cost	199.50	151.13
Dividend Income	(0.39)	-
(Gain)/Loss on financial assets measured at fair value	(12.16)	1.33
(Gain)/Loss on sale of PPE & Intangible Assets	(0.09)	-
Capital Gain - Mutual Fund	(0.81)	(0.13)
Operating profit before working capital changes	463.27	114.69
(Increase)/Decrease in Trade Receivables	1.31	18.20
(Increase)/Decrease in Other Receivables	-	(5.99)
(Increase)/Decrease in Loans	(719.98)	(430.11)
(Increase)/Decrease in Other Non financial Liabilities	(37.61)	22.45
(Increase)/Decrease in Other Financial Assets	750.36	(1,288.72)
Increase/(Decrease) in Other Financial Liabilities	2,126.16	1,108.86
(Increase)/Decrease in Other Non-Financial Assets	(9.72)	(35.17)
Increase/(Decrease) in Provisions	(3.41)	(3.71)
(Increase)/Decrease in Bank Deposits	(2,568.73)	(1,973.07)
Increase/(Decrease) in Trade Payable	8.09	8.17
Increase/(Decrease) in Other Payable	6.59	107.56
Cash generated/(used in) from operations	16.33	(2,356.83)
Taxes	4.58	(12.09)
Net cash generated/(used in) from operating activities (A)	20.91	(2,368.92)
Cash Flows From Investing Activities		
Purchase of PPE & Intangible Assets	(41.25)	(121.73)
Sale of PPE & Intangible Assets	16.64	6.72
Purchase of Investments	(7.71)	(100.27)
Sale of Investments	23.79	44.31
Dividend Income	0.39	-
Net cash flow generated/(used in) investing activities (B)	(8.14)	(170.97)
Cash Flows From Financing Activities		
Increase in Share Capital	0.38	127.39
Increase in Share Premium (Net of share Issue Expenses)	6.94	870.89
Inter corporate deposits Taken	7,600.00	3,566.60
Inter corporate deposits Repaid	(8,600.00)	(2,856.60)
Interest Expenses	(199.50)	(151.13)
Net cash flow generated/(used in) financing activities (C)	(1,192.18)	1,557.15
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(1,179.41)	(982.75)
Cash and Cash Equivalents at Beginning of Year	200.81	621.75
Bank OD Taken/(Repaid) during the year (Net)	1,147.36	561.81
Cash and Cash Equivalents at End of Period	168.76	200.81
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,179.41)	(982.75)

See accompanying notes forming part of the Consolidated financial statements (1 -41)

As per our attached report of even date

For **V Sankar Aiyar & Co.**
Chartered Accountants
Firm Registration Number: 109208W
By the hand of

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Date: April 20, 2021

For and on behalf of Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN : 07376258)

Gourav Munjal
Whole Time Director & CFO
(DIN: 06360031)

Namita Godbole
Company Secretary

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Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 1. CORPORATE INFORMATION:

The financial statements comprise financial statements of "5Paisa Capital Limited" ("the holding company") and its subsidiary companies for the year ended March 31, 2021.

5paisa Capital Ltd ["5PCL"] is engaged in providing an online technology platform for trading in National Stock Exchange of India Ltd, BSE Ltd & in MCX through web based trading terminal, mobile application and a state of the art Call and Trade Unit. 5PCL is also a SEBI approved Research analyst, a Depository Participant under CDSL and registered member of AMFI. 5PCL provides a wide range of financial services to its customers including depository services, distribution of mutual funds, bonds and debentures, Equity and Mutual fund research, Investment advisory services through its technology based platforms.

One of the wholly owned subsidiary company 5paisa P2P ("5paisa P2P") Limited was incorporated on December 17, 2017 with the objective to provide an online marketplace to the participants involved in peer to peer lending and also to act as a distributor of financial products including distribution of insurance products. The group companies has received approval from RBI to commence its business as NBFC P2P and the group companies will initiate its P2P activities shortly.

The wholly owned subsidiary company 5paisa Insurance Brokers Limited ("5paisa IBL") was incorporated on October 27, 2018 with the objective to undertake the activities of Insurance Brokers as permissible under IRDA (Insurance Brokers) Regulations 2002 and other related activities. The group companies has applied with IRDA for undertaking the activities of Insurance Brokers & awaiting for approval.

The wholly owned subsidiary of the company namely 5paisa Trading Limited had incorporated on February 27, 2020.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

2.1 Significant Accounting Policies:

a) Basis of Preparation of Consolidated financial statements:

The consolidated financial statement for the year ended March 31, 2021 has been prepared in accordance with Indian Accounting Standard ('Ind AS'). The Holding Company is covered under the definition of NBFC and the Ind AS is applicable under Phase II as defined in notification dated March 30, 2016 issued by Ministry of Corporate Affairs (MCA), since the holding company is a listed company.

These Consolidated financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting standards prescribed under Section

133 of the Companies Act, 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India and in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and relevant amendment rules issued thereafter and under the historical cost convention on accrual basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value (refer accounting policy regarding financial instruments)
Net defined benefit assets / liability	Fair value of plan assets less present value of defined benefit obligations
Share based payment	Fair value (refer accounting policy regarding financial instruments)

These Consolidated Financial Statements of the group are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). These Consolidated Financial Statements of the group companies are presented in Indian Rupees ("INR"), which is also the group companies's functional currency and all values are rounded to nearest Millions upto two decimal places, except otherwise indicated.

The Consolidated financial statements for the year ended March 31, 2021 are being authorized for issue in accordance with a resolution of the directors on April 20, 2021.

aa) Basis of consolidation of accounts of subsidiary companies:

The group companies consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the group companies and subsidiaries as disclosed in Note 36. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

The financial statements of the group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain / loss from such transactions are eliminated upon consolidation. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. Non-controlling interests, which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the group companies, are excluded.

b) Property, plant and equipment:

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of PPE are carried at its cost less accumulated depreciation and accumulated impairment losses.

The group identifies and determines cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

The cost of an item of PPE comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenses related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.

Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefit associates with these will flow into the group companies and the cost of the item can be measured reliably.

Items of Property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value and are shown separately in the financial statements.

Gains or losses arising from disposal or retirement of tangible Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property as its carrying amount on the date of reclassification.

Depreciation:

Depreciation on each item of property, plant and equipment is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the management and is charged to the Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Significant components of assets identified separately pursuant to the requirements under Schedule II of the Companies Act, 2013 are depreciated separately over their useful life.

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of lease.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged for the month in which assets are sold. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the assets. Individual assets / group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase. Lease hold land is depreciated on a straight line basis over the lease hold period.

Class of assets	Useful life in years
Buildings*	20
Computers*	3
Electrical equipment*	5
Office equipment*	5
Furniture and fixtures*	5
Vehicles *	5

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Derecognition: The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

Capital work in progress and Capital advances:

Cost of assets not yet ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Financial Assets.

c) Intangible assets:

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure

is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets with finite useful life are carried at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets with indefinite useful lives, that are acquired separately, are carried at cost/fair value at the date of acquisition less accumulated impairment loss, if any.

Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Estimated useful economic life of the assets is as under:

Class of assets	Useful life in years
Software	3

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

d) Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually or whenever there is an indication that the asset may be impaired. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expenses. After impairment (if any), depreciation/amortisation is provided on the revised carrying amount of the assets over its remaining life.

Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

e) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

Financial assets

Initial recognition and measurement:

Trade Receivables, Loans and Deposits are initially recognized when they are originated. The group companies recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

Trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the group companies classifies a financial asset in accordance with the below criteria:

- i) The group companies business model for managing the financial asset and
- ii) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the group companies classifies its financial assets into the following categories:

- i) Financial assets measured at amortized cost
- ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii) Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The group companies business model objective for managing the financial

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asset is to hold financial assets in order to collect contractual cash flows, and

- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated. Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The group companies determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The group companies business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

This category generally applies to cash and bank balances, trade receivables, loans and other financial assets of the group companies. Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to

arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) 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.

Such financial assets are measured initially as well as at each reporting date at fair value. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the group companies recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

As at the balance sheet date, there are no financial assets which are measured at FVOCI.

iii. Investments in equity instruments at FVTOCI:

On initial recognition, the group companies can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive

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income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. Dividend from these investments are recognised in the Statement of Profit and Loss when the group companies right to receive dividends is established. As at the reporting dates, there are no equity instruments measured at FVOCI.

iv. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the group companies excluding investments in subsidiaries. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss. Further, the group companies, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTPL. The group companies has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in Statement of Profit and Loss. The group companies recognizes dividend income from such instruments in the Statement of Profit and Loss.

Reclassifications:

If the business model under which the group companies holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the group companies financial assets. During the current financial year and previous accounting period there was no change in the business model under which the group companies holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a similar financial assets) is derecognized (i.e. removed from the Balance Sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The group companies transfer its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii. The group companies retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The group companies neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

In cases where group companies has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the group companies continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the group companies also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the group companies has retained.

On derecognition of a financial asset the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The group companies applies Expected Credit Loss (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables and lease receivables
- ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

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In case of trade receivables and lease receivables, the group companies follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the group companies determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the group companies reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the group companies in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls) discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL area portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the group companies uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

Financial Liabilities and equity:

Initial recognition and measurement:

The group companies recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities are initially recognised at fair value net of transaction cost that are attributable to the separate liabilities. All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the group companies as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over

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the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Equity instruments:

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

Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability, derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

i) Fair Value:

The group companies measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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 fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The group companies uses valuation techniques that are appropriate in the circumstances and for which sufficient data

are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for assets or liabilities that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the group companies determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

j) Foreign Currency Translation:

These financial statements are presented in Indian Rupees, which is the group companies functional currency.

i. Functional and presentation currencies:

Items included in the Standalone Financial Statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in INR which is the functional and presentation currency for group companies.

ii. Transactions & Balances:

Foreign currency transactions are translated into the functional currency at the exchange rates on the date of transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at the year-end exchange rates are generally recognized in the Statement Profit

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and Loss. They are deferred in equity if they relate to qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

Non-monetary foreign currency items are carried at cost and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

iii) Foreign operations:

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate as on that balance sheet date
- income and expenses are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

k) Income Taxes:

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). With effect from April 1, 2019, where there is uncertainty over income tax treatments, the group companies determines the probability of the income tax

authorities accepting each such tax treatment or group of tax treatments in computing the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Deferred tax:

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the reporting date. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The tax effects of income tax losses, available for carry forward, are recognised as deferred tax asset, when it is probable that future taxable profits will be available against which these losses can be set-off.

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

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Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The group companies offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the group companies has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the group companies.

l) Provisions and Contingencies:

The group companies recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risk & uncertainties surrounding the obligation.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The group companies in the normal course of its business, comes across client claims/regulatory penalties/ inquiries, etc. and the same are duly clarified/ addressed from time to time.

The penalties/ actions if any are being considered for disclosure as contingent liability only after finality of the representation of appeals before the lower authorities.

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 embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets are disclosed only where an inflow of economic benefits is probable.

m) Statement of Cash Flows :

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a noncash nature;
- non-cash items such as depreciation, provisions, deferred taxes and unrealised foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

n) Cash and Cash Equivalents :

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances. Bank borrowings are repayable on a demand form an integral part of company's cash management, and hence bank overdrafts are considered to be a part of cash and cash equivalents in Cash flow statement.

o) 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. Ind AS 115, Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

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The group companies recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the group companies expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the contract price to the performance obligations in the contract: For contract that has more than one performance obligation, the group companies allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the group companies expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the group companies satisfies a performance obligation.

The group companies assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The group companies has concluded that it is acting as a principal in all of its revenue arrangements.

Income from services rendered as a broker is recognised upon rendering of the services on a trade date basis, in accordance with the terms of contract. Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract. Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant. Commission and fees recognized as aforesaid are exclusive of goods and service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.

Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract. Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed. Amounts retained by the customers until the satisfactory completion of the contracts are recognised as receivables.

oa) Other Income

Interest is earned on delayed payments from customers and amounts funded to them as well as term deposits with banks. Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable. Dividend income is recognised when the right to receive the dividend is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

Gains / losses on dealing in securities are recognized on a trade date basis.

p) Employee Benefits

Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the group companies estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the group companies revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the statement of profit and loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Securities premium includes the difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service if the group companies has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The group companies recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits:

I. Defined contribution plans:

Defined contribution plans are post-employment benefit plans under which the group companies pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further contributions, if any, if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The group companies contributions to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate. The group

companies and its Indian subsidiaries operate defined contribution plans pertaining to Employee State Insurance Scheme and Government administered Pension Fund Scheme for all applicable employees and the group companies operates a Superannuation scheme for eligible employees.

Recognition and measurement of defined contribution plans: The group companies recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the group companies during the reporting period. If the contributions payable for services received from employees before the reporting date exceed the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

II. Defined benefit plans:

Gratuity scheme: The Company, operates a gratuity scheme for employees. The contribution is paid to a separate fund in ICICI Prudential named 5 Paise Capital Limited Gratuity Fund, towards meeting the Gratuity obligations.

Recognition and measurement of defined benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost if any and net interest on the defined benefit liability (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability (asset) comprising

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actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

Other Long Term Employee Benefits:

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The group companies determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date.

Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

q) Lease accounting :

The group companies as a Lessee

The group companies lease asset classes primarily consist of leases for premises and vehicles. The group companies assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group companies assesses whether: (i) the contract involves the use of an identified asset (ii) the group companies has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the group companies has the right to direct the use of the asset.

At the date of commencement of the lease, the group companies recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases.

For these short-term and low value leases, the group companies recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the group companies changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The group companies as a Lessor

Leases for which the group companies is a lessor is classified as a finance or operating

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the group companies is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The group companies does not have any lease arrangement where it is a lessor as on the balance sheet date.

r) Borrowing Cost:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

s) Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

t) Segment Reporting :

The group companies business is to provide broking services, to its clients, in the capital markets in India. All other activities of the group companies are not material as on balance sheet date. As such, there are no reportable segments

that need to be reported separately as defined in Ind AS 108, Operating Segments.

2.2 Key Accounting Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Estimates and underlying assumptions are reviewed on ongoing basis. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The group companies makes certain judgments and estimates for valuation and impairment of financial instruments, fair valuation of employee stock options, useful life of property, plant and equipment, deferred tax assets and retirement benefit obligations. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a. Income taxes

The group companies tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Further Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

b. Determination of the estimated useful lives of tangible assets

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of group companies assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

c. Defined Benefit Obligation

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds corresponding to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. Further details are disclosed in Note 24.

d. Fair value measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

e. Impairment of financial assets

The provision for expected credit loss involves estimating the probability of default and loss given default based on the group companies own experience & forward looking estimation.

f. Provision for litigations

In estimating the final outcome of litigation, the group companies applies judgment in considering factors including experience with similar matters, past history, precedents, relevant and other evidence and facts specified to the matter. Application of such judgment determines whether the group companies requires an accrual or disclosure in the financial statements.

g. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes model used for valuation of options. Key assumptions made with respect to expected volatility includes share price, expected dividends and discount rate, under this option pricing model. Further details are disclosed in notes.

h. Determining whether an arrangement containing a lease

In determining whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease date if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash & cash equivalents :		
- Cash in hand	-	-
- Cheques in hand	-	-
Balances with bank:		
- in current accounts	42.78	16.11
- in client accounts	125.98	184.70
Total Cash & cash equivalents	168.76	200.81

NOTE 4 : BANK BALANCE OTHER THAN ABOVE

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed Deposits	1.45	0.20
Lien marked *	5,072.60	2,505.12
Total	5,074.05	2,505.32

* Company has pledged fixed deposits with the banks for bank guarantee/overdraft facilities and with the stock exchange for margin/arbitration purpose and with other authorities.

NOTE 5 : RECEIVABLES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Trade receivables		
- Receivables considered Good - unsecured	0.00	0.02
- Receivables which have significant increase in credit risk	0.00	1.65
- Receivables - credit impaired	0.54	-
Total (i) Gross	0.54	1.67
Less : Impairment loss allowance	0.54	0.36
Total (i) Net	0.00	1.31

©Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

- No trade or other receivables are due from directors or from other officers of the Company either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any directors is a partner, director or a member as at March 31, 2021 & March 31, 2020.
- No trade receivables and other receivables are interest bearing.

NOTE 6 : LOANS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayable on demand		
Margin trading facility balances*	1,390.68	670.70
Total	1,390.68	670.70

* Loans to customers are secured by pledge of Shares/Bonds/Mutual Funds.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 7 : INVESTMENTS

Particulars	(₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
A) At fair value through profit or loss		
Exchange Traded Fund		
EQ-SBISENSEXETF	3.76	2.25
EQ-SETFBANK EQ	3.17	1.80
EQ-SETFBSE100	11.03	10.75
EQ-SETFNIFTYNEXT 50 EQ	3.30	1.95
EQ-SETFNIFTY EQ	6.71	3.98
EQ-UTINIFTYETF	4.82	2.98
EQ-UTISENSEXETF	6.82	4.89
EQ-UTINEXT50	7.76	4.70
EQ-SETFSN50	1.76	1.13
EQ- SBIETFQLTY	0.18	0.10
EQ- UTISXN50	2.21	1.42
B) Investment in Mutual Fund		
ICICI Prudential Liquid Fund (110,777.238 Units NAV @304.73) (PY - 1,78,635.70 Units NAV @293.78)	33.76	52.48
Total	85.29	88.43
- Investment outside India	-	-
- Investment in India	85.29	88.43
Total	85.29	88.43

* The Company has opted to measure investment in subsidiaries at deemed cost as per Ind AS 27.

NOTE 8 : OTHER FINANCIAL ASSETS

Particulars	(₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
Deposit/Margin with exchanges	649.35	2,002.16
Clients and Exchanges receivables (net of provision)#	863.55	326.26
Security deposit with landlords and others*	15.09	12.82
Interest accrued on deposits and investments	91.87	32.46
Receivable from related parties (Refer note 33)	3.88	0.38
Total	1,623.74	2,374.09

Includes receivable from director and key managerial personnel ₹ 0.00 million (March 31, 2020 ₹ 0.6 million)

* Include deposit with related party of ₹ 10.8 million (March 31, 2020 ₹ 10.8 million) Refer note 33

NOTE 9 : DEFERRED TAX ASSETS (NET)

Particulars	(₹ in Millions)			
	As at March 31, 2021			
	Opening balance as at April 1, 2020	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:				
Depreciation on property, plant and equipment	1.62	0.90	-	2.52
Provisions for expected credit loss	3.92	8.09	-	12.01
Compensated absences and retirement benefits	1.97	0.50	0.10	2.57
Tax on business Loss carry-forward *	223.27	(57.34)	-	165.93
Others	2.82	(0.11)	-	2.72
Total deferred tax assets (a)	233.60	(47.95)	0.10	185.75

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2021			
	Opening balance as at April 1, 2020	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax liabilities:				
Depreciation on property, plant and equipment	-	(0.54)	-	(0.54)
Unrealised profit on investments	(0.19)	(4.23)	-	(4.41)
On Lease Rentals as per tax	(1.50)	0.65	-	(0.85)
Total deferred tax liabilities (b)	(1.69)	(4.11)	-	(5.80)
Deferred tax assets (a) + (b)	231.91	(52.06)	0.10	179.95

(₹ in Millions)

Particulars	As at March 31, 2020			
	Opening balance as at April 1, 2019	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:				
Depreciation on property, plant and equipment	0.89	0.73	-	1.62
Provisions for doubtful receivables/other financial asset (Including expected credit loss)	1.33	2.59	-	3.92
Compensated absences and retirement benefits	2.10	(1.13)	1.00	1.97
Tax on business Loss carry-forward *	203.92	19.35	-	223.27
Others	5.40	(2.58)	-	2.82
Total deferred tax assets (a)	213.64	18.96	1.00	233.60
Deferred tax liabilities:				
Unrealised profit on investments	(0.27)	0.08	-	(0.19)
On Lease Rentals as per tax	-	(1.50)	-	(1.50)
Total deferred tax liabilities (b)	(0.27)	(1.42)	-	(1.69)
Deferred tax assets (a) + (b)	213.37	17.54	1.00	231.91

*Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

*The Company carried forward losses for earlier years were primarily on account of expenditure on advertisement/ promotion. As the company has already in profits during current financial year and considering the future projections, the company is of the opinion that sufficient taxable income will be available in future against which the deferred tax assets arising from carried forward business loss can be utilised.

NOTE 10 : PROPERTY, PLANT AND EQUIPMENT

Tangible Assets:

(₹ in Millions)

Particulars	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Total
Cost:					
As at April 1, 2019	18.06	2.52	2.87	2.36	25.80
Additions	14.31	0.44	-	0.71	15.46
Disposals/Adjustments	6.47	-	-	0.25	6.72
As at March 31, 2020	25.90	2.96	2.87	2.82	34.55
Additions	14.98	0.05	0.11	0.22	15.37
Disposals/Adjustments	2.41	0.13	0.02	0.48	3.05
As at March 31, 2021	38.47	2.88	2.95	2.57	46.87

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Millions)

Particulars	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Total
Accumulated Depreciation:					
As at April 1, 2019	6.84	0.54	0.79	1.64	9.81
Depreciation charge for the year	9.24	0.55	0.61	0.75	11.15
Deductions/Adjustments	2.85	-	-	0.16	3.01
As at March 31, 2020	13.23	1.09	1.40	2.23	17.95
Depreciation charge for the year	12.81	0.60	0.61	0.24	14.27
Deductions/Adjustments	1.26	0.10	0.01	0.48	1.85
As at March 31, 2021	24.78	1.60	2.00	1.99	30.37

Net Book Value:

(₹ in Millions)

Particulars	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Total
As at March 31, 2020	12.67	1.87	1.47	0.59	16.60
As at March 31, 2021	13.69	1.28	0.95	0.58	16.50

Other intangible assets (other than internally generated):

(₹ in Millions)

Particulars	Software	Total
Cost:		
As at April 1, 2019	10.43	10.43
Additions	6.76	6.76
Deductions/Adjustments	-	-
As at March 31, 2020	17.19	17.19
Additions	25.75	-
Deductions/Adjustments	-	-
As at March 31, 2021	42.94	42.94
Accumulated Depreciation:		
As at April 1, 2019	4.62	4.62
Depreciation charge for the year	4.80	4.80
Deductions/Adjustments	-	-
As at March 31, 2020	9.42	9.42
Depreciation charge for the year	11.14	11.14
Deductions/Adjustments	-	-
As at March 31, 2021	20.56	20.56

Net Book Value:

Particulars	Software	Total
As at March 31, 2020	7.78	7.78
As at March 31, 2021	22.38	22.38

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 11 : RIGHT OF USE ASSETS

A) Following are the changes in the carrying value of right of use assets for the period ended March 31, 2021:

(₹ in Millions)			
Particulars	Premises	Vehicle	Total
Balance as at 01 April, 2020	55.97	1.75	57.72
Additions to right of use assets	1.76	0.09	1.85
Deletions to right of use assets	-	-	-
Depreciation	19.23	1.43	20.66
Closing Balance as at March 31, 2021	38.49	0.41	38.91

Note: The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

B) The following is the movement in lease liabilities during the year ended March 31, 2021:

(₹ in Millions)			
Particulars	Premises	Vehicle	Total
Balance as at 01 April, 2020	59.09	1.83	60.92
Additions	1.76	0.09	1.85
Deletion	-	-	-
Finance cost accrued during the period	4.51	0.13	4.64
Payment of lease liabilities	(23.55)	(1.60)	(25.15)
Balance as at March 31, 2021	41.81	0.45	42.26

C) Following is the break up value of the Current and Non - Current Lease Liabilities for the period ended March 31, 2021:

(₹ in Millions)			
Particulars	Premises	Vehicle	Total
Current lease liabilities	14.09	0.22	14.31
Non-current lease liabilities	27.72	0.23	27.95
Total	41.81	0.45	42.26

D) Table showing details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

(₹ in Millions)			
Particulars	Premises	Vehicle	Total
Less than one year	14.09	0.22	14.31
One to two years	16.13	0.23	16.36
Two to five years	11.59	-	11.59
More than five years	-	-	-
Total	41.81	0.45	42.26

E) Amounts recognised in profit or loss

(₹ in Millions)	
Particulars	As at March 31, 2021
Interest on lease liabilities	4.51
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	0.13
Total	4.64

F) Amounts recognised in the statement of cash flows

(₹ in Millions)	
Particulars	As at March 31, 2021
Total cash outflow for leases	25.15

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 12 : OTHER NON-FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	23.97	9.98
GST credit receivable	4.67	23.06
Other advances	29.24	15.11
Total	57.88	48.15

NOTE 13 : PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(I) Trade Payable		
(i) total outstanding dues of micro enterprises and small enterprises	0.08	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	17.76	9.75
Total (a)	17.84	9.75
(II) Other Payable		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(a) Other trade payables	0.08	0.97
(b) Accrued salaries & benefits	0.43	0.17
(c) Provision for expenses	175.50	168.29
Total (b)	176.02	169.43
Total (a+b)	193.86	179.18

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2016 (MSMED) on the basis of confirmations sought from suppliers on registration with the specified authority under MSMED:

(₹ in Millions)

Particulars	FY 2020-21	FY 2019-20
(a) Principal amount remaining unpaid to any supplier at the year end	0.08	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) 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 enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the act	-	-

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 14 : BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	(₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
At amortised cost		
(a) Loans repayable on demand (from banks) : Secured		
- Working capital demand loan	200.00	200.00
- Bank Overdraft	2,139.29	991.93
(b) Other loans : Unsecured		
- Loan from related parties (Refer note 33)	-	1,000.00
Total (c) = (a)+ (b)	2,339.29	2,191.93
Borrowings in India	2,339.29	2,191.93
Borrowings outside India	-	-
Total	2,339.29	2,191.93

(a) Terms of Loans:

- (i) Working Capital Demand Loan (WCDL) and bank overdraft are secured by way of first pari-passu charge on all receivables and current assets to the tune of 2 times of the outstanding facility amount. Please refer to note 30 for details of asset pledged.
- (ii) Loan from related parties are unsecured.

(b) Tenor of repayment :

- (i) For WCDL it varies from 7 days to 365 days of each tranche, principal amount of each tranche is to be paid as bullet payment on maturity date.
- (ii) For bank overdraft the same is repayable on demand.
- (iii) For loan from related parties the same is repayable on demand.

(c) Interest Rate :

- (i) For WCDL the rate of interest is fixed @ 9.95% p.a (Lending banks MCLR rate 7.10% + Spread 2.85%), Interest is payable monthly basis on the last date of each month.
- (ii) For Bank Overdraft Interest rate is FD rate + Spread varies (0.75% to 1.25%)
- (iii) For related parties interest rate is in the range of 9.50% to 10.25% p.a. as approved by the board.

NOTE 15 : OTHER FINANCIAL LIABILITIES

Particulars	(₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
Clients and Exchanges payables #	4,495.42	2,348.04
Lease liability	42.26	60.92
Provision for gratuity (funded)	0.82	2.83
Other payable	6.92	7.18
Total	4,545.42	2,418.97

Include payable to directors & key managerial personnel of ₹ 1.04 million (March 31, 2020 ₹ 0.13 million)

NOTE 16 : PROVISIONS

Particulars	(₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
Provision for leave encashment	9.40	5.00
Total	9.40	5.00

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 17 : OTHER NON-FINANCIAL LIABILITIES

Particulars	(₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
Statutory dues	12.58	47.02
Income received in advance	7.62	10.79
Total	20.20	57.81

NOTE 18 : EQUITY SHARE CAPITAL

a. The Authorised, Issued, Subscribed and Paid up Share Capital:

Particulars	(₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
Authorized Share Capital		
At the beginning of the year	800.00	300.00
Add: Increase in authorised share capital	-	500.00
Closing at the end of year	800.00	800.00
80,000,000 (Previous Year 80,000,000) Equity Shares of ₹ 10/- each	800.00	800.00
Issued, Subscribed and Paid-up Share Capital		
25,515,918 (Previous Year 25,477,668) Equity Shares of ₹ 10/- each fully paid-up	255.16	254.78

b. Reconciliation of the shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
	Equity Shares			
At the beginning of the year	25,477,668	254.78	12,739,022	127.39
Add: Shares issued during the year*	38,250	0.38	12,738,646	127.39
Closing at the end of year	25,515,918	255.16	25,477,668	254.78

* During the year 38,250 Equity stock options has been exercised by the employees of the Company.

c. Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share.

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
Equity share of ₹ 10 each fully paid up				
FIH Mauritius Investments Ltd.	6,771,314	26.54	6,771,314	26.58
Nirmal Bhanwarlal Jain	5,600,088	21.95	5,600,088	21.98
HWIC Asia Fund Class A Shares	2,269,002	8.89	2,269,002	8.91
Madhu N Jain	1,365,016	5.35	1,365,016	5.36

e. During the period of five years immediately precedings the balance sheet date, the Company has not issued any shares without payment being received in cash or by any way of bonus shares or shares bought back.

f. Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestments, including the terms and amount, refer note 34 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 19 : OTHER EQUITY

(₹ in Millions)

Particulars	Reserves and Surplus					Other items of Other Comprehensive Income	Total
	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	Employee Stock option Reserve		
Balance as at March 31, 2019	-	823.33	47.71	(561.19)	13.12	(1.07)	321.90
Total comprehensive income for the year	-	-	-	(78.96)	-	(1.52)	(80.48)
Additions during the period (Net of share issue Expenses)	-	870.89	-	-	15.35	-	886.23
Balance as at March 31, 2020	-	1,694.22	47.71	(640.15)	28.47	(2.59)	1,127.66
Total comprehensive income for the year	-	-	-	146.90	-	(0.29)	146.61
Transfer from/to reserve	7.97	-	-	-	(7.97)	-	-
Additions during the period*	-	6.94	-	-	24.38	-	31.32
Balance as at March 31, 2021	7.97	1,701.16	47.71	(493.25)	44.88	(2.88)	1305.59

* Securities Premium reserve of ₹ 6.94 million is created during the year due to issue of shares under equity stock option scheme.

Footnotes: Nature and purpose reserves

- Capital reserves : Capital reserve is created as per scheme of arrangement where undertaking including all assets and liabilities of undertaking were transferred to and vested by IIFL Finance Limited (previously known as IIFL Holding Limited).
- Securities premium : Securities premium represents the surplus of proceeds received over the face value of shares, at the time of issue of shares.
- Retained earnings : The balance in retained earnings primarily represents the surplus/deficit after payment of dividend (including tax on dividend) and transfer to reserves.
- General Reserve : General reserve is created on account on employee stock option lapsed/exercised as on March 31, 2021. This reserve can be distributed/utilised by the Company, in accordance with the Companies Act, 2013.
- Employee stock option reserve : Employee stock option reserve accounts represents reserve created on fair value of options against the options to be granted by the Company and outstanding as at balance sheet date.

NOTE 20 : INTEREST INCOME

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on deposits with banks *	224.30	120.01
Interest on loan (Margin Funding Facilities)	234.19	112.09
Other interest income	0.03	0.03
Total	458.51	232.13

* Includes interest received on fixed deposit with bank which are pledged with exchanges for margin money requirement.

NOTE 21 : FEES AND COMMISSION INCOME

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Brokerage & related income	1,242.05	728.85
Commission & other advisory fees (including cross sell)	228.58	121.22
Total	1,470.63	850.07

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 22 : OTHER INCOME

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income	1.40	0.31
Capital Gain - Mutual Fund	0.81	0.13
Gain on financial assets measured at fair value through Profit & Loss account	13.74	-
Dividend Income	0.39	-
Gain/(Loss) on derecognition of property, plant and equipment	0.09	-
Other Income	0.18	0.12
Total	16.61	0.56

NOTE 23 : FINANCE COST MEASURED AT AMORTISED COST

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on borrowings	176.23	135.86
Other borrowing cost	23.27	15.27
Total	199.50	151.13

NOTE 24 : EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries/wages and bonus	311.39	252.46
Contribution to provident and other funds	14.80	15.14
Share based payments	24.71	15.38
Staff welfare expenses	2.36	3.44
Gratuity	2.61	1.87
Leave encashment	5.20	3.23
Total	361.07	291.52

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below:

A) Defined Benefit Plans:

(i) Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Defined benefit obligation as at beginning of year	8.83	4.47
Interest cost	0.55	0.32
Current service cost	2.43	1.55
Service Cost	-	-
Liability transferred In/ acquisitions	3.28	0.77
(Liability transferred out/ divestments)	(0.10)	(0.48)
(Benefit paid directly by the Employer)	-	(0.08)
(Benefit paid from the fund)	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(1.05)	1.34
Actuarial (gains)/losses on obligations - due to experience	1.94	0.94
Defined benefit obligation at the end of the year	15.89	8.83

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(ii) Reconciliation of opening and closing balances of fair value of Plan Assets

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Change in the fair value of plan assets	-	-
Fair value of plan assets at the beginning of the year	6.00	-
Interest income	0.37	-
Contributions by the employer	8.20	6.24
Expected return on plan assets (excluding interest)	-	-
Assets transferred in/acquisitions	-	-
(Benefit paid from the fund)	-	-
Return on plan Assets, excluding interest income	0.50	(0.24)
Fair value of plan assets at the end of the year	15.07	6.00

(iii) Amount Recognized in the Balance Sheet

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(Present Value of Benefit Obligation at the end of the year)	(15.89)	(8.83)
Fair value of Plan Assets at the end of the year	15.07	6.00
Funded Status - Surplus / (Deficit)	(0.82)	(2.83)
Net (liability)/Asset recognized in the balance sheet (surplus/ (deficit))	(0.82)	(2.83)

(iv) Expenses recognised during the year

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
In Income statement		
Current service cost	2.43	1.55
Net interest cost	0.18	0.32
Past service cost	-	-
Expense recognised in the Statement of Profit and Loss under "Employee benefits expenses"	2.61	1.87
In other comprehensive income		
Actuarial (gains)/Losses on obligation for the period	0.89	2.28
Return on plan assets, excluding interest income	(0.50)	0.23
Change in asset ceiling	-	-
Net (income)/expense for the year recognized in OCI	0.39	2.52

(v) Balance sheet reconciliation

(₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening net liability	2.83	4.47
Expenses Recognized in Statement of Profit or Loss	2.61	1.87
Expenses Recognized in OCI	0.39	2.52
Net Liability/(Asset) Transfer In	3.28	0.77
Net (Liability)/Asset Transfer Out	(0.10)	(0.48)
(Benefit Paid Directly by the Employer)	-	(0.08)
(Employer's Contribution)	(8.20)	(6.24)
Net liability/(asset) recognized in the balance sheet	0.82	2.83

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(vi) Investment Details

Particulars	(₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Category of assets		
Insurance fund	15.07	6.00
Total	15.07	6.00

(vii) Actuarial assumptions

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Expected return on plan assets	6.57%	6.24%
Rate of discounting	6.57%	6.24%
Rate of salary increase	10.00%	10.00%
Rate of employee turnover	For service 4 years and below 42% p.a. & for service 5 years and above 1% p.a.	For service 4 years and below 42% p.a. & thereafter 1% p.a.
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

- (a) The estimate of future salary increase, considered in the actuarial valuation, takes into account inflation, seniority, promotion, increments and other relevant factors.
- (b) The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

(viii) Sensivity analysis :

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount trade, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting year, while holding all other assumptions constant. The result of Sensivity analysis is given below:

Particulars	(₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Projected Benefit Obligation on Current Assumptions	15.89	8.83
Delta Effect of +1% Change in Rate of Discounting	(2.70)	(1.60)
Delta Effect of -1% Change in Rate of Discounting	3.47	2.09
Change in Salary Escalation Rate	-	-
Delta Effect of +1% Change in Rate of Salary Increase	2.78	1.54
Delta Effect of -1% Change in Rate of Salary Increase	(2.28)	(1.27)
Change in Employee Turnover Rate	-	-
Delta Effect of +1% Change in Rate of Employee Turnover	(0.83)	(0.52)
Delta Effect of -1% Change in Rate of Employee Turnover	0.99	0.62

These plans typically expose the Company to following risks:

Investment risk :- The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Interest risk :- A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Longevity risk :- The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk :- The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

(ix) Maturity Analysis of the Benefit Payments: From the Fund

Particulars	(₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Projected benefits payable in future years from the date of reporting :		
1st Following Year	1.59	0.71
2nd Following Year	0.10	0.05
3rd Following Year	0.12	0.06
4th Following Year	0.13	0.07
5th Following Year	0.15	0.08
Sum of Years 6 To 10	1.09	0.52
Sum of Years 11 and above	67.25	37.06

B) Defined Contributions Plans

The Group Companies have recognised the following amounts as an expense in the Statement of Profit and Loss:

Particulars	(₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Contribution to provident fund	6.03	5.67
Contribution to ESIC	1.58	2.39
Contribution to labour welfare fund	0.03	0.03
Contribution to EPS	7.12	7.05
Contribution to NPS	0.05	0.00
Total	14.80	15.14

NOTE 25 : DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Particulars	(₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment and Right of use *	34.93	33.61
Amortization of intangible assets	11.14	4.80
Total	46.07	38.41

* Depreciation includes depreciation on right of use assets (Refer note 11)

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 26 : OTHER EXPENSES

Particulars	(₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement Expenses	216.60	213.95
Books & Periodicals Charges	0.02	0.03
Exchange and Statutory Charges	58.78	20.05
Business Promotion Expense	86.24	65.95
Marketing Expenses	169.37	60.29
Bank Charges	6.11	2.02
Communication Expense	55.53	21.89
Electricity Charges	8.94	13.23
Professional Charges	273.64	122.96
Office Expenses	128.88	96.01
Subscription Charges	0.58	0.60
Directors Remuneration/Sitting Fees	1.28	0.90
Postage and Courier	0.23	0.49
Printing and Stationery	1.19	2.94
Expected Credit Loss	32.13	11.09
Insurance	0.42	0.59
Rates & Taxes	2.28	0.93
Repairs & Maintenance		
- Computer	0.53	0.53
- Others	1.05	1.66
Remuneration To Auditors :		
- As Auditors - Statutory Audit	1.04	0.60
- Certification Work And Other Matters	-	0.23
- Out Of Pocket Expenses	-	0.02
Software Charges	90.37	54.24
Travelling and Conveyance	3.80	6.59
Loss On Sale Of Property, Plant And Equipment	-	0.00
Loss On Financial Assets Measured At Fair Value Through Profit & Loss Account	-	0.29
Miscellaneous Expenses	1.14	0.12
Total	1,140.16	698.20

©Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

NOTE 27 : INCOME TAX

Amount Recognised in profit or (loss)

Particulars	(₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expenses		
Current Year	-	-
Changes in estimates related to prior years	-	-
Deferred tax expenses		
Origination and reversal of temporary differences	52.06	(17.54)
Total (i) + (ii)	52.06	(17.54)

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Reconciliation of effective tax rates :

Particulars	₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	198.96	(96.50)
Tax using domestic tax rates	25.17%	25.17%
Tax amount	50.07	(24.29)
Tax effect of :		
Non-deductible expenses	0.25	-
Tax-exempt income	-	-
Change in tax rate*	-	6.65
Recognition of previously unrecognised deductible temporary differences	1.73	0.10
Total Income Tax Expense	52.06	(17.54)

*The Company has opted for the concessional rate of income tax in accordance with the Section 115BAA of the income Tax Act 1961 from the Assessment Year 2020-21 onwards.

NOTE 28 : EARNING PER SHARE (EPS)

Particulars	₹ in Millions)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Face value of equity shares in ₹ fully paid up	10	10
BASIC		
Profit after tax as per statement of profit and loss (A)	146.90	(78.96)
Weighted average number of equity shares outstanding (B)	25,484,479	23,281,331
Basic Earning per Share (₹) A/B	5.76	(3.39)
DILUTED		
Weighted average number of equity shares for computation of basic EPS	25,484,479	23,281,331
Add: Potential equity shares on account conversion of Employees Stock Options	166,225	7,257
Weighted average number of equity shares for computation of diluted EPS (C)	25,650,704	23,288,588
Diluted Earning per Share (₹) A/C	5.73	(3.39)

NOTE 29 : CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

Capital and other commitment

Particulars	₹ in Millions)	
	March 31, 2021	March 31, 2020
(i) Capital Commitment	11.35	4.95
(ii) Other Commitment	-	-

Contingent Liabilities

Particulars	₹ in Millions)	
	March 31, 2021	March 31, 2020
(i) Bank Guarantees	1,690.00	1,250.00
Total	1,690.00	1,250.00

NOTE 30 : ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

Particulars	₹ in Millions)	
	As at March 31, 2021	As at March 31, 2020
Financial assets		
First charge		
Fixed Deposits - lien marked	903.00	1,119.50
Other financial assets	1,895.52	916.12
Total assets pledged as security	2,798.52	2,035.62

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

NOTE 31 : FINANCIAL RISK MANAGEMENT

31 A.1. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables and other financial asset.

Credit quality analysis

The following tables sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

(₹ in Millions)

Particulars	As at March 31, 2021			Total
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	
Trade receivables	0.00	0.00	0.54	0.54
Less : Impairment loss allowance	-	(0.00)	(0.54)	(0.54)
Carrying amount	0.00	0.00	-	0.00
Other Financial Assets	1,606.10	47.07	17.74	1,670.91
Less : Impairment loss allowance	-	(29.43)	(17.74)	(47.17)
Carrying amount	1,606.10	17.64	-	1,623.74

© Amount is less than ₹ 0.01 million hence shown as ₹ 0.00 million

(₹ in Millions)

Particulars	As at March 31, 2020			Total
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	
Trade receivables	0.02	1.65	-	1.67
Less : Impairment loss allowance	-	(0.36)	-	(0.36)
Carrying amount	0.02	1.29	-	1.31
Other Financial Assets	2,340.63	41.56	7.12	2,389.31
Less : Impairment loss allowance	-	(8.10)	(7.12)	(15.22)
Carrying amount	2,340.63	33.46	-	2,374.09

Movement of ECL (Trade receivable and other financial assets)

(₹ in Millions)

Particulars	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
March 31,2019	1.59	3.53	5.12
Increase/(Decrease) net	6.87	3.59	10.46
March 31,2020	8.46	7.12	15.58
Increase/(Decrease) net	20.97	11.16	32.13
March 31,2021	29.43	18.28	47.71

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

31 A.2. Collateral held

The Company holds collateral of securities and other credit enhancements against its credit exposures.

31 A.3. Measurement of Expected Credit Loss

The Company has applied the impairment requirements of Ind AS 109 and has used reasonable and supportable information on best efforts basis & that is available without undue cost or effort to determine the credit risk at the reporting date.

31 B. Liquidity risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities. It uses a range of products mix to ensure efficient funding from across well-diversified markets and investor pools. Treasury monitors rolling forecasts of the company's cash flow position and ensures that the company is able to meet its financial obligation at all times including contingencies.

The table below analyse the company financial liability into relevant maturity companying based on their contractual maturity. The amount disclosed in the table are the contractual undiscounted cash flows. Balance due within 1 year equals their carrying balances as the impact of discounting is not significant.

(₹ in Millions)

Particulars	Carrying amount up to 1 year		Carrying amount from 1 year to 5 year	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Trade payables & other payable	193.86	179.18	-	-
Working capital demand Loan	200.00	200.00	-	-
Loan from related parties	-	1,000.00	-	-
Bank overdraft	2,139.29	991.93	-	-
Other financial liabilities	4,157.47	2,377.40	27.95	41.57
Total	7,050.62	4,748.51	27.95	41.57

31 C. Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in futures cash flows that may result from a change in the price of a financial instrument.

31 C.1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affects significantly short term borrowing and current investment therefore the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt and Non current investment.

Company business is volatile and hence borrowings are done bases on requirement, generally borrowings are done for short term and are on market based interest rate. The following table shows sensitivity analysis for impact on interest cost.

(₹ in Millions)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Bank overdraft	2,139.29	991.93
Working capital demand loan	200.00	200.00
Applicable rate & 12 months weighted average rate	9.48%	8.20%
Annualised interest cost	176.23	135.86

Sensitivity analysis for impact on interest cost

(₹ in Millions)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Increase in 1% change in ROI	1.76	1.36
Decrease in 1% change in ROI	(1.76)	(1.36)

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

31 C.2. Fair value sensitivity analysis for fixed-rate instruments

The Company does not have any fixed-rate instruments presented in financial liabilities.

31 C.3. Exposure to currency risks

The Company does not have any exposure to foreign exchange risk arising from foreign currency transaction.

31 C.4. Exposure to Price Risk

The Company exposure to price risk arising from investment held by the company and is classified in the balance sheet through fair value through profit & loss account. Company has investment in Exchange Traded Funds under various scheme and its exposure.

(₹ in Millions)			
Particulars	Exchange Traded Fund	Mutual Fund	Total
Market Value as on March 31, 2021	51.53	33.76	85.29
Market Value as on March 31, 2020	35.95	52.48	88.43

The effect of upward movement of 5% in the price affects the projected net income by ₹ 4.26 million and for forward downward movement of 5% the projected net loss will be ₹ 4.26 million for FY 2020-21.

31 D. Capital Management

The company's objective when managing capital are to

- Safeguard their ability to continue as going concern, so that they can continue to provide returns for the share holders and benefits for other stake holders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using debt equity ratio.

The company's strategy is to maintain gearing ratio as per industry norms. The gearing ratio is as follows

(₹ in Millions)		
Particulars	March 31, 2021	March 31, 2020
Total debt	2,339.29	2,191.93
Cash & cash equivalent (excluding client bank balance)	(42.78)	(16.11)
Net debt	2,296.51	2,175.82
Total equity	1,560.75	1,382.44
Net debt to equity	1.47	1.57

31 E. Fair values of financial instruments

The company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

The company uses widely recognised valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

31 E.1. : Fair Value of Financial Instruments - Financial Instrument by Category

(₹ in Millions)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Fair Value through Profit or loss	Amortised Cost	Carrying Value	Fair Value through Profit or loss	Amortised Cost	Carrying Value
Financial Asset						
(a) Cash and cash equivalents	-	168.76	168.76	-	200.81	200.81
(b) Bank balance other than (a) above	-	5,074.05	5,074.05	-	2,505.32	2,505.32
(c) Receivables	-	-	-	-	-	-
(I) Trade receivables	-	0.00	0.00	-	1.31	1.31
(II) Other receivables	-	-	-	-	-	-
(d) Loans	-	1,390.68	1,390.68	-	670.70	670.70
(e) Investments	-	-	-	-	-	-
(I) Investment in Mutual Funds	33.76	-	33.76	52.48	-	52.48
(II) Exchange Traded Fund	51.53	-	51.53	35.95	-	35.95
(f) Other financial assets	-	1,623.74	1,623.74	-	2,374.09	2,374.09
Total	85.29	8,257.23	8,342.52	88.43	5,752.23	5,840.66
Financial Liabilities						
(a) Trade payables	-	17.84	17.84	-	9.75	9.75
(b) Other payables	-	176.02	176.02	-	169.43	169.43
(c) Borrowings (Other than debt securities)	-	2,339.29	2,339.29	-	2,191.93	2,191.93
(d) Other financial liabilities	-	4,545.42	4,545.42	-	2,418.97	2,418.97
Total	-	7,078.57	7,078.57	-	4,790.08	4,790.08

©Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

31 E.2. Financial instruments measured at fair value – Fair value hierarchy

(₹ in Millions)

Financial instruments measured at fair value	Recurring fair value measurements as at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Exchange Traded Fund	51.53	-	-	51.53
Mutual Fund	33.76	-	-	33.76
Total Assets	85.29	-	-	85.29

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Millions)

Financial instruments measured at fair value	Recurring fair value measurements as at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Exchange Traded Fund	35.95	-	-	35.95
Mutual Fund	52.48	-	-	52.48
Total Assets	88.43	-	-	88.43

31 E.3. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's Financial Statement. These fair value is calculated for disclosures purpose only.

Short Term financial assets and liabilities

For Financial assets and liabilities that have a short term nature, the carrying amount, which is net of impairment, are a reasonable approximation of their fair value. Such instruments include cash and bank balances, trade receivables, other receivables, balances other than cash and cash equivalents and trade payables.

(₹ in Millions)

Particulars	As at March 31, 2021		
	Carrying Value	Fair Value	Fair Value Hierarchy
Assets			
Cash and cash equivalents	168.76	168.76	-
Bank balance	5,074.05	5,074.05	-
Trade and other receivable	0.00	0.00	-
Loans	1,390.68	1,390.68	-
Security deposit with Landlord	15.09	15.09	Level 3
Other financial asset (net of impairment)	1,608.65	1,608.65	-
Total Assets	8,257.23	8,257.23	-
Liabilities			
Borrowings	2,339.29	2,339.29	-
Trade and other payables	193.86	193.86	-
Other financial liabilities	4,545.42	4,545.42	-
Total Liabilities	7,078.57	7,078.57	-

(₹ in Millions)

Particulars	As at March 31, 2020		
	Carrying Value	Fair Value	Fair Value Hierarchy
Assets			
Cash and cash equivalents	200.81	200.81	-
Bank balance	2,505.32	2,505.32	-
Trade and other receivable	1.31	1.31	-
Loans	670.70	670.70	-
Security deposit with Landlord	12.82	12.82	Level 3
Other financial asset (net of impairment)	2,361.27	2,361.27	-
Total Assets	5,752.23	5,752.23	-
Liabilities			
Borrowings	2,191.93	2,191.93	-
Trade and other payables	179.18	179.18	-
Other financial liabilities	2,418.97	2,418.97	-
Total Liabilities	4,790.08	4,790.08	-

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

31 E.4. Movements In Level 1 Financial Instruments Measured At Fair Value :

(₹ in Millions)

Particulars	Mutual Fund	Exchange Traded Fund	Total
Balances as at April 1, 2020	52.48	35.95	88.43
Purchase	-	25.22	25.22
Sale/Redemption of financial instrument	(20.30)	(4.31)	(24.61)
Total gain /(losses) recognised in profit and loss	1.58	(5.34)	(3.76)
Balances as at March 31, 2021	33.76	51.53	85.29

Particulars	Mutual Fund	Exchange Traded Fund	Total
Balances as at April 1, 2019	-	33.67	33.67
Purchase	68.83	88.08	156.91
Sale/Redemption of financial instrument	(16.80)	(91.10)	(107.90)
Total gain /(losses) recognised in profit and loss	0.45	5.31	5.76
Balances as at March 31, 2020	52.48	35.95	88.43

31 E.5. Measurement of fair value

The fair Values of Investments in Mutual funds and Exchange Traded Funds is based on last traded price as at the Balance Sheet date.

The table which shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used is as follows:

Type	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value Change in discount rate by 500 basis points would increase / (decrease) as below
Financial Assets:				
Investment in Exchange Traded Funds	Exchange Traded Fund fair value is using input based on information /other data that are available.	Not Applicable	Not Applicable	Not Applicable
Investment in Mutual Funds	Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.	Not Applicable	Not Applicable	Not Applicable

NOTE 32 : 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 accountant 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.

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NOTE 33 : RELATED PARTY TRANSACTION

As Per IND AS 24, the disclosures of transaction with the related parties are given below :

(A) List of related parties where control exists

Relationship	Name of the related party
Directors & its Relatives	Mr Prakarsh Gagdani- Whole Time Director & CEO Mr Santosh Jayaram- Whole Time Director (up to Feb 28, 2021) Mr Gourav Munjal- Whole Time Director & CFO Dr.Archana Hingorani - Independent Director (w.e.f. Jun 07, 2017) Mrs Nirali Sanghi - Independent Director (w.e.f. Jan 11, 2018) Mr Sarbeshwar Lenka - Non Executive Director (up to Mar 31, 2020) Mr Milin Mehta - Independent Director (w.e.f. Apr 01, 2020) Mr Ravindra Garikipati - Independent Director (w.e.f. Sep 03, 2020)
Key Management Personnel	Mrs Namita Godbole- Company Secretary
Subsidiaries	5Paisa P2P Limited 5Paisa Insurance Brokers Limited 5Paisa Trading Limited
Other Related Parties	IIFL Finance Limited (Formerly IIFL Holdings Limited) IIFL Securities Limited IIFL Commodities Limited (Formerly India Infoline Commodities Limited) IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited) IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited) IIFL Wealth Management Limited IIFL Facilities Services Limited IIFL Wealth (UK) Limited IIFL Capital Inc IIFL Corporate Services Limited (Formerly known as IIFL Assets Reconstruction Limited) IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited) Samasta Microfinance Limited IIFL Securities Pte Limited IIFL Capital Pte Limited IIFL Asset Management Limited IIFL Alternate Asset Advisors Limited IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited) IIFL Trustee Limited IIFL Wealth Distribution Services Limited (Formerly known as IIFL Distribution Services Limited) IIFL Investment Advisers & Trustee Services Limited IIFL (Asia) Pte Limited IIFL Private Wealth(Hong Kong) Limited)** IIFL Private Wealth Management (Dubai) Limited IIFL Asset Management (Mauritus) Limited IIFL Inc IIFL Capital (Canada) Limited IIFL Wealth Securities IFSC Limited IIFL Securities Services IFSC Limited IIFL Wealth Portfolio Managers Limited (Formerly Known as IIFL Portfolio Managers Limited) (Originally IIFL Alternate Asset Advisors Limited) IIFL Wealth Altiore Limited (Formerly known as IIFL Altoire Advisors Limited) (Originally Altiore Advisors Private Limited) IIFL Wealth Capital Markets Limited (Formerly Known as L&T Capital Markets Limited) (Wholly owned subsidiary of IIFL Wealth Finance Limited) Meenakshi Towers LLP India Infoline Foundation Geocentric Solutions Private Limited (w.e.f December 20, 2019 to March 23, 2020) Shreyans Foundations LLP

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Relationship	Name of the related party
	Giskard Datatech Private Limited
	MNJ Consultants Private Limited
	India Infoline Employee Trust
	Nirmal Madhu Family Private Trust
	Sunder Bhanwar Ventures Private Limited
	IIFLW CSR Foundation (Incorporate w.e.f January 20, 2020)
	Mr. Venkataraman Rajamani
	Mr. Nirmal Jain
	Mrs. Madhu Jain (wife of Nirmal Jain)
	Mrs. Aditi Athavankar (in capacity of Kalki Family Private Trust)
	Orpheus Trading Pvt. Limited
	Ardent Impex Pvt Limited
	Prakarsh Sharad Gagdani - HUF
	Mrs Kalpana Gagdani (mother of Prakarsh Gagdani)
	Mrs Punam Gagdani (wife of Prakarsh Gagdani)

**IIFL Private Wealth(Hong Kong) Limited has passed a special resolution on 4th September 2020 to voluntarily liquidate the Company.

(B) Significant transactions with related parties during the year

Nature of transaction	₹ in Millions	
	2020-21	2019-20
Referral Income/Service Income/Brokerage Income/Depository Participate Income. etc. :-		
a) Other Related Parties		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	0.68	11.18
b) Directors, Key Managerial Persons & their relatives		
Mr Prakarsh Gagdani	0.00	0.00
Mr Santosh Jayaram (up to Feb 28, 2021)	0.00	0.00
Mr Gourav Munjal	-	0.00
Mrs Namita Godbole	-	0.00
Prakarsh Sharad Gagdani - HUF	0.00	0.00
Mrs Kalpana Gagdani	0.00	0.00
Mrs Punam Gagdani	0.00	0.00
Security Deposit :-		
a) Other Related Parties		
IIFL Facilities Services Limited (Formerly Known as IIFL Realty Limited)	7.81	7.81
IIFL Securities Limited	3.07	3.07
Remuneration :-		
Mr. Prakarsh Gagdani	9.78	9.93
Mr. Santosh Jayaram (upto Feb 28, 2021)	3.25	3.18
Mr. Gourav Munjal	4.46	3.32
Mrs. Namita Godbole	4.30	-
Sitting Fees:-		
Dr.Archana Hingorani	0.42	0.39
Mrs Nirali Sanghi	0.42	0.36
Mr Sarbeshwar Lenka	-	0.27
Mr Milin Mehta	0.36	-
Mr Ravindra Garikipati	0.08	-
Rent Expense :-		
a) Other Related Parties		
IIFL Facilities Services Limited	15.63	15.63
IIFL Finance Limited (Formerly IIFL Holdings Limited)	-	0.57
IIFL Securities Limited	6.14	5.56
Interest Expenses Inter Corporate Deposit:-		
a) Other Related Parties		
IIFL Securities Limited	-	1.38
IIFL Facilities Services Limited	2.99	19.44

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Nature of transaction	(₹ in Millions)	
	2020-21	2019-20
IIFL Finance Limited (Formerly IIFL Holdings Limited)	118.20	53.63
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	-	0.23
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	3.60
Inter Corporate Deposit Taken :-		
a) Other Related Parties		
IIFL Facilities Services Limited	900.00	1,205.00
IIFL Finance Limited (Formerly IIFL Holdings Limited)	7,600.00	3,418.10
IIFL Securities Limited	-	-
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	-	20.00
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	300.00
Inter Corporate Deposit Repaid :-		
a) Other Related Parties		
IIFL Facilities Services Limited	900.00	1,365.00
IIFL Finance Limited (Formerly IIFL Holdings Limited)	8,600.00	2,418.10
IIFL Securities Limited	-	130.00
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	-	20.00
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	300.00
Allocation / Reimbursement of expenses Paid :-		
a) Other Related Parties		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	4.43	8.50
IIFL Facilities Services Limited	8.68	13.56
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	0.03	0.27
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.14	0.09
IIFL Securities Limited	69.38	72.72
Allocation / Reimbursement of expenses Received :-		
a) Other Related Parties		
IIFL Securities Limited	0.61	-
IIFL Finance Limited (Formerly IIFL Holdings Limited)	-	0.00
Others Paid :-		
a) Other Related Parties		
IIFL Securities Limited	2.70	3.59
IIFL Finance Limited (Formerly IIFL Holdings Limited)	0.97	2.54
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	0.04
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.06	2.06
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	0.14	-
Others Received :-		
a) Other Related Parties		
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	-	0.12
IIFL Securities Limited	2.74	2.37
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	0.00
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.11	0.51
IIFL Finance Limited (Formerly IIFL Holdings Limited)	2.94	1.97
IIFL Wealth Management Limited	-	0.00
Security Deposit Received:-		
a) Other Related Parties		
IIFL Securities Limited	-	0.57

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For the year ended March 31, 2021 (Contd.)

(C) Closing Balance

		(₹ in Millions)	
Nature of transaction	2020-21	2019-20	
Sundry Payable :-			
a) Other Related Parties			
IIFL Facilities Services Limited	-	0.13	
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	0.02	
IIFL Securities Limited	-	0.29	
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	0.12	-	
Prakarsh Gagdani HUF	0.01	0.00	
b) Directors & relatives			
Mr Prakarsh Gagdani	0.00	-	
Mr Santosh Jayaram (up to Feb 28, 2021)	0.00	-	
Mr Gourav Munjal	-	0.00	
Mrs Kalpana Gagdani	1.04	0.13	
Mr Sharad Gagdani	0.00	-	
Security Deposit			
Other Related Parties			
IIFL Securities Limited	3.07	3.07	
IIFL Facilities Services Limited (Formerly Known as IIFL Realty limited)	7.81	7.81	
Inter Corporate Deposit :-			
a) Other Related Parties			
IIFL Finance Limited (Formerly IIFL Holdings Limited)	-	1,000.00	
Sundry Receivable :-			
a) Other Related Parties			
IIFL Finance Limited (Formerly IIFL Holdings Limited)	2.09	-	
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.09	-	
IIFL Securities Limited	1.82	-	
b) Director			
Mr Prakarsh Gagdani	-	0.48	
Mr Santosh Jayaram (up to Feb 28, 2021)	-	0.06	
Mr Gourav Munjal	0.00	-	
Mrs Punam Gagdani	-	0.07	
Mrs Namita Godbole	0.00	0.00	

© Amount is less than ₹ 0.01 million hence shown as ₹ 0.00 million

Note: 34. The Company has implemented Employee Stock Option Scheme 2017 (ESOP Scheme) and has outstanding options granted under the said scheme. The options vest in a graded manner and are required to be exercised within specified period as per the terms of the grant approved by the Nomination and Remuneration Committee of the Company and conditions of the ESOP Scheme.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2017
Method of Accounting	Fair Value of options
Vesting Plan	Options granted would vest over a period of five years subject to minimum period of one year from the date of grant of options.
Exercise Period	Seven Years from the grant date

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b) Movement of options during the year ended March 31, 2021

Particulars	Option Outstanding (in numbers)	Range of exercise Price (in ₹)**	Weight average exercise price (in ₹)#	Weight average remaining contractual life (in Years)
Outstanding as on March 31, 2019	200,000	194	-	5.80
Exercisable as on March 31, 2019	200,000	-	-	-
Granted during the year	200,000	157.30 to 200	-	-
Corporate action pursuant to Rights Issue*	300,000	-	-	-
Forfeited during the year	-	-	-	-
Expired/Lapsed during the year	28,000	-	-	-
Exercised during the year	-	-	-	-
Outstanding as on March 31, 2020	672,000	157.30 to 200	-	5.40
Exercisable as on March 31, 2020	672,000	-	-	-
Granted during the year	200,000	282	-	-
Forfeited during the year	-	-	-	-
Expired/Lapsed during the year	68,000	-	-	-
Exercised during the year ***	38,250	-	191.60	-
Outstanding as on March 31, 2021	765,750	157.30 to 282	-	4.84
Exercisable as on March 31, 2021	765,750	157.30 to 282	-	-

*Pursuant to Corporate Action i.e. consequent to Rights issue (in the ratio of 1:1) as approved by the Board of Directors as on July 17, 2018 and in order to give a fair and reasonable treatment to the outstanding option holders holding options, additional options were granted to be convertible into equal number of equity shares of the company.

**Exercise price has been calculated after giving effect of additional options granted to employee consequent to rights issue as approved by the board.

#During the year 38,250 options has been exercised by the employee.

(c) The Company has granted 200,000 options during the year.

Fair Value Methodology

The fair value of the Options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation.

Stock Price: The fair value of the underlying stock based on the latest available closing Market Price on NSE has been considered for valuing the grant.

Volatility: Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the period. The measure of volatility is used in the Black Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

The period to be considered for volatility has to be adequate to represent a consistent trend in the price movements. It is also important that movement due to abnormal events get evened out. There is no research that demonstrates conclusively how long the historical period used to estimate expected long-term future volatility should be. However, informal tests and preliminary research tends to confirm that estimates of expected future long term volatility should be based on historical volatility for a period that approximates the expected life of the options being valued.

Risk-free rate of return: The risk-free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Exercise Price: The Exercise Price as communicated to us by the management of the Company have been considered in the valuation.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: The management's representation of the Expected dividend yield of 0% has been accepted for the purpose of this valuation.

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NOTE 35: THE TABLE BELOW SHOWS AN ANALYSIS OF ASSETS AND LIABILITIES ANALYED ACCORDING TO WHEN THEY ARE EXPECTED TO BE RECOVERED OR SETTLED.

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(₹ in Millions)						
ASSETS						
(1) Financial Assets						
(a) Cash and cash equivalents	168.76	-	168.76	200.81	-	200.81
(b) Bank Balance other than (a) above	5,074.05	-	5,074.05	2,505.32	-	2,505.32
(c) Receivables	-	-	-	-	-	-
(i) Trade receivables	0.00	-	0.00	1.31	-	1.31
(ii) Other receivables	-	-	-	-	-	-
(d) Loans	1,390.68	-	1,390.68	670.70	-	670.70
(e) Investments	85.29	-	85.29	88.43	-	88.43
(f) Other financial assets	1,559.31	64.44	1,623.75	2,319.37	54.72	2,374.09
Sub-total	8,278.08	64.44	8,342.52	5,785.95	54.72	5,840.67
(2) Non-Financial Assets						
(a) Current tax assets (net)	10.78	-	10.78	-	15.45	15.45
(b) Deferred tax assets (net)	-	179.95	179.95	-	231.91	231.91
(c) Property, Plant and Equipment	-	16.50	16.50	-	16.60	16.60
(d) Right to use assets	-	38.91	38.91	-	57.72	57.72
(e) Capital work-in-progress	-	-	-	-	17.06	17.06
(f) Other intangible assets	-	22.38	22.38	-	7.78	7.78
(g) Other non-financial assets	57.88	-	57.88	48.15	-	48.15
Sub-total	68.66	257.74	326.40	48.15	346.52	394.67
Total Assets	8,346.74	322.18	8,668.92	5,834.10	401.24	6,235.33
LIABILITIES						
(1) Financial Liabilities						
(a) Payables						
(i) Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	0.08	-	0.08	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17.76	-	17.76	9.75	-	9.75
(ii) Other payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	176.02	-	176.02	169.43	-	169.43
(b) Borrowings (Other than debt securities)	2,339.29	-	2,339.29	2,191.93	-	2,191.93
(c) Other financial liabilities	4,517.47	27.95	4,545.42	2,377.40	41.57	2,418.97
Sub-total	7,050.62	27.95	7,078.57	4,748.51	41.57	4,790.08
(2) Non-Financial Liabilities						
(a) Provisions	9.40	-	9.40	5.00	-	5.00
(b) Other non-financial liabilities	20.20	-	20.20	57.81	-	57.81
Sub-total	29.60	-	29.60	62.81	-	62.81
Total Liabilities	7,080.22	27.95	7,108.17	4,811.32	41.57	4,852.89
Net	1,266.53	294.22	1,560.75	1,022.78	359.67	1,382.44

©Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

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NOTE 36 : SUMMARY OF CONSOLIDATION

a) Enterprises consolidated as subsidiary in accordance with Indian Accounting Standard 110 - Consolidated Financial Statements.

Sr. No.	Name of subsidiaries	Country of Incorporation	Proportion of ownership interest	
			March 31, 2021	March 31, 2020
1	5paisa P2P Limited	India	100.00%	100.00%
2	5paisa Insurance Brokers Limited	India	100.00%	100.00%
3	5paisa Trading Limited	India	100.00%	100.00%

Note:

- 5paisa Insurance Brokers Limited has become a subsidiary of 5paisa Capital Limited in the year FY 18-19.
- 5paisa Trading Limited has become a subsidiary of 5paisa Capital Limited in the previous year.

b) Additional information, as required under schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries.

Name of subsidiaries	As at March 31, 2021							
	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated Net Assets	₹ in Millions	As % of consolidated Profit or Loss	₹ in Millions	As % of consolidated Other Comprehensive Income	₹ in Millions	As % of consolidated Total Comprehensive Income	₹ in Millions
Holding company								
5Paisa Capital Limited	101.71%	1,587.44	117.91%	173.20	75.02%	(0.22)	117.98%	172.98
Subsidiaries								
Indian								
1 5paisa P2P Limited	2.94%	45.92	-17.85%	(26.22)	24.98%	(0.07)	-17.93%	(26.28)
2 5paisa Insurance Brokers Limited	0.02%	0.37	-0.06%	(0.08)	0.00%	-	-0.06%	(0.08)
3 5paisa Trading Limited	0.03%	0.49	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
Elimination	-4.71%	(73.47)	0.00%	0.00	0.00%	0.00	0.00%	0.00
Total	100.00%	1,560.75	100.00%	146.90	100.00%	(0.29)	100.00%	146.61

@ Amount is less than ₹ 0.01 million hence shown as ₹ 0.00 million

NOTE 37 :

The group companies operates from and uses the premises, infrastructure and other facilities and services as provided to it by group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the company were identified and recovered from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

NOTE 38 : NOTE ON COVID-19 IMPACT

Due to lockdown on account of COVID-19, although the capital market were impacted and volatility has increased in the stock market; however 5Paisa Capital Limited, being a SEBI registered intermediary and considered among essential services, continued to operate during the lockdown in India and there was no major impact on our business as the capital markets remained open and functioned normally.

Notes forming part of Consolidated Financial Statements

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NOTE 39 : CODE ON SOCIAL SECURITY

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and postemployment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. The Central Government on March 30, 2021 has deferred the implementation of the said Code and the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will account for the related impact in the period the Code becomes effective.

NOTE 40 : RECENT PRONOUNCEMENTS

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

Specified format for disclosure of shareholding of promoters. Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

NOTE 41 : COMPARATIVES

Previous year figures are re-grouped, re-classified and re-arranged, wherever considered necessary to confirm to current year's presentation.

As per our attached report of even date

For **V Sankar Aiyar & Co.**
Chartered Accountants
Firm Registration Number: 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Date: April 20, 2021

For and on behalf of Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN : 07376258)

Gourav Munjal
Whole Time Director & CFO
(DIN: 06360031)

Namita Godbole
Company Secretary

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Corporate Information

Board of Directors

Dr. Archana Hingorani

Chairperson & Independent Director

Mr. Prakarsh Gagdani

Whole-Time Director & Chief Executive Officer

Ms. Nirali Sanghi

Independent Director

Mr. Milin Mehta

Independent Director

Mr. Ravindra Garikipati

Independent Director

Mr. Gourav Munjal

Whole-Time Director and Chief Financial Officer

Committee of the Board of Directors

Audit Committee

Mr. Milin Mehta

Chairman, Independent Director

Dr. Archana Hingorani

Ms. Nirali Sanghi

Nomination and Remuneration Committee

Ms. Nirali Sanghi

Chairperson, Independent Director

Dr. Archana Hingorani

Mr. Milin Mehta

Mr. Ravindra Garikipati

Stakeholders' Relationship Committee

Ms. Nirali Sanghi

Chairperson, Independent Director

Dr. Archana Hingorani

Mr. Prakarsh Gagdani

Risk Management Committee

Dr. Archana Hingorani

Chairperson, Independent Director

Mr. Prakarsh Gagdani

Mr. Gourav Munjal

Corporate Social Responsibility Committee

Mr. Milin Mehta

Chairman, Independent Director

Mr. Prakarsh Gagdani

Mr. Gourav Munjal

Company Secretary & Compliance Officer

Ms. Namita Amod Godbole

Chief Financial Officer

Mr. Gourav Munjal

Core Management

Employee	Department
Mr. Vikram Sahni	Sales
Mr. Mayur Dedhia	Partners & Alliances
Mr. Rajesh Jain	Operations
Mr. Dushyant Patel	Technology
Mr. Shoaib Qureshi	Customer Services
Ms. Namita Godbole	Compliance and Legal
Ms. Raisa Kazi	Marketing

Auditors

M/s. V. Sankar Aiyar & Co.

Chartered Accountants

Internal Auditors

M/s. Mahajan & Aibara

Chartered Accountants

Registrar and Share Transfer Agent

Link Intime (India) Private Limited

C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai – 400083

Registered & Corporate Office

5paise Capital Limited

IIFL House, Sun Infotech Park, Road No. 16, Plot No. B-23, MIDC, Thane Industrial Estate, Wagle Estate, Thane – 400604

List of Bankers

ICICI Bank Limited

HDFC Bank Limited

Axis Bank Limited

Yes Bank Limited

Punjab National Bank

IDFC First Bank Limited

Citi Bank

IndusInd Bank Limited

DCB Bank Limited

Kotak Mahindra Bank

AU Small Finance Bank Limited

Bandhan Bank Limited

RBL Bank Limited

SBM Bank (India) Limited

Punjab and Sind Bank

5paisa Capital Limited

CIN: L67190MH2007PLC289249

Corporate Office / Registered Office:

IIFL House, Sun Infotech Park,
Road No. 16, Plot No. B-23, MIDC,
Thane Industrial Estate,
Wagle Estate, Thane – 400604

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Website: www.5paisa.com

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